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The Madras Bulletin of Co-Operation

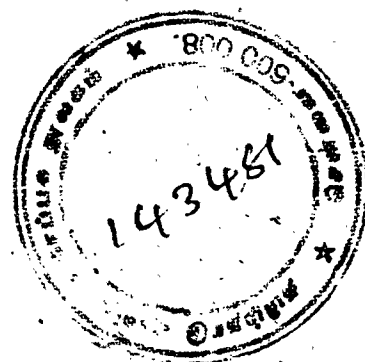
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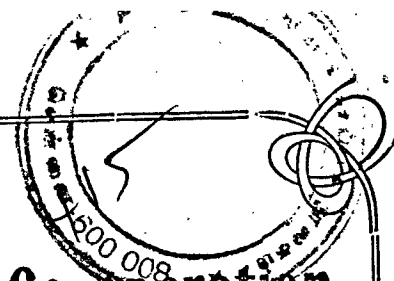
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THE
MADRAS

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The Madras Bun of Co-operation

Issued every month in languages—English and Tamil.

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

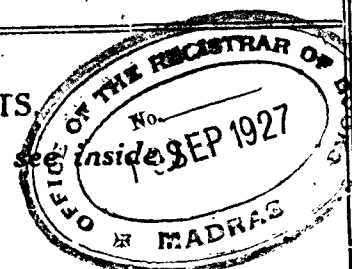
Vol. XIX.]

1927

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(For Detailed Cs, Please see inside)



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DEWAN BAHADUR HACHANDRA RAO, C. S. I.,

CO-OPERATION IN THDRAS PRESIDENCY.—

Mr. K. G. SIVASWAMI.

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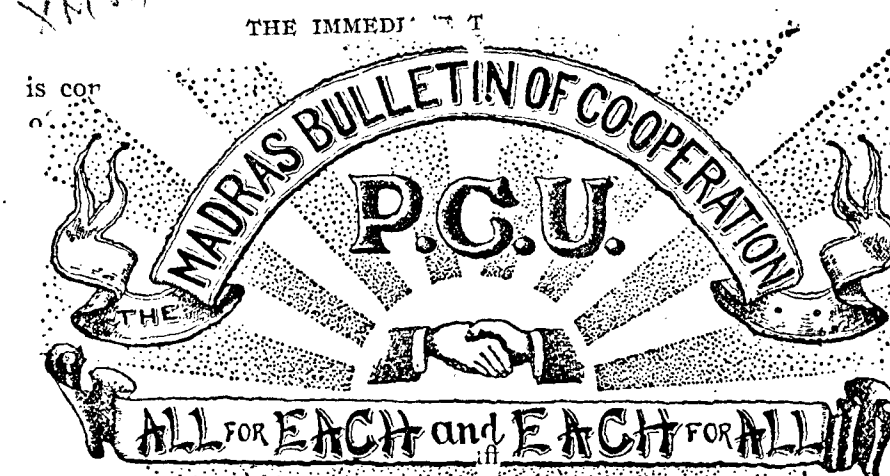
The Madras Provl Co-operative Union,

ROYAPH, MADRAS.

Subscription per annum Rs. 4 for all members except Local
Unions in Tamil Distant Urban Banks which pay to
in Rs. 4. e all

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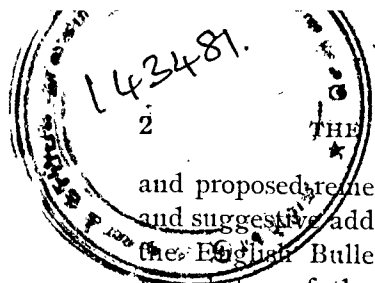
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THE IMMEDIATE TASK BEFORE US.

(By DEWAN BAHADUR R. RAJACHANDRA RAO, C. S. I.,)

The Co-operative year 1926-27, which closed, is a momentous one in the history of the progress of co-operation in the Presidency. Utterances prior in date were of a nature—should be a means of praise on our achievements or platitudinal districts so that the value of co-operation without indicative at the disposal of all districts. The withdrawal of Governmentadras Central Urban Calibre of the Government Servants entered Rs. 250 or Rs. 300, a widespread recognition of the uselessness of conditions, make a means of amelioration of the masses, the creation with them and vision regarding our duty to the masses chiefly due to laid down in things and paragraphs. Several other factors, have all

Co-operative
The second main point to be immediate is to get themselves in the movement and suggest methods of education. A member in the committee set out the perceived defects



and proposed remedies. They are well set out in the highly instructive and suggestive address of Mr. Ramadas appearing in the June issue of the English Bulletin; if details are desired, they appear with all the knowledge of the experienced administrator in Mr. Vedachala Iyer's articles in the same issue.

The danger now is whether, struck aghast at the immensity of the work before us and convinced of the necessity of advance in manifold directions, if really the Gospel of Co-operation should mean to the masses anything beyond platform speeches and the dilettante hobby of a few patriots, one is apt to shrink from energetic work or dissipate his activities by not adopting in order the successive remedies. My own sincere conviction is—and I do not propose to lengthen this note by assigning reasons—that the whole stupendous task is capable of being accomplished, nay, can be even easily achieved, if attention be focussed on the important requisites to be strictly adopted in proper succession. And I propose to set out here what should be done at once, say up to December 1927. At the very outset, I wish to add that by laying stress on some points of action I do not mean to belittle the importance of other points suggested. My main object is that, to secure maximum results, workers ought to concentrate their attention on immediately necessary lines of action.

Audit should be made efficient.

One point is to improve the efficiency of audit. The proper remedy is to form audit unions and settle terms with Government. I shall deal with this in a subsequent paper. Meanwhile, I trust that the Registrar will do what he can to ensure that the audit that is being done is done the best possible under existing circumstances. En passant I would again insist on copies of audit notes and reports being furnished to central banks; because, with the Department as it is, unless this is done, the existing audit may as well be dropped.

The main point is to recruit establishment adequate in quantity and quality. After long consideration, it is now generally assented that the establishment should consist of two staffs—the lower, corresponding to the existing grade of union supervisors, and a superior district staff to be newly entertained. As regards the lower staff, we have to ensure that a member gets a living wage and works in a compact area. To ensure this, as the remuneration depends on transactions, it is essential that they should be so increased as to yield enough profit; this is really very easy since in our transactions we have barely realised 5 per cent of the agriculturists and we have not opened non-credit activities. It is also essential that the area should be so limited as to permit of intensive and frequent touring. So far as this aspect of the work

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is concerned, what is required is an examination of the present grouping of societies, expanding transactions and filling hiatuses wherever necessary. The calibre of this staff need not be very high; it should of course know how to verify if bye-laws are observed; it should be able to understand and follow instructions. I do not expect that this staff appointed as it is by unions will, however paid or trained, rise so high as to check the vagaries of the leaders in the union or in panchayats. The superior staff will have, in addition to guiding the lower staff, to check this part of the work. It is on the superior staff that I lay the greatest reliance for the rectification and initiation of co-operative work. The State will not pay for the staff; I am glad that it will not; for it is fatal to rely for sound work on a staff of the present capacity of Government Inspectors. The central banks will have to pay. This staff will have to check if the field workers (i.e. the lower staff) do their work according to the spirit of the bye-laws, to check particularly the doings of panchayats, to examine the circumstances of each village as to the directions in which Co-operative activity may be expanded, initiate experiments, check if the audit—State or otherwise—is performed with sense, and to do the hundred and one things for the amelioration of village life which may be summed up as 'rural reconstruction.' We have an immense field of work before us; luckily we have numerous educated people unemployed. What is immediately required is an examination of the district to see how and in what numbers this staff should be recruited and a persuasion after discussion with central banks to provide funds. Existing resources must be studied; the effect of expansion must be gauged; where district banks are reluctant to spare dividends even for limited periods, a system of deferred dividends must be tried.

So far as this important point of establishment is concerned, it is conceivable that the central bank ought to do all that I have sketched out above. But it is certainly advantageous that the whole work—which involves a Presidency survey of existing conditions and of possible immediate future expansion—should be reviewed by persons having knowledge of several districts so that the lessons learnt in each district may be at the disposal of all districts. I therefore suggest that the Madras Central Urban Bank should employ 2 or 3 officers on say Rs. 250 or Rs. 300 per mensem for a year to go out on tour, examine conditions, make suggestions to Central Banks, discuss programmes with them and get schemes sanctioned in consonance with the lines laid down in previous paragraphs.

Co-operative Education.

The second main point to be immediately attended to is 'co-operative education.' A member in the Madura Conference doubted if

this superior staff will behave any way better than the existing union supervisors. And it will not, unless it is better trained and educated. And the ambit of their expected duties is very ambitious—though perfectly practical. Further, every one concedes that the bulwark of co-operative work is the co-operative knowledge of members and panchayats. And the only way to take even elementary knowledge to them is by scattering a host of correctly trained persons. Their propaganda will find fruit in a generation. Their education ought to be imported in a Central Institute with field classes. Regarding the cost thereof, it is a legitimate charge on the State. The Madura Conference has emphasised this. The Government has also been approached and its reply is awaited. If the Government will not agree and agree immediately, I think that the co-operators must do their level best to force Government to yield. When Central Banks out of their own resources are prepared to spend thousands to replace the staff withdrawn hastily and without notice by Government under such circumstances that if it was responsible to the people the Government would have been turned out of power for injuring the masses so badly, it is but fair to expect Government to do what it is its undoubted duty to do in the field of rural and co-operative work. I would urge on all units of the co-operative world and on co-operative members in the Legislative Council to see that the Government is forced to discharge its share of the work. Regarding the management of the Institute, it is best that it be handed over to the Madras Provincial Co-operative Union. This is too obvious to need elaboration.

An analysis of the work to be done.

To sum up. Whilst every one feels that a good deal has to be done and urgently, it clarifies discussion to define a programme just for a year as to what should be done in that year. So I propose as above. The various steps are :—

- (1) Central Banks should prepare programmes for reconstitution of unions and details of establishments.
- (2) The minimum expansion necessary to release enough funds should be gauged and pushed through.
- (3) The Madras Central Urban Bank should appoint co-ordinating officers to advise Central Banks.
- (4) A Co-operative Training Institute should be started as soon as possible and the Government should provide funds for the same.

CO-OPERATION IN THE MADRAS PRESIDENCY

Progress during 1925—26.

BY MR. K. G. SIVASWAMI.

The Department's Report.

The annual report issued by the Co-operative Department is the only material available to judge the progress of the co-operative movement. But it is regrettable that this report is only an interpretation of the figures supplied by the supervisors of Local Unions and hardly gives an insight into the working of the movement. It is dull and dreary reading portraying at best the situation in the movement rather than any suggestions for its reform. The report regrets the marked rise in the percentage of arrears to central banks and agricultural societies by nearly 3 per cent. But the appreciative manner in which the report refers to the sustained efforts undertaken during the last year for collections indicates rather a very narrow view of reforming societies, for the results of any collection drive during certain months without a larger programme of building up the village society as an organisation of the people and by the people of a village will only lead to more harm than good to the movement. This will be quite evident from the following extract taken from Rao Bahadur N. Gopalaswami Aiyangar's speech at the Trichy Dt. Conference last October. "The collection drive initiated by the apex bank and prosecuted vigorously by central banks and supervising unions coupled with the fact that primary societies have generally no resources other than repayments to fall back upon for payment of their own instalments to the central banks, results in the maximum of pressure being exerted on the ultimate individual borrower at a time when, far from being able to spare money, he rather needs money as working capital for his agricultural operations. The co-operative remedy for this state of things is not to make collection methods perfect, not to drive the borrower to other money-lending shops where, instead of *commanding* credit, he has to *beg* for it on what terms its dispenser may choose to impose. It should rather be a readjustment of the resources available in the co-operative movement to the ascertained credit needs of every member thereof, the readjustment of terms of loan and instalments of repayment, the fixing of such instalments with a due regard to the borrower's repaying capacity and the introduction of reasonable elasticity in the altering of such instalments when unlooked for expenditure which could not be avoided necessitates such a course".

Surpluses in Financing Banks.

The report again refers to large surpluses in financing banks and the inefficiency of societies to absorb them. Here again it refers more

to the situation in the movement without suggesting any remedies. The following two extracts on this question from the report are the only available suggestions for improving the present state of things. "The attenuated resources of the department are unable to provide vigorous and efficient supervision, while it is apparent that the non-official supervision is not yet organised effectively enough to supply the need". "Ways and means must be devised either to absorb all the available resources in the movement and failing this, there must be greater reticence in accepting deposits." The above two extracts indicate the outlook of the department in dealing with the present situation. The last quotation particularly indicates the helplessness of the department to devise those methods which would quickly absorb the resources in the movement. It is obvious to every one that there are dire and severe credit needs in the rural areas. Under these circumstances, can it be said that the financing banks and the supervising agencies are discharging their legitimate duties as public institutions if the former are told to restrict the inflow of deposits? The first quotation brushes aside the question of making supervision efficient by simply stating that it is not so. The reference to the want of resources in the department for vigorous and efficient supervision again indicates a wrong conception of the relation of the department to supervision for, as Sir. K. V. Reddi said at the Dharwar Conference in Bombay, supervision to be effective should be mutual and it could neither be conducted efficiently either by Government or central banks.

Grant of Extensions.

Reference is made in the report to the discrepancies in the figures relating to the overdues of societies to central banks and of members to societies and it is better Co-operators think over some procedure by which frank and reliable information of the overdues can be obtained from all the districts in the presidency. Anantapur shows 50·6 per cent during 1924-25 and 15·49 per cent in 1925-26 as overdues of agricultural societies to central banks while the members' overdues stand at 61·8 per cent for the last year. North Arcot shows 60, 39·49 and 66·20 under these three heads. South Arcot shows 30·37 and 42·19 under the first two heads. Chingleput has 13·59, 26·81 and 50·52 under the same heads. As regards Coimbatore it is 9·15, 20·76 and 44·08. South Canara shows 9·48, 8·34 and 31·23. The figures given above indicate two things, viz., that extensions have been granted to the societies while the members have not applied for them or received the same to their benefit; and secondly, that the grant of extensions by central banks during one year not being followed up by the same principle next year showed enormous differences in the overdues due by societies to Central

Banks. While this is the condition of things in the districts mentioned above, certain other districts as Salem and Chittoor have made a very plain statement of their condition. Space forbids us from going into the details of procedure which should be followed in the grant of extensions under the existing condition of village societies; and we hope that some definite procedure will be outlined which will make available to the public not figures of doubtful character but figures which will indicate the actual state of societies.

Prompt Collections not always the test of a good Society or Union.

The report also makes a comparison of the several local unions in the presidency as regards collection work. This again smacks of the tax-gatherer's methods which may be alright as a standard of judgment in assessing the value of bill-collectors but not of co-operative societies. We do not for one moment mean that prompt collections are not one of the tests of a good society or a good union. But what we do mean is the capacity of a union could hardly be judged as good from the low percentage of overdues in the societies in its area. Overdues may be low in some societies, but that may be due to poor working capital and poverty of transactions. Overdues may be kept low by vigorous collections which might put an undue pressure upon a ryot member to borrow from outside at oppressive rates of interest and thus deplete his resources and make him unfit to be credit-worthy in the years to come. Vigorous collections might lead to a situation in the years to come when the ryot borrower will be unable to repay his loans except by a sale of his assets. Prompt collections might also be due to the cleverness of the office-bearers of the society who know how to adjust outside and inside transactions. Tiruchendur is given special praise for maintaining overdues at the minimum. But from my own personal experience, I can testify that the conditions in that area are worse than in so many other areas. Ottapidaram is given the place of honour; here too I can testify that conditions in societies are not so good as one would understand from the comparisons made in the report. With the kind co-operation of the President of this union, I visited some of the societies in its area. I learnt in one society that because the members did not understand the privilege of extensions, they borrowed at an enormous rate of interest outside and paid their dues. I know again of another society in which the President himself advanced the money due to the Central bank by lending to the members at high rates of interest. I know of a third society in which the money-lender himself is the President who restricts its transactions to those who are not his clients, and knows also how to make

prompt repayments to the central bank. The loans issued in this area are small amounts, are for short terms, and are absorbed by a larger number of members than any other areas. In the Union of Ottapadam, there is no doubt that the habit of making prompt re-payments has been instilled in the ordinary member of the village society. There are also certain other good features in the working of this union. I am making these references not to show that the unions which are appreciated are bad, but the point of view of taking in and comparing the several unions is a narrow one, and coming as it does from the Registrar will deflect the progress of Unions from their legitimate co-operative work to merely that of collections. It is not possible to expect qualitative comparisons of genuine co-operative progress on the basis of the figures published in the annual report. The better method would be to issue a questionnaire of important points relating to the progress of societies in each union area, and ask the auditors to fill it up for the information of the Registrar.

Supervision Fund.

Comparisons are also made of the average number of societies in each union, the average working capital, and the average cost of management. No doubt this gives us some idea of the resources of each union. But even here district averages cannot lead us to any conclusion, for while they may indicate the average efficiency of the Union for the district as a whole, they are no safe guide to understand the actual amount of re-organisation and expansion work required in each district to make each union rise to the minimum standard. The standard budget mentioned in the report for local unions, namely, Rs. 600 to Rs. 1,000, is one which can hardly meet the needs of unions. The report refers in para 71 to the supervision fund for the whole presidency. It would be preferable if the demand under supervision is given for each district. The figures indicate that primary societies paid only half the demand under supervision fund. They also show that the expenditure of the unions comes to about half of the receipts under supervision fund. These two conclusions show a deplorable state of things, namely, that local unions are not even in a position to collect the full amount of supervision fund, and secondly, they do not even deserve to levy the present contribution of societies because they spend only half of the receipts.

Membership in Agricultural Societies.

The statistical portion relating to the agricultural societies reveal certain defects about which we would like to deal in this para. In the first place, the classification of loans under several purposes cannot be

taken as completely true owing to two reasons. Where insistence is made that the purpose of loans should tally with the periods, the genuine purpose is not mentioned but some object which will get a longer period for the ryot; where no such insistence is made, something is filled up in the loan application form which cannot be considered true to facts. Secondly, the statement about members which fills about a fifth of the book indicates a state of things which requires a fuller enquiry. The percentage of voluntary withdrawals and expulsions due to misconduct and default forms during the last 3 years 5 per cent of the total number of members at the beginning of each year. This proportion of withdrawals should certainly be from old members and is an indication that the state of things in a rural society is not what it ought to be. In this connection, it will not be out of place to refer to certain wrong notions entertained by the subordinates of the Department. In the district of Tinnevely, the bylaw which enjoins on the society to expel a member who drives it to the Court is wrongly and un-co-operatively interpreted to mean that such members should never be re-admitted in the rural societies. This interpretation was given to me in the area of Sri Vaikuntam Union where certain members of a society at Korkai were not allowed to become new members and take further loans because they repaid their previous loans after decree. I also understand that the Assistant Registrar went to a society in the Vilathikulam area last month and stopped the grant of loans to some old members because the previous loans were recovered after arbitration. Defaults, arbitrations, decrees and executions may as much be due to the defects in the sanction of loans by the society, the local union and the district bank, as also to want of loyalty of the member. But if a society were to go on expelling every member whose dues are collected after a reference to arbitration, and refusing to re-admit him, surely the society does not exist for the villager but the latter for the society! Can we ever improve and make loyal the citizens of a village at all to the society if every expelled member is not to be re-admitted? What right has a society to erect an eternal barrier against such citizens that they shall not be re-admitted as members for their whole life? Is this co-operative? Or rather, is it not the fact that the work of the few co-operative officers and honorary workers is largely undermined by this procedure arising out of wrong, un-co-operative and dictatorial notions? We trust the Registrar will see to an early rectification of this defect which, it is feared, will eat into the vitals of the movement if not scotched at the start.

Arbitration References.

Appendix No. 9 gives details of the suits and decrees in the movement. During the last year, 20,000 arbitration references were filed, 15,000 were decreed, and 8,000 were pending disposal at the end of the year. Under awards obtained by societies 9,806 were satisfied during the year and 37,000 were pending execution. This is certainly a state of things which indicates the un-co-operative character of the rural societies which thirst for power and are not able to conduct their transactions efficiently on the basis of mutual responsibility and mutual supervision.

The Statements re : Agricultural Societies.

Let us next consider the value of the statements given about agricultural societies. The classification of members according to occupation and ownership is more an adjustment on the basis of the figures of the first year when the society was started, by subtracting a certain number who have left the society and adding a certain other number who have joined the society. The classification of membership under the several castes hardly serves any purpose. Statement B relating to the operations of agricultural societies can be better improved by including another column for the demand under interest, current and arrears, for the whole year. Appendix No. 5 gives of course the percentage of balance under interest overdue and interest accrued and fallen during the year. But the total amount for each district is not given. It does not seem possible also to scan the figures relating to divisible profit which varies largely as compared with the figures of the previous years. Coimbatore showed Rs. 21,000 as divisible profit during 1924-25 while Rs. 47,000 was the profit for last year. This is neither explainable by a reference to working capital of the 2 years nor the collection of overdue interest for working capital is more or less stationary and overdue interest has increased. In the district of Cuddapah, divisible profits have fallen from Rs. 18,518 to 5,105. We trust some explanations will be made available on these points.

Criminal Prosecutions.

The report also indicates that the number of criminal prosecutions has increased largely during the year. It remarks on this question in the following terms. "The evil will soon find an end for local supervising unions and district federations will rise up to the occasion to educate the societies on right lines." A realisation of this pious hope depends on the recruit of a capable staff and an increase in the resources of these bodies.

Non-credit Societies.

Large references are made in the report to the development of non-credit societies. Appendix No. 6 shows that Agricultural Stores and Trading Unions have better developed in Tanjore and Coimbatore than in other districts. These 2 districts sold goods to about a lakh of rupees in 26 societies of this type while 98 of these sold goods to rupees 1.73 lakhs in the whole presidency. As regards sale societies which advance loans on the pledge of produce, South Kanara and Tanjore alone divide among themselves almost all the transactions in this presidency. The sale of produce on the agency system exists in South Kanara and Bellary. Agricultural production societies were only five in the presidency of which Kallakurichi alone worked at a profit. As to the joint purchases made during the year by ordinary societies, Nellore, Kurnool, and Tinnivelly have purchased the largest amount of foodstuffs; Guntur, West Godavari and South Arcot, the largest amount of manures, West Godavari, Chittoor and Tanjore, the largest number of monsoon ploughs. Chingleput, Tanjore and Malabar have made advances in the credit societies to the extent of 2.2 lakhs out of a total of 2.45 lakhs on the pledge of produce and standing crops. Madura stands first in the matter of joint sale by credit societies, particularly due to the large cardamon business done at Bodi to the extent of 13 lakhs. The stores movement cannot be said to be a success if we exclude those working in Madras and Madura districts and even here we have to see to what extent their sales are due to the purchases of non-members and public institutions. The production and sale societies in urban areas for non-weavers do not show any progress excepting one at Kurnool and two at Nellore. Purchase and sale societies for weavers, four at Madura and five at North Arcot, indicate some progress. The former have sold raw materials to the extent of 1.87 lakhs and finished products for Rs. 3,933. The latter have sold raw materials for Rs. 15,353 and finished products for Rs. 20,342. The weavers' production societies, 4 in West Godavari and 3 in Anantapur, have sold goods to members for Rs. 17,617 and Rs. 10,570 as owner and on commission basis respectively. In the ordinary credit societies with more than 60 per cent weaver members numbering 65, the total working capital amounted to Rs. 3.47 lakhs, and only in the district of Bellary, joint purchase to the extent of Rs. 7,800 and joint sale to the extent of Rs. 5,500 were effected in these societies. It is noteworthy that Government have appointed during the year a special senior inspector to improve the weavers' societies.

We are glad to find from the annual report that the Government have decided to grant loans at 6½ per cent to build godowns for

granaries. Three cattle insurance societies have also been registered during the year. We would prefer the work of silt clearance, regulation of water supply, and drainage improvements being taken up by village panchayats in the place of co-operative societies, as these functions require a certain amount of administrative power for enforcing discipline. The agricultural demonstration society at Lalgudi has done good work in the sale of manures, spread of improved ploughs and teaching better methods of cultivation. Before closing this portion of the review, we would point out the figures under purchase and sale can be made more useful by a reference to average profits placed on sales and the percentage of commission. Among the other types of societies, it is noteworthy that those for land reclamation have received Government loans to the extent of Rs. 86,928. Mention should be made of the working of 2 land mortgage banks and the issue of debentures to the value of Rs. 40,000 of which Government purchased to the value of Rs. 20,000.

Societies in Urban areas.

The societies in the urban areas have also made good progress during the year. There was an increase of Rs. 9 lakhs in non-members deposits at the end of last year in Urban Banks. Thrift societies for field labourers and fishermen were the largest in number in South Kanara. 52 building societies received loans from Government to the extent of Rs. 3.13 lakhs, repaid .82 lakhs and the loans outstanding amounted to Rs. 10.41 lakhs. The Report mentions that 470 houses were constructed and 249 were under construction. During the year under report, the Government increased the proportion of loans to share capital from 3 to 4 which greatly facilitated house-building by richer middle classes. Even though it cannot be said that the house building loans will be helpful to the poorer middle classes owing to the large amount of share-capital required from them, these loans indirectly help them too, for, every house built by the richer middle classes releases to that extent a larger housing accommodation for the poorer classes in towns. As regards societies for backward classes, these show large progress no doubt under credit and they are mainly under the supervision of the labour department and the Kallar Special Officer. Their supervision and the relation of Labour to Co-operative Department are questions which should be settled early if these societies are to progress on sound lines in the future. In addition to the types above mentioned, it is satisfactory to note that Labour Societies for undertaking contract works have developed particularly in the Tanjore District.

No information re : Central Banks.

The statement about liquidated societies indicates that the liquidation proceedings in the case of some are rather slow and that in about 4 per cent of the total number, the assets are less than the liabilities due to non-members. The report gives meagre information regarding the working of District Federations and it will be so, particularly owing to the fact that most of them were recently started. It is noteworthy that South Arcot and Chingleput Federations compiled the annual statistics for the year. Not much can be learnt about the working of Central Banks from the comments and figures supplied in the annual report. What little we glean about the working of primary societies is denied to us about that of Central Banks. No administrative review is available about the disposal of loans and the credit service of Central Banks. Even the figures do not permit of correct conclusions being drawn from them. The profit and loss statement includes a column 'other items' which will in themselves include a number of details. "The investments" and "other items" in the Balance Sheet relate again to figures which cover a number of details. As a consequence, we are unable to understand the interest actually realised on outside investments, the dividends on share capital investments, and miscellaneous source of revenue.

CONVERSION OF PRICKLY PEAR INTO MANURE.

By MR. B. VISWANATH, F.I.C.,
(Agricultural Chemist, Madras).

Prickly pear is a material having a fleshy succulent and soft inside portion enmeshed in a fibrous matted structure with thorns all over. In its fresh state, it contains about 90 to 95 per cent moisture and the juice coming out on rotting is acidic. If it is allowed to rot alone, i.e., without mixing it with some other stuff, in a fortnight or so, the whole of the fermenting stuff will be almost flooded with acid juice and submerged. If left under these conditions, the pear will rot properly and the thorns will not lose their toughness and sharpness even for a year or more. Therefore, to get it properly rotted, this excess of moisture should be properly adjusted and its acidity also should be neutralised. This may be done by mixing it with some other waste organic fermentable dry material like any straw or stubble, dry grass or leaves. If these are not available, it may be mixed with dry earth.

2. The rotting of the material is effected by certain bacteria which require nitrogen, phosphate and a neutral medium for their proper

functioning. Hence it is necessary to add a certain quantity of fine grade bone meal or Trichy phosphate which would serve both purposes. To ensure the presence of the necessary bacteria and to supply in the beginning a small quantity of nitrogen, a certain quantity of cattle manure should be added.

3. The conversion of the prickly pear is best done in a pit, the length of which may be anything, but it may not be convenient to have the breadth more than 6 feet as the greater breadth will interfere with any operations as stirring, addition of water etc. The pit must be dug in a place with a higher level than the surrounding places and the depth usually should not exceed 3 feet as otherwise there is danger of water-logging especially in rainy months.

4. The prickly pear should be put in the pit in layers of 6 inches to 1 ft. On this a layer of other materials like straw or weeds mentioned above is put to the same thickness. If dry earth is used, there should be enough of it to just cover the pear. Over this 3 to 5 lbs. bone meal is scattered. Bone meal is added to supply phosphates. If bone meal cannot be easily had, tank silt, or river silt, fish refuse such as scales, may be added. On this, 15 to 20 lbs. of cattle manure mixed with necessary water to make it into a thick fluid should be evenly sprinkled. After thus finishing the first layer, another layer of pear followed by dry organic material or earth is laid and on this the bone meal and cattle manure suspension are added. The whole of the material is thus pitted, until it stands 3 to 4 feet above the level of the pit. On the top of the last layer, put 4 or 6 inches of soil so as to cover the whole area i.e., the sides as well. It will be even better if the top and sides are plastered with 2 to 3 inches of earth. In about a fortnight, the whole material would sink to the level of the pit. A shed may be put over the pit to protect the rotting material from sun and rain or covered with loose earth or plastering of mud.

5. The quickness of fermentation and the conversion of the pear into a usable manure depends not only on the food supply for the organisms involved in the process but also on the frequency of stirring. If time is not a serious consideration, nothing more need be done and the pitted material can wait for about a year, at the end of which time the thorns of the pear will have become harmless and the manure ready for application to the field. If the manure is required soon, frequent stirring and attention to the moisture content of the material in the pit would be necessary, as detailed in the plan below.

6. A fortnight after pitting and at intervals of a month, the rotting material may be turned by means of rakes and mixed, as far as practi-

cable. This will hasten rotting and softening of thorns and the manure will become available much sooner, say in 5 to 6 months. If this operation is not done, then there will be uneven rotting, and the thorns may not become blunt even after a year. At the time of stirring, the condition of moisture should be looked into. If it tends to become dry, then some water should be evenly sprinkled to make it moist. The fermenting material should never be allowed to become too moist or too dry as in either case fermentation is either stopped or considerably lessened.

CO-OPERATIVE CREDIT IN THE CITY OF MADRAS.

By MR. S. KRISHNASWAMI IYENGAR,
(Manager, The Christian Central Co-operative Bank, Madras).

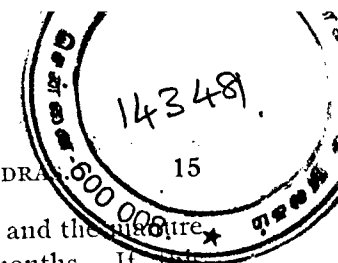
As at present the co-operative societies that supply credit to the citizens of Madras may be divided into three main heads:—

- (a) Government Servants' Co-operative Societies and societies for employees other than Government Servants.
- (b) Primary Credit Societies for middle class people as People's Banks about which I do not propose to deal with here.
- (c) Primary Credit Societies for poor men.

In the case of Government Servants and other Employees' Co-operative Societies, a good deal of useful work can be easily done provided that the loyalty of the members and good management are assured. The following are the most important, rather the only things that they require:—

Facile Credit.

I. *Facile Credit* which is absolutely necessary should be provided for each member so that no employee may incur any liabilities outside the society at any time. To begin with, a true and certified statement of the assets and liabilities of each member should be obtained. Also a statement showing his monthly income, monthly expenditure and net savings should be obtained. In calculating net savings, provision should be made for contingencies as sickness, ceremonies, etc. The member should be loyal to the society, furnish correct figures and the committee of the Society should help a member in the preparation of his family budget so that extra expenditure may be cut down and thrift practised in all its aspects. His outside liabilities should be paid off by the society and he should give an undertaking never to borrow from outsiders. Of course, this can be done only in the case of solvent members or those whose borrowings are within limit of redemption. He



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must be asked to insure his life for such amount as his position would warrant and the insurance policy should be made over to the society in the case of members who are indebted to the society. This will be a collateral security to the loans given to him on the security of one or two sureties. The member must be given loans for all his reasonable requirements on the security of one or more sureties. Loans should be made repayable in instalments fixed with reference to his repaying capacity arrived at.

In employees' societies, sufficient number of committees of two or three men should be appointed to verify and act as an advisory body to a particular set of members as well as to the society with reference to their position. In this way, mutual knowledge among members of a society can be easily gained and loyalty of the members secured.

If the above will be carried out with caution, care and sincerity, it is possible that members of such societies may be redeemed from outside indebtedness to begin with, thrift inculcated bit by bit and savings accumulated.

Ready supply of provisions to members.

II. Supply of provisions should of course precede credit though stated after credit. By organising a new Stores Society or with the help of the existing Triplicane Stores and its Branches each member should be supplied all kinds of domestic provisions by his society. At the beginning of each month or once a fortnight or at some fixed intervals, the member may be asked to give an indent of all his requirements. The Society should arrange to comply with his indent *at his residence*, in time. This can easily be done by employing motor lorries as in the case of M & S.M. Co-operative Stores. The member will be at liberty to pay cash for the articles or the cost will be debited to his account with the credit society. In this connexion, it will be quite appropriate to say that no member should be given loans in cash. He must be given the articles he requires and the cost should be debited as loan. It may be contended that members should not be so distrusted and they should be given a certain amount of liberty in these things. If only a careful consideration is given to the proposal of declining to give loans in cash and supplying necessities, no loyal member can have any real objection. Of course when a loan is required for quite a different purpose and if the member should necessarily have cash it cannot be helped, but such cases should be restricted as far as possible in the interest of the society and its member.

The magnitude and utility of such a stores could rather be imagined than described. Let us take the number of middle class employees

to be about 20,000. Let us suppose that on an average each member consumes about Rs. 40 worth of provisions. The turnover for a month will amount to Rs. 8,00,000. The transactions for all the 12 months in 1924-25 in respect of all the branches of the Triplicane Stores amounted to only about ten lakhs of rupees. If only an honest attempt is made to supply each member with all his necessities, foodstuffs, cloths, etc., a good deal of useful work can be done with immense profit to the members.

Security for loans.

As originally pointed out, the two essential factors are good management and loyalty of members. So far as security for the loans given to members is concerned, there is little difficulty for the following reasons :—

(1) The member is an employee with a permanent fixed income and his dues are recovered every month ; of course it being understood that the instalments of loans given to repay prior debts and for purchase of domestic requirements, etc., are within the repaying capacity of each member.

(2) There are one or more sureties for the loan who are bound to make good the loss in case the member is to be dismissed from service or quits the service.

(3) In case of death, the insurance amount will stand in good stead, as every member is expected to insure his life and make over the policy to the Society.

(4) A bad debt fund can be created for purposes of making good any losses that may happen for reasons stated in (2) so that sureties may not be unnecessarily burdened as far as possible.

A systematic work of the above can redeem the urban indebtedness among employees and may serve as a model consumers' society for such people.

It seems worth while to attempt to work such ideal institutions instead of the societies granting credit to members at random. Surely I do not cast any reflection on the societies as providing credit to undeserving members at present but what I want to lay stress on is to handle the question in a scientific and systematic manner. The constitution, management and other details relating to the credit societies and stores could be easily worked out if the principles are accepted.

Primary Credit Societies for poor men in the City of Madras.

Redemption of rural indebtedness and rural reconstruction are beset with many obstacles and the successful handling of the questions

rests on various factors, such as improved and enlarged productions at a comparatively less cost and marketing them to the advantage of the producers and cottage industries.

The position of the poor in the city is however quite different and rather easy of solution.

While dealing with Government servants and employees, it was presumed that they were educated enough to understand the potentialities of co-operation in regard to raising credit and obtaining articles of consumption. The case is not so with regard to the majority of the poor whether in the city or elsewhere. The very fact that there are over one hundred money lenders' shops in Madras and they are everyday on the increase is proof positive that many of the poor resort to them for credit and other things also.

It is absolutely necessary to say a few words about some of the money lenders' shops and their dealings with the poor in order to understand the seriousness of the situation. Certain Marwaris lend even to Government servants, employees and other middle class people. In such cases, the rates of interest varies from 24 to 36 per cent and the interest is deducted at the time of disbursing the loans. A certain class of people get pronotes for a certain amount and give only $\frac{1}{3}$ or half of the amount; of course it is rather difficult to prove such cases. We are concerned with Marwaris or money-lenders who have dealings with the poor. A cooly or rikshawallah or other low-paid employee man or woman pledges a vessel or clothes with a Marwari and raises a loan. The money-lender is of course very careful to see that the amount he gives does not exceed $\frac{1}{4}$ th or $\frac{1}{3}$ of the value of the article pledged. The rate of interest does not refer to a month or a year on a sum of Rs. 100 as educated people usually understand it (percentage per annum). The borrower has to pay interest at the rate of *three pies or six pies per day per rupee*. This the borrower does not consider to be heavy for the following reasons:—

(1) He borrows only small sums usually not exceeding Rs. 5 or Rs. 10. More often than not, the loan is only one or two rupees.

(2) He expects to pay back the money in two or three days or in a week and as such the accumulated interest will be only a few annas.

(3) He gets the money the moment he asks for it.

Well, taking the lowest figure of *three pies per rupee per day*, the rate works up to 562½ per cent per annum. How appalling the figure is!!! In more than 50 per cent of the cases, the borrowers

rarely repay their loans as they are not able to get the amount in the stipulated time and as the cost of the article pledged becomes less than the amount due in a short time in view of the enormously high rate of interest. The articles pledged are sold in auction and it is no wonder that such money lenders, though of a small capital and humble origin, become rich in a short time at the expense of the poor and such shops are ever on the increase in every division of the city.

The position of the poor people with regard to their purchase of articles of consumption is far worse.

It is needless to remind co-operators that the essence of co-operation is that it enables the poor and the weak to obtain *fair treatment* and *fair means of livelihood* and if co-operation cannot help the poor and the poorest even in the city where the problem is rather simple, there must be something wrong about the system of co-operation. It may be argued that it is unsafe to lend money to a man who has little or no tangible property, that if the poor feel the necessity for a co-operative society they must *voluntarily* come forward and organise one and so forth. Security, earning power, honesty and repaying capacity are considered to be the criterion. As Mr. Hemingway said in his circular on "Admission of poor men to village societies"—"It is often forgotten that if a man without resorting to either theft or beggary succeeded in keeping himself and his family alive for a number of years, the fact alone is sufficient to prove that he has an earning power sufficient to enable him to pay back his dues to a co-operative society". Again the fact that he has been able to keep his head above the water in spite of his borrowings from the money lenders at exorbitant rates of interest supports conclusively the above proposition.

It may be asked as to why the existing societies for Adi Dravidas and poor men in the city of Madras have not worked successfully. The reasons are too plain; they are

- (1) Defective organisation,
- (2) Bad management and interested panchayatdars,
- (3) Ignorance on the part of the members on the potentialities of a co-operative society,

(4) Above all, the unsuitability of the present form of co-operative societies to the people for whom they are intended at this stage.

We are now referring to the poor and the poorest. They do not know what co-operation is and it is rather very difficult if not impossible to educate them first and then start co-operative societies for them. Their requirements are only small amounts and they want the amounts

immediately. They cannot afford to wait till the Panchayat of a society meets and sanctions the loans. Their re-paying capacity and honesty cannot be judged immediately and it is difficult to say how circumstances may mould them. For the small amounts they require, *they are prepared to pledge* some article or other as security. They are depressed *in toto* by the money lenders. Such are the people who should be helped and how is the question to be solved?

"Example is better than precept." It is no use theorising and doing propaganda work in the case of such people. There should be an exhibition, a real exhibition of the potentialities of co-operation.

Here is a class of poor people who are in dire need of assistance. They have no education in regard to co-operation and they won't have the patience to learn co-operation but the problem of improving the condition of these people is far easier than in the rural areas for the reason that we need not bother ourselves with agricultural improvements, increased production, marketing the produce, subsidiary industries in the off-season etc. It behoves all city co-operators to bestow their thoughts on this most serious situation and suggest remedies for the economic uplift of the poor and poorest in the city of Madras.

I have thought over this problem in my own humble way and limited sphere and suggest a remedy for consideration and criticism by co-operators.

A Central Credit Society should be organised in the city of Madras with individuals as shareholders. Such individuals may be either the poor for whom the society is intended or sympathisers. The central society will have branches in all important parts of the city of Madras where there are money lenders' shops at present. Each branch will have a paid clerk who should have furnished some security to the Central Office. Additional establishment when necessary may be provided with. There may be also an advisory body of two or three persons selected from among the *members* of the locality.

Loans will be given to the poor and the poorest by the branch clerk (who will often be given a certain fixed sum by the head office every day with liberty to apply for more if it is exhausted) on almost the same securities and terms under which the local money lender gives but with this difference that the rate of interest charged will be slightly less than that charged by the local money lender. It would be advisable to put the admission fees as Re. 0-1-0 or so and admit the borrower as a member. The admission fee may be even less, so that it may not stand in the way of members coming to the society. When the party returns the money and interest, the principal and a reasonable rate of

interest say $12\frac{1}{2}$ per cent will be credited to the loan account and the excess interest collected (this should necessarily exist as the rate of interest charged by a local money lender is usually very high and the original rate quoted to the borrower should also be correspondingly high) will be kept to the credit of the borrower in a separate account called "Savings Account" which will not be permitted to be withdrawn for a year but the party will be informed of this. When the borrowers default to pay the amount in the stipulated time, let them be given a reasonable notice after which the article may be sold in auction and the amount over and exceeds of the amount due to the society should be returned to the party or parties. Here also it is more advantageous to the party as a money lender can never be expected to return any surplus. No difficulty will arise in fixing the rate of interest at the time of granting the loans, as it is to be done with reference to the local money lenders' rate, with the advice of the local advisory body whenever necessary and as there is no harm in the rate being slightly lower or higher (if only acceptable to the party), the margin between the rate fixed and $12\frac{1}{2}$ per cent will always go to the borrower. In the case of articles to be pledged, they can be easily estimated as invariably they are vessels. In the case of doubtful things, the opinion of the advisory body can be obtained.

At the end of a year, something of an anniversary should be performed at which all the poor borrowers and others should be invited. Some dramatic performance and social may be gone through. The city co-operators should avail themselves of this opportunity to explain to each borrower as to how much he has saved in a year by a way of the difference in the rate of interest he has paid to the society and the rate payable (i.e.) $12\frac{1}{2}$ per cent. The members may be advised to keep the amount in deposit and raise money on its security whenever necessary under the usual terms as before. The demonstration is sure to have an effective impression on every one.

As borrowers apply for money they, may be asked to state as to why they require the money. Some may be willing to give a reply and others may refuse. There is no use in troubling ourselves with the latter but is it advisable to refuse him a loan on that account? When any person or persons apply for loans for purchase of provisions or clothes, the branch clerk should secure for them the articles from the nearest Triplicane Stores branch or other place which will surely be to the advantage of the purchasers. This can be arranged by an internal adjustment of account between the credit branch and the store branch. By persuasion and judicious dealing with the borrowers, it is quite

possible to develop co-operative purchase of requirement seven among such people in a short time.

In fine supply of facile credit under the same terms as those of a local money lender to begin with will go a great way in educating the poor and helping them to save a considerable sum in a short time. Consumers' co-operation can be practised to a large extent even among these people who are badly in need of it but could not combine for want of real education.

It is idle to quote the probable gain the poor people of Madras can obtain by the above process but every one can easily imagine what it would be when he remembers that the moneylenders' lending rate is 562½ per cent and goes up to 1125 per cent. The turnover should also be considerably high, taking into consideration the very large number of poor people resorting to moneylenders.

N.B.—I have suggested a Central organisation with branches as an initial step in order to combat the difficulties of having suitable men to manage the business, enough turnover to incur the necessary establishment charges, capable men to supervise the working of the branches, securities, etc. Details of management, constitution, etc., can be easily worked out if the main proposition is favoured. The above is only a beginning and if residents of a locality are brought within the fold of co-operation and made to *feel actually* the advantages thereof, attempts may be made later on to redeem them of their encumbrances and improve their economic state.

CO-OPERATORS! WHY NOT LEAD THE EDUCATED INDIAN INTO THE PROFESSION OF AN ENLIGHTENED FARMER?

(By R. K.)

Everybody now talks and writes of the agricultural improvement of the country. "Back to the land" or more appropriately now in India, "Do not leave the countryside or the land" seems to be the advice of the foremost Indian economist and statesman. But every one probably waits for his neighbours to give a practical lead in the matter. No one will be the first in the field and burn his finger. If some one will actually invest his money and become a success and that beyond doubt, then many others will blindly follow till the thing is even overdone and land cultivable becomes a losing concern. This general lack of initiative and venture it is that blocks Indian advance on many sides. Then who is to bell the cat?

Can the educated Indian eke out a decent living on the land? He can, provided he has the proper mettle in him and the necessary capital with him. Should a man be educated to take to the land? In the narrow sense that he has taken out a S. S. L. C. certificate on university degree, certainly not. Other things being equal, certainly these certificates are an advantage. In these days of worldwide appeal for almost every human activity and the daily increasing scientific research and invention, the English educated Indian youth is certainly better than his non-schooled brother. He who looks to the land should be just as industrious, alert, adaptable and hardworking as his compeer in any other walk of life. The prize is to the wary and not to the sluggard.

After finishing his School or College course, many a young man with some ancestral property in the shape of land and for cash is willing to offer large cash deposits to get jobs on monthly salaries of Rs. 50 to Rs. 100. But he will not venture his cash into a business of his own. As he has no practical experience, he is probably right in hesitating to set up for himself. Why not employ such sums on the land? The youngster laughs at such a suggestion. How can he be asked to take to a profession in which only the pariah of the countryside with no capital or status is to be found? He has spent years and money on his English education and is therefore entitled for something better than land. But in his high soliloquy of his education and position, he has not bestowed any thought whatever as to why a pariah is a pariah. Why has a pariah no capital and status of his own? A pariah has no capital because his parents were not able to leave him any. He has no status because he has no money. Because he has no monetary status, he continues to be a pariah.

Economic salvation then leads to social salvation. To realise both is the goal of Co-operation. Co-operation has taken a deep root in the country and has extended to every nook and corner. Its activities are manifold. We have achieved much in co-operation and have to achieve more. We are on the summit of our credit side. Our Central Banks are overflowing with money. Deposit receiving is occasionally stopped. There is a plethora of funds on many sides. The cry for lowering the rates of interest is growing up.

Why not we think of investing some of our funds in a good cause? Is it necessary to wait till the Government comes out to give a lead? Why not pioneer for ourselves? Why not some Central Banks think of conducting Ideal Agricultural Farms for themselves? I do not propose that Central Banks should spend money on demonstrating agriculture, but I do suggest that nothing will be lost by their financing

Ideal Agricultural Farms which can reasonably be expected to pay their way through. Don't be frightened that you are asked to plunge unawares into long term investments! Don't juggle about phrases. When there is a fairly substantial and well-informed public opinion that the educated Indian must try to settle on the land it is the duty of Co-operators to step in and give a proper lead. Nothing will be lost by a Central Bank investing some Rs. 25,000 to work an Ideal Agricultural Farm of about 20 acres.

I do not propose that an oil engine or a tractor must be bought or that all sorts of doubtful and imaginary experiments must be embarked upon. But I do ask the co-operators not to shirk off legitimate leading. About Rs. 25,000 will be quite necessary and sufficient to develop some 20 acres of land on sound business lines. As an experiment and as a provision against mishaps, all the Central Banks can contribute about Rs. 1,000 each and float a Limited Company with a capital of about Rs. 25,000. Not more than 20 acres of dry land near Madras or anywhere else may be bought at about Rs. 50 to Rs. 100 per acre. The land can be fenced and a good well sunk. The usual country water-lifts can be fitted up till a costlier system is proved to be needed. We need not be bound down to cultivate only cotton, groundnuts or anything else. A mixed farming of agri-horticulture can be tried. A few acres may grow chillies, grapes, plantains, etc., that will yield from the very beginning of the first year. A few acres may be planted with, say oranges or mangoes. Even tamarind or anything that will pay commercially can be tried. The proper man at the top can do a lot.

In these days, big finance is the secret of the success if many a business concern and big finance is required for farming as well. If properly conducted, the Ideal Farm is not likely to fail. It is not at all necessary that all the Central Banks must come in nor is it necessary that the whole thing must be managed by the Provincial Central Bank or Provincial Co-operative Union. If proper men and capital are forthcoming, the scheme will work by itself.

If enough business enterprise exists in the country, even a single rich man can profitably take himself to the land. Or the Government can offer loans of about Rs. 25,000 to a few enterprising men coming forward to work "Ideal Agricultural Farms" at the various centres. Every Indian country gentleman with more than Rs. 50,000 cash of his own can take to the land with advantage to himself and those around him.

Tea was introduced into India from China and demonstrated at first by the Government and now there is a large and prosperous Tea

industry in this land. America and Australia were colonised by the Europeans and financed liberally at first and now they are overstepping the Home Countries. Capital and enterprise have worked well in many ways and in many places and will not fail to do the same in India as well.

CORRESPONDENCE.

Supervisors—their situation in view of the Union Directors.

There is a widespread clamour among the supervising staff that their plight is considerably risky and delicate in the view of the society representatives on the Union Directorate. The supervisors when entrusted with the supervision work are expected to discharge their functions by endeavouring to revive the morbid societies in the way of pointing out the errors which exist in such societies. Even misappropriations and defalcations which exist in such morbid societies are not to be exposed by the supervisors who are direct subordinates to the Union directors and who, lest they have to incur the displeasure of the Union Directors, are unable to expose the errors. To be upright and to be true to his duty, if any supervisor dares to expose these errors in his report, he will do it at his own risk. These Society representatives on the Union Directorate are narrow-minded and obstinate to recognise that it behoves the supervisor to represent the faults of the societies before the Board of Directors. There are instances to show that they endeavoured to usurp the appointment of the poor supervisor and re-appoint another.

While on the other hand, if the supervisor lulls and un-exposes the errors existing in the societies before the Union he is expected not to be functioning well and is looked with suspicion. The practical situation of a supervisor is that he is entangled between a well before and a pit behind. So I earnestly request the co-operators of the Presidency to suggest any means of avoiding these difficulties with their valuable information.

"A co-operator,"

ALAMURU.

Profession Tax—Co-operative Societies—Local Bodies and Municipalities.

Amendment to G. O. 1140 Local and Municipal published in Fort St. George Gazette, dated 13—10—25.

(Copy of letter dated 20th April from Mr. N. Subramanyam, Secretary, Coimbatore Dt. Urban Bank Ltd., to the Secretary, Development Department, Madras).

In an interview with the Minister for Development during his tour in our District, I was directed to submit the case of the Co-operative Societies with reference to the above subject in the form of a memorandum and accordingly I beg leave to submit the following.

2. As a result of agitation by the Co-operative Societies and the consequent legal advice taken thereon, the Government in the Local Self-Government Department recognised that Co-operative Societies did not come under companies and hence could not be made liable to pay companies tax under the Local Boards and Municipalities Act., and issued a G. O. to the effect that they are liable to pay profession tax under Sec. 93 of Local Boards Act and Section 93 of District Municipalities Act. This innovation in the method of taxing made the matter worse so far as big urban societies like the District Banks as, while under the old illegal taxation we were assessed a sum of Rs. 50 per half year as companies tax, now we are assessed on the net income basis; and we are obliged to pay Rs. 110 per half year.

3. It is submitted that the Co-operative District Banks do not earn profit in the real sense of the term and income to be taxable must come from outside the shareholders and not from within, there is no definition of the term income or net income either in the Local Boards Act or District Municipalities Act that in the case of Mylapore Permanent Fund, Ltd., an institution though not a co-operative concern but only a mutual benefit society, with reference to income tax assessment it was ruled by the Madras High Court in 1923 Madras 684, that interest paid by shareholders who simply jointly borrow and pool their borrowings cannot be said to be income, that if the basis of excluding income from members in a co-operative concern be adopted for the purpose of assessing the Profession tax, the amount of tax payable would be very much reduced.

4. All these points were put before the local Municipal Council in the appeal preferred by our Bank but the Municipal Council would not heed our reasonable request as the council regards the G. O. above mentioned as infallible law like the laws of Medes and Persians.

The only course open to us is either to go before a Civil Court or get the G. O. above mentioned altered suitably by making it clear that income derived by a Co-operative concern with its members should be excluded for the purpose of determining the amount liable for taxation purposes.

5. As litigation is against the spirit of Co-operation, we beg to approach the Government to suitably amend the G. O. quoted by adding the following after the word Act V of 1920 in the said G. O.

"For purposes of calculation of assessment the income derived by transactions of Co-operative Societies with its members shall be excluded in determining the net income."

6. Since my interview, I am glad to bring to the notice of the Government that the Cuddalore Municipal Council has recognised the justice of the aforesaid basis of calculation and charged the South Arcot Banking Union, Ltd., Cuddalore, on the income made up of by the following items only.

- | | |
|--|--|
| (1) Interest in investment of shares | } In the Madras Central
Urban Bank, Ltd., |
| (2) Interest " Reserve Fund | |
| (3) Interest on loans and Deposits to non-Members. | |

- (4) Commission on cheques
- (5) Entrance Fees
- (6) Transfer Fees

Hence may I request the Government in the Development Department to take steps to amend the above mentioned G. O. by adding the explanation given in Para 5.

Interim and final Audit of Co-operative Urban Banks and other Limited Liability Societies.

(Mr. G. SRINIVASARAGHAVACHARI, MADURA.)

Owing to various causes, perhaps too numerous to mention, there is no interim audit for many of these banks and societies, and if there is any, it is being done at so irregular and distant intervals, that it does not serve its intended purposes. As a consequence, the final audit by the Department is unduly delayed. This delay in audit leads again to delays in the declaration of dividends or bonus, giving room for clamour on the part of shareholders. The confidence of the depositing public is also affected. The evil is particularly serious in the case of Stores and Trading Unions, which need to be put in constant touch with the financial condition of their affairs. The necessity for improving the present state of things in the matter of interim and final audit needs, therefore, no emphasis.

Most of these institutions, except where separate Audit Unions have been formed for them, are now dependent for the interim audit upon the Supervising Unions to which they stand affiliated; and it is a known fact that Union Supervisors as a class have generally not got the time or energy, much less the capacity, to do the work. As a consequence, the institutions do not get any adequate return for the contributions they are annually making to the funds of Supervising Unions. It is also certain that, if these institutions should withdraw at once from their Supervising Unions with a view to make their own arrangements for interim audit, the efficiency of most of the Unions will be greatly affected for want of requisite human material and finance. It is not known to what extent Audit Unions formed in other Districts have affected the Supervising Unions there. There must, however, be a few Unions here and there in every District, which can afford to lose at once the human and financial help of other Urban Banks and limited liability societies. These societies may well be affiliated to District Federations, which have now come to stay, and which may easily arrange for their final and interim audit by appointment of a qualified auditor approved by the Registrar. Other Urban Banks and limited liability societies also, in the fulness of time, may be gradually brought under the Federations.

In this connection, the question of District Federations undertaking the interim and final audit of Urban Banks and other limited liability societies

instead of separate Audit Unions being formed for them, which means separate office building, establishment and directorate, deserves to be seriously considered. Audit Unions were probably thought of at a time when there was no idea of the Federation. Now that Federations have come into existence, with audit as one of their functions, creation of another institution by way of Audit Union would seem to be superfluous for obvious reasons. It need hardly be added that audit by auditors under District Federations will be more independent and fearless than that under audit Unions.

GOVERNMENT ORDERS AND REGISTRAR'S CIRCULARS.

I

G. O. No 386, 21st March 1927.

Co-operative Societies—Non-credit work—Purchase and sale—Loans for construction of granaries or godowns—Rules published.

The Government have had under consideration for some time past the question of the assistance that the State should render to develop the non-credit side of the co-operative movement. They have now decided to grant loans to the extent of one lakh of rupees to co-operative societies which undertake the purchase and sale of their members' produce and also grant loans to their members on the pledge of their produce. A provision of Rs. 25,000 has been made in the budget for this year and the balance will be provided in the budgets of the next two years. These will be utilised for the construction of granaries or godowns wherein the members' produce could be stored. The grant of the loans and the recovery thereof will be subject to the rules annexed to these proceedings.

ANNEXURE.

Rules for the grant of State loans to Co-operative Societies for the construction of granaries or godowns.

1. Only societies which are registered under the Co-operative Societies Act and which undertake to sell either as owners or agents, the agricultural produce or the manufactured goods of their members or the produce or the manufactured goods of affiliated societies, will be eligible for a loan from the Government. The question whether a particular society is eligible for a loan under this rule will be decided in each case by the Registrar of Co-operative Societies and his decision shall be final.

2. No society shall be eligible for a loan from Government exceeding 50 per cent of the total cost of constructing a godown or granary or Rs. 2,500 whichever is less. The loan given by the Government shall be utilised only for the construction of a pukka granary or godown, and shall be drawn only after the society has spent its contribution.

3. Plans and estimates for the godown or granary which a society proposes to construct and for which it requires a loan from Government must be submitted to the Registrar of Co-operative Societies for his previous approval. Such

plans and estimates once approved shall not be deviated from without his sanction.

4. No society shall use money borrowed from non-members other than the Government, in erecting a godown or granary towards the construction of which Government have given a loan.

5. A loan given by Government to a society under these rules shall be disbursed in instalments as the work of construction progresses.

6. Loans given by Government under these rules shall, up to a limit of one lakh of rupees, bear interest at five and a half per cent. per annum for the entire period of the loan. The period of repayment shall be fixed by the Registrar and shall not exceed thirty years from the date of disbursement of the first instalment of the loan. The loan together with the interest due thereon shall be repaid either by equated annual instalments or at the option of the society in annual instalments together with the interest due on the amount outstanding from time to time. After exercising its option, a society shall not ordinarily be allowed to change its method of repayment. Nothing shall prevent or debar a society from repaying a larger sum than the annual instalments or from discharging the whole loan in a single payment. Repayment of the loan and interest thereon may be postponed for a period not exceeding five years; in that case, the loan will bear compound interest at five and a half per cent per annum for the period for which repayment is postponed, and the first instalment of the loan and interest will be due on the expiry of that period from the date of disbursement of the first instalments of the loan. Subject to this and subject to the powers of the Registrar in clause 7 below, a penal rate of 10 per cent will be charged on all overdue instalments of principal or interest from the due date to the date of actual payment.

7. The Registrar shall have power to suspend the payment of the annual instalment in any year for which the net profit earned by the society is less than the amount of the instalment, but such suspended payments shall be paid before the expiry of 30 years from the date of payment of the first instalment. Further, the profit, if any, of the society in succeeding years over and above the amounts necessary to meet the instalments due shall be liable up to a maximum of 50 per cent of such profits to make good the instalment in respect of which the society was in default.

8. The building or buildings for which the Government loan has been obtained shall be completed within six months from the date of disbursement of the first instalment of the loan to the society.

9. Every society receiving a loan from Government under these rules shall agree to the annual inspection and valuation of the godown or granary constructed out of the loan from Government. The inspection and valuation will be made by a Government Engineer of rank not lower than an upper subordinate of the Public Works Department free of cost to the society.

10. The Registrar shall have power to insist on the godown or granary for the construction of which a loan has been obtained from Government being insured adequately against the risk of fire.

11. Every society receiving a loan from Government shall furnish such information and submit such returns as the Government or the Registrar call for from time to time.

12. Every society receiving a loan from Government shall transfer to Government its interest in the building or buildings contracted out of the loan. If the registration of a society is cancelled, the sale-proceeds of the building will be utilized in the first instance towards the repayment of the Government loan.

13. If a society fails to fulfil any of the conditions on which the loan from Government was given, the Registrar will be at liberty to foreclose the loan and recover the whole amount outstanding and the interest accrued thereon without reference to the period for which the loan was given.

II

G. O. No. 872, 15th June 1927.

Co-operative societies—Honorary Assistant Registrars—Continuance—Orders passed.

It has been represented to Government for some time past that the appointment of Honorary Assistant Registrars was not necessary and that they might be abolished. The appointment was made in the first instance with a view gradually to de-officialise the movement. The first appointments were made in 1919 from among persons who were known to have taken interest in the co-operative movement, and their number was gradually increased from year to year. In 1925, the question came under the consideration of the Government as a result of a resolution passed at the Provincial Co-operative Conference held in December 1924 asking for the discontinuance of these appointments. It was also suggested in the resolution that the money spent as travelling allowance by these officers might be given as a subsidy to the local supervising unions to enable them to fulfil their duties in a proper manner. At the same time representations were received from several co-operative institutions protesting strongly against the resolution of the Conference. The Government thereupon decided to continue the appointments, but to make them from among the governing body members of unions with a view to enable the unions to devote more time and attention than they had previously done to the inspection and rectification of societies. They also decided to make the appointments only in respect of such of the unions as desired them. In accordance with the above policy, 221 appointments were made during 1926-27 to represent the unions.

Further, representations have now been made both in the Legislative Council and elsewhere that these appointments are unnecessary. The Government thereupon reconsidered the whole question. At present, the function performed by Honorary Assistant Registrars are two-fold. They attend to the organization and supervision of societies and also to arbitration work under the specific orders of the 'Registrar'. The Government are aware that these duties are now performed by several other gentlemen without the appellation of Honorary Assistant Registrar and without any travelling allowance. There are also others who in the ordinary course of things will do such work but do not do so on the ground that the Government have appointed men for it.

At the same time, the Government consider that the work connected with the organization and supervision of societies now performed by Honorary Assistant Registrars ought to be attended to by all the governing body members of a union and that the travelling allowance of these gentlemen should be a charge on the union. As regards arbitration, the work can be done by any gentleman who may be appointed as such in each case by the Registrar. The Government have therefore decided to discontinue the system of appointing one of the governing body members of unions as Honorary Assistant Registrar. A few gentlemen will, however, be appointed for the supervision of societies in special cases.

The period of appointment of the existing Honorary Assistant Registrars will cease from the 30th June 1927 and they will not exercise any powers as such after that date. The Registrar is requested to submit proposals for the appointment of Honorary Assistant Registrars for the supervision of societies of special types in sufficient time before the expiry of the term of the existing Honorary Assistant Registrars.

Registrar's Circulars.

I

SUBJECT :—Elementary Education fund—investment in Co-operative Central Banks—permission - G. O. No 370 Miscellaneous (Law and Education) dated 15—3—1927.—(30. 3. 1927.)

A copy of G. O. No. 370 Miscellaneous (Law and Education) dated 15—3—1927 permitting the investment of portions of the Elementary Education funds of Local Bodies, not immediately required for expenditure in the Madras Central Urban Bank and such Co-operative Central Banks as have received for this purpose the general or special approval of the Registrar of Co-operative Societies is communicated to the Provincial Bank and all Central Banks for information.

2. The general approval of the Registrar is hereby given to all Central Banks to receive such investments subject to the conditions that the Maximum Borrowing Power is not exceeded at any time and the prescribed standard of fluid resource is always maintained at that the rate of interest to be allowed on these deposits does not exceed the rates fixed by the Bankers' Conference from time to time on deposits from Local bodies.

Copy of G. O. No. 370, Misc., dated the 15th March 1927.

The Government are pleased to authorise the investment of portions of the Elementary Education Funds under the control of local bodies, not immediately required for expenditure, in the Imperial Bank of India, the Madras Central Urban Bank, and such Co-operative Central Banks as have received for this purpose the general or special approval of the Registrar of Co-operative Societies.

2. Such investment, if made, shall take the form of fixed deposits for periods not exceeding twelve months at a time.

3. No investment involving a sum exceeding Rs. 15,000 shall be made, except with the approval of the Inspector of Local Boards and Municipal Councils.

II

SUBJECT :—Investment in Co-operative Central Banks—Funds of mutts and temples—By-laws framed by Hindu Religious Endowments Board.—(No Dis. A 1108—1.4.27).

A copy of by-law No. 8 of the by-laws framed by the Madras Hindu Religious Endowments Board under sub-section (1) of section 19 of the Madras Hindu Religious Endowments Act 1926 and recently confirmed by Government and published in pages 74 and 75 of the Fort St. George Gazette, Part I-A dated 1-3-1927 is communicated to the Provincial Bank and all District Central Banks for information.

Copy of by-law No. 8 of the by-laws framed by the Madras Religious Endowments Board referred to :—

8. (1) All moneys received by the Board Committees or Trustees shall be lodged in—

- (i) the Imperial Bank of India, or
- (ii) the Madras Central Urban Bank, or
- (iii) a Post Office Savings Bank, or

(iv) such Central District Co-operative Banks as have been approved by the Registrar of Co-operative Societies for the investment of the funds of local boards and municipal councils constituted under the Madras Local Boards Act of 1920 and the Madras District Municipalities Act of 1920.

(2) Any such moneys not required for immediate expenditure shall be invested :—

(a) in one or other of the following securities, namely :—

(i) promissory notes, debentures, stock or other securities of the Government of India ;

(ii) stock or debentures of, or shares in Railway or other Companies, the interest wherein shall have been guaranteed by the Secretary of State for India in Council ;

(iii) debentures or other securities for money issued by or on behalf of any Municipal Body under the authority of any Act of a Legislature established in British India ; or

- (b) in a Post Office Savings Bank ;
- (c) in Fixed Deposits for periods not exceeding three years in

- (1) the Imperial Bank of India, or
- (2) the Madras Central Urban Bank, or

(3) such Central District Co-operative Banks as have been approved by the Registrar of Co-operative Societies for the investment of the funds of local boards and municipal councils constituted under the Madras Local Boards Act of 1920 and the Madras District Municipalities Act of 1920 respectively, or

(4) in the case of any such moneys received by Trustees in the purchase or in the first mortgage of immovable property with the previous sanction of the Board.

III

SUBJECT :—Loans for payment of Government kist—method to be adopted by Co-operative Societies, (No. A. 1644/27.—29.4.27).

Large sums of money are being lent every year for the payment of kists but complaints have been made to the Registrar that loans are frequently not strictly applied to the purpose for which they are given.

As the kist season is generally the harvest season when it is not to the advantage of a ryot to sell produce, the utilisation of co-operative loans for the payment of kists is to be encouraged, loans being repayable on the sale of the produce. I request therefore that you will do what you can to popularise the use of such loans and in consultation with officers of the Revenue Department explore the possibilities of a co-operative society paying direct to the treasury in a lump sum the kists due from all its members. [To all Central Banks, Federations, Unions, Dy Registrars and Asst. Registrars.]

IV

SUBJECT :—Kandhu transactions—Co-operative Societies—discontinued.—(Dis. C. 3009/26.—15.5.27).

The Registrar of Co-operative Societies does not see any justification for the continuance of the Kandhu system of loans recommended in this office circular Rc, 466/21, dated 13-3-1921, in consideration of the fact that facilities are thrown open in all credit societies for giving such credit accommodation without the disadvantages inherent to this system. Daily or monthly repayments can now be made without charging the exorbitant rates involved in the Kandhu system. The Registrar therefore considers that the system where it exists should be discontinued. Such of those societies as have adopted these special by-laws should be advised to rescind them and to discontinue the loans in future.

V

SUBJECT:—Primary societies.—Preservation and destruction of records.—framing of rules.—(No. A. 116/26.—26-5-27).

In pursuance of the resolution passed in the Departmental Conference held in April last, the report of the Sub-Committee on the subject of preservation and destruction of records is circulated to all primary societies.

The records in the following list should ordinarily be retained after completion for the period indicated. (P=Permanently)

Serial No.	NAME OF REGISTER.	No. of years to be retained		
		Unlimited liability societies.	Limited Liability societies.	Stores.
1.	Admission book with the list of shareholders ...	P	P	P
2.	Day book ...	P	P	P
3.	Ledger of Fixed Deposits and other borrowings	P	P	P
	() Register of Fixed Deposits (personal) ...	P	P	P
4.	Recurring Deposit Ledger ...	P	P	P
5.	Provident Deposit Ledger ...	P	P	...
6.	Current Deposit Ledger ...	P	P	...
7.	Reserve Fund Ledger ...	P	P	P
8.	Audit certificates in cases where the history of societies is not maintained ...	P	P	P
9.	Property statement of members ...	P	...	...
10.	Supplemental day book for interest	P	P	...
	(u) do for Principal ...	...	P	...
11.	Investment account in District Bank shares ...	P	P	P
12.	By-laws with the certificate of registration ...	P	P	P
13.	By-laws and amendments ...	P	P	P
14.	Acts and Rules ...	P	P	P
15.	Share withdrawal Register ...	...	P	...
16.	Minute Book ...	P	P	P
17.	Receipt „ ...	10	10	10
18.	Posting statement of receipts and disbursements	10	10	10
19.	Letter file ...	10	10	10
20.	Voucher file ...	10	10	10
21.	General Ledger ...	...	10	10
22.	Prices Register ...	...	...	10
23.	Loan Ledger ...	5	5	5
24.	Liability Register ...	5	5	5
25.	Register of closed loans ...	5	5	...
26.	Cashier's chitta ...	...	5	...
27.	Storekeeper's Day Book ...	...	...	5
28.	Purchase Book ...	...	...	5
29.	Goods Ledger ...	...	...	5

Serial No.	NAME OF REGISTER.	No. of years to be retained.		
		Unlimited liability societies.	Limited Liability societies.	Stores.
30.	Share Application Register ...	3	3	3
31.	Loan Application Register ...	3	3	3
32.	Acquittance roll ...	3	3	3
33.	Letter book Register ...	3	...	...
34.	Register of joint purchases ...	3	3	3
35.	Register of joint sales ...	3	3	3
36.	Register of application for arbitration and litigation ...	3	3	...
37.	Dividend distribution register ...	...	3	...
38.	General Current Register ...	...	3	3
39.	Disposal register ...	...	3	3
40.	Despatch Register ...	...	3	3
41.	Incidental charges register ...	...	...	3
42.	Register of issues to the salesman stock ...	...	...	3
43.	Stock book of forms and furniture ...	...	3	3
44.	Register of establishment charges (vide 25 C. B. model) ...	...	...	3
45.	Supplier's personal register ...	...	...	3
46.	Trade Advance Register ...	...	...	3
47.	Sales chit ...	...	...	2
48.	Daily sales book ...	...	...	2
49.	Register of contingent charges (vide 33 D. B. model) ...	...	...	2
50.	Register of purchases made by members ...	...	...	2
51.	Register of condemned articles ...	...	...	1
52.	Supervision fund register ...	1	1	1
53.	Deficits by wastage and dryage ...	...	...	1
54.	Diary of due dates of loans disbursed ...	...	1	...
55.	Expense account ...	1	1	...
56.	Suspense account ...	...	1	...
57.	Bond register ...	...	1	...
58.	Petty cash book ...	...	1	...
59.	Diary of due dates for loans and shares by members ...	1	...	...

VI

[SUBJECT: Primary Credit Societies.—Calculation of interest on daily balances—Model by-laws 43 and 46—Revised. (Dis C. 990/26. 27-5-27.)

The question of amending the model by-laws 43 and 46 of Primary Credit Societies so as to facilitate the calculation of interest on daily balances of loans granted to members has been engaging the attention of the Registrar for some

time past. Most of the District Federations who were consulted in the matter have expressed themselves in favour of the proposed change. Primary credit societies are therefore advised to amend their by-laws to conform to the model by-laws which will read as below from now :

"By-law 13. Interest on all loans granted by the society shall for the present be charged at the rate of pias per rupee per mensem.

By-law 46. The amount borrowed may be repaid at the convenience of the borrowers in easy instalments within the period fixed for the loan, interest after each payment being calculated on the balance of principal due, provided that no partial repayment shall be accepted other than in whole rupees."

VII

SUBJECT : Model by-laws—Recurring deposits. (No. C. 4081/26. 4-6-27) Ref : The Registrar's circular No. C. 996/26 dated 1-9-1926.

Please read 'Rs. 12-6-3' for 'Rs. 12-6-8' occurring in the 2nd sentence of the revised model by-law for recurring deposits communicated in the circular read above.

VIII

SUBJECT : Progress of collections in Primary Societies—watching of—Periodical returns. (No. A. 2038/27. 17-6-27).

In partial modification of the Registrar's circular No. A. 5478 of 1924, dated 25-3-1925 and in pursuance of the resolution of the Departmental Conference held in April last, each Federation is requested to insist on local unions furnishing a consolidated statement showing the demand, collection and balance of loans due by members to each of the affiliated societies. To effect this, each primary society affiliated to a union should be requested to send to its union every month a statement showing the demand, collection and balance of loans due from its members in the form below.

No. and Name of the Society.	Total amount of outstandings.	Demand.		Collection.		Balance.	
		In. erest.	Principal.	In. erest.	Principal.	Int.	Principal.

2. As soon as the monthly statements due from the affiliated societies are received, each union should be asked to arrange for collections, especially in societies where the arrears are heavy and the panchaya's weak. The unions should also be requested to prepare a consolidated statement for all their affiliated societies and send it in duplicate to the District Federation.

3. In respect of societies not affiliated to any Union, the District Federation should arrange to get similar statements in duplicate from them direct.

4. As it is necessary that the financing banks should be kept informed of the state of arrears in each society, the District Federation is requested to send

to the bank one of the duplicate copies of the consolidated statements received from unions along with a copy of the statements received from the non-affiliated societies and retain the other to watch the progress in collection made by societies in each union as well as in the non-union area.

5. In places where no District Federation exists, the unions are requested to send the consolidated statements to the financing banks direct.

6. The Registrar hopes that the increasing overdues in primary societies can considerably be reduced if the work is done efficiently and systematically and requests all unions and District Federations to pay prompt attention to this important matter on which the success of the movement largely depends.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION

Governing Body Meeting 15th April.

A meeting of the Governing Body was held at Madras on the 15th of April '27. The Report of the Education Committee was recorded with thanks to the lecturers who imparted instruction at the Training Classes and to the Secretary of the Committee, Mr. V. Venkatasubbiah, for organising the Classes and conducting the same. As regards Dewan Bahadar R. Ramachandra Rao's proposal, namely, that a college for imparting higher training in Co-operation and allied subjects should be run by the P.C.U., and that Government should be requested to approve of the same and grant the required amount, the Governing Body expressed their full agreement with the scheme. Messrs. T. Adinarayana Chettiar, Rao Sahib A. Sethurama Iyer, G. Sriram Babu Naidu, and Rev. H. C. Balasundram were appointed as Presidents of the four Sub-Committees of the XV Madras Provincial Co-operative Conference held at Madras on the 16th and 17th of the month. The Report of the P.C.U. on the action taken on the resolutions of the previous Provincial Conference and those of the Committees on Land Mortgage Banks and Grant of Extensions were read and passed. The meeting closed with an announcement that the Annual General Body Meeting of the P.C.U. will be held on the 18th at 7-30 a.m. in the Conference Hall.

Annual General Body Meeting, 18th April.

About 200 members were present and the meeting was presided over by the Hon'ble Mr. V. Ramadas Pantulu, the President of the P.C.U. The meeting accepted the resignation of the Hon'ble Mr. A. Ranganaatha Mudaliar as Vice-President of the P.C.U., thanking him for his valuable services to the Union in his above capacity during the previous year. The Annual Report and the Audit Certificate for the year 1925-1926 were read and recorded. Rao Bahadur A. Vedachala Iyer was elected as Vice-President. As regards the election of the other Office-bearers for the next year and the Report of the Committee on the Revision of the constitution of the P.C.U. and the Rules for the conduct of the Provincial Co-operative Conference, it was resolved by a majority that a Special General Body meeting should be held at Madras on the 9th and 10th July for considering them and that the present Governing Body do continue to hold office till that date.

Governing Body Meeting, 8th July.

The Hon'ble Mr. V. Ramadas Pantulu presided. Messrs. Rao Sahib T. Srinivasa Rao, Rao Bahadur A. Vedachala Iyer, S. K. Yegnanarayana Iyer, K. G. Sivaswamy, Rao Sahib M. S. Seshachala Iyer, T. Adinarayana Chettiar, and N. Sa'yanarayana were present. The principal subject considered was the Revision of the Constitution of the P.C.U. It was discussed with reference to the main question whether the P.C.U. should be a Federation of Federations only or whether membership in it should be open to the several types of societies (including District Federations) as till now, and it was resolved by a majority that all types of societies which are now eligible should continue to be so, and that the draft bye-laws with certain minor alterations and additions may be printed for circulation at the General Meeting on the next day.

The meeting also resolved to donate Rs. 15 (5 dollars) to the Llano Co-operative Colony and Rs. 10 to the City International Co-operators' Day Committee.

It was resolved that the concession rate allowed for the English Bulletin to Unions in Tamil Districts be extended to Stores also.

RECENT NEWS.

P. C U. and Propaganda:—Mr. S. K. Yegnanarayana Iyer of the Provincial Co-operative Union undertook an extensive propaganda tour in the districts of Madura and Ramnad between the 29th May and 10th June last. In a few places, meetings were arranged and lectures delivered by him on various subjects such as 'the significance of the International Co-operators' Day,' 'Importance of thrift and the necessity for starting provident fund deposits,' 'Joint Purchase, the beginning of the Store Movement,' 'Co-operative House Building' etc. In some meetings, a few subjects such as 'Repaying capacity of the peasant in ryotwari and zemindari tracts,' 'Desirability of forming a separate District Bank for Ramnad,' 'why District Banks are unable to issue long term loans' etc. He also visited the Co-operative Cardamom Banks in Bodi, Cambam, Thevaram and Kombai and has sent an interesting report on their working.

Conference of Heads of Departments at Ootacamund:—A Conference of the heads of departments under the Development Department took place in the 1st week of June on the initiative and under the Presidency of the Hon'ble Mr. A. Ranganatha Mudaliar. The main objects of the conference were first to discuss the lines of further development and secondly to determine how better and closer co-ordination could be secured between different departments which carry on the work of development. Among the new lines of development discussed were the following:—

(1) Supply of seed, implements and manure by the co-operative societies to their members on the security of standing crops or grant of loans for these purposes; (2) land mortgage banks as the best means of relieving agricultural

indebtedness with special reference to conditions necessary for their successful working; (3) Co-operative irrigation societies employing pumping plants for the benefit of their members; (4) Weaving co-operative societies with special reference to a central organization for marketing; (5) industrial co-operative societies of the type of Kallakurichi Co-operative agricultural and industrial society for converting agricultural produce into manufactured or semi-manufactured form with special reference to the problem of management and training required for the purpose.

The Trichy District Bank:—At a meeting of the Board of Management of the Bank on Sunday the 26th June, the following resolution was passed:—"That having regard to the difficulties and inconveniences caused to the members of the societies in having the short term loans for one year only in regard to raising of such agricultural crops as sugarcane, plantains, cotton and turmeric, it is essential to arrange and settle the period for such loans at a period not exceeding two years, the distribution statements being insisted on only at the time of the disbursement of the loans. Such Loans will be given only if the finances and other circumstances of the bank permit." (*Hindu, 1st July.*)

The International Co-operators' Day: at Bombay:—Nearly a dozen public meetings, several of them organised by ladies are reported to have been held at Bombay City and suburbs on the 2nd instant to celebrate the International Co-operators' Day, at which a large number of workmen of the mills joined. The celebrations included exhibition of magic lantern slides illustrating the beneficent effects of Co-operation and leaflets on Co-operation were widely circulated. At one of the principal meetings, Mr. K. C. Desai, a prominent Co-operator, referred to the need of a Co-operative people's bank on a moderate scale for petty tradesmen with a capital of Rs. 1 lakh and announced that a Co-operative Insurance Society for serving the whole Presidency was within sight.

At Madras:—The 5th International Co-operators' Day was celebrated in the city of Madras on the 2nd instant at the Victoria Public Hall. Dr. S. Muthulakshmi Reddi, Deputy President of the Legislative Council, presided. Dewan Bahadur G. Narayanasami Chettiar, President of the Corporation of Madras, welcomed the members. A number of messages of sympathy and good wishes were received, the chief of which being from H. E. The Governor of Madras, Sir C. P. Ramaswami Iyer, the Registrars of Co-operative Societies, Madras and Hyderabad, and the English and Scottish Wholesale Society. Speeches were delivered by a few prominent Co-operators such as Rao Sahib T. K. Hanumantha Rao, Prof. Subbarama Iyer of the Christian College, Mr. E. S. Sunda of Madras, and Rev. Heiberg of the Danish Mission, Madras.

After the close of the meeting, the audience were entertained by the members of the 'Comrade Guild,' Mylapore, who enacted 'Nandanar, the Panchama Saint', which was much appreciated.

The Day was celebrated also in many places in the Presidency such as Nannilam, Vellore, Shiyali, Nellore, etc.

* * * *

Execution of Co operative Decrees :—The Mysore Government have modified the rules regarding the execution of decrees granted by the Registrar of Co-operative Societies and his assistants as a result of continued discussion at several Provincial and District Conferences and at the Assembly. The Registrar is now permitted to send the decree passed by himself for execution to a Civil Court instead of to the Revenue authorities as was done before, the Civil Court executing it in the same manner as if it were a decree passed by itself. In the case of Government officials, the Registrar may send it to the head of the Office or Department in which the debtor is employed, for enforcement as if it were a decree of a Civil Court. Such a procedure, it is hoped, will avoid delays caused by the Revenue authorities conducting execution proceedings, their powerlessness to hold summary enquiries regarding claims, title etc., and the difficulty to put the auction-purchaser or the decree-holder in possession, etc.

* * * *

A Co-operative Hostel Society has recently been organised at Mangalore for Malayalee students with a share capital of Rs. 30,000. It appears that many Malayalam jemmies have promised their help. The hostel is now in a rented building and efforts are being made to construct a building of its own in the near future.

* * * *

The Telegraph Co-operators' day and the 3rd anniversary of the Government Telegraph Employees' Co-operative Society, Madras, were celebrated with great eclat on the 16th inst. in the Central Telegraph Office with the Hon. Mr. Justice M. Venkatasubba Rao in the chair. Mr. A. Ramaswami Mudaliar delivered a lucid speech on 'Thrift'. The chairman congratulated the society on its good record of work in having increased numbers on its rolls and extensive transactions.

NOTES AND NEWS.

The Provincial Conference held in April last at Madura was a very important session from various points of view. **The Last Provincial Conference.** We had the privilege of having one of the most eminent co-operators of India to preside over the Conference. Sir Lallubhai Samaldas, as a member of the famous MacLagan Committee and as President of the Mysore Enquiry Committee, has had unique opportunities of studying the Co-operative Movement of the various parts of India, and his presidential address, though based mainly upon his experience in Bombay, is full of useful observations and words of wisdom. The session was also important in that we had an unusually large attendance of representatives from all over the Presidency. The fact that it was held in Madura, one of the most famous temple cities of South India, situated very near Rameswaram, a place of all-India fame as a pilgrim centre, went a long way to make the Conference very attractive.

The various committees appointed dealt with the subjects entrusted to them in an exhaustive manner and there was full discussion on these subjects later on in the open Conference as well; and therefore the resolutions passed may be taken as voicing forth the opinions of the non-official co-operators of the Province on the many problems that demand our immediate attention.

* * * *

We should like, however, to draw the special attention of our readers to one resolution which was discussed with so much warmth and which took up so much time of the Conference that it may be called *the resolution*, of the Conference.

Dewan Bahadur R. Ramachandra Rau, who after his retirement has joined the ranks of non-official Co-operators and who is bringing his unrivalled knowledge of principles as well as of details and his unbounded enthusiasm to bear upon the Co-operative Movement in our province, was a prominent figure in the Conference. He tried to persuade the people to accept a scheme of his for rectification and consolidation of co-operative rural credit societies. Experienced co-operators, both official and non-official, feel that in the history of the movement we have come to a particular stage at which unless some

decided action is taken for the improvement of the existing societies, the movement is bound to receive a terrible set-back. Mr. Ramachandra Rao's scheme was intended to take time by the forelock and avert this possible danger. The real bone of contention was as to who should be the controlling authority over the new order of supervisors to be trained and recruited, who are expected to do more efficient supervision of societies and rectify and consolidate them. Opinion was sharply divided, some holding that the district bank is the proper authority to take up this matter and some, the newly formed district federation.

Viewing the whole question at this distance of time in a calm and disinterested manner, we see that unnecessary heat was created by setting up the two district organisations, the bank and the federation, as being in a state of perpetual rivalry regarding the leadership of the co-operative movement in a district. We however hold the view that there is not and need not be any such rivalry at all, that both of them are equally interested in the improvement of societies and that it should not be impossible for us to make the talents available in both these institutions useful to the progress of the movement in the district as a whole.

At the time when the supervising unions were started, most of the district banks were under the influence of individual shareholders, and societies were just then being given an opportunity of joining these banks as shareholders. There was a fear, quite a natural one, that the district banks, domineered as they were by individual shareholders, would care only for the business interests of the bank and would not be able to apply the principles of co-operation in dealing with the primary societies by reason of want of local experience and of knowledge of local conditions. Therefore, these unions were created with a view to supply these defects and also to bring to bear their personal influence in the supervision of societies. While thus these two institutions came into existence to supplement each other's efforts at the maintenance of societies in an efficient condition, the idea gathered strength that finance and supervision ought to be independent of each other.

Like all aphoristic statements, this idea also is only a half-truth and need not be taken as embodying an universal truth. The system has been tried, and we find that the non-official agency created to supervise has not discharged its functions properly. The union authorities need not take exception to this general remark because, if they did, we would not have come to this pass. Our attempt therefore is to rectify the mistakes of neglect on the part of the unions. Under the

present constitution of central banks, whether they be known as district banks or district banking unions, the society representatives are there in the general body, in the board of management and even in the executive committee (of the district banks). In the board of management which shapes and directs the policy of the bank, the society representatives are in the majority. Individual members are still there but only in a minority. Similarly, taking federations into consideration, there also we have representatives of societies coming through unions, and in some cases at least, prominent individuals of distinction and knowledge in the field of co-operation have been allowed to come in who would not have come through other channels. Thus we see that the District Banks as well as the District Federations of the present day, so far as their constitutions go, are more or less similar. We have no doubt that in due course they will find a *via media* under which they will define their duties and responsibilities in such a way that their working will conduce to the best interests of the movement.

The unions have been tried and are now found wanting, and to rectify their mistakes it is desirable that the matter should be entrusted to an organisation which would not be composed exclusively of union representatives.

The President of the Conference expressed himself unmistakably on this point (see page 466 of May and June Issue).

The Bankers' Conference which met in Madras after the Provincial Conference at Madura passed resolutions more or less based on Sir Lallubai's views, and the Hon'ble Mr. V. Ramadas, whose disinterested work on behalf of the Provincial Co-operative Union and who also happens to be the President of the Provincial Bank, expressed himself *more or less* on these lines in his presidential address at the Nellore Conference held at Kavali. The trend of the resolutions passed at the recent Board of Management meetings of the Provincial Co-operative Bank is also in the same direction.

We need not fight over names, much less about the rights and privileges. The proper attitude for the co-operator is to welcome every worker and see that the work is done and we hope that this momentous question of rectification and consolidation will be taken up in that spirit of large-hearted charity and genuine co-operation.

* * * * *

The Government have decided, after careful consideration, to **Honorary Assistant Registrars** discontinue the practice of appointing Honorary Assistant Registrars of Co-operative Societies except in a few cases where the special type of the societies concerned demands the appointment of such honorary officers.* The Government may well be congratulated on their doing so. This was exactly what experienced Co-operators have been urging.†

After undergoing several vicissitudes which are so well known to Co-operators and hence need not be referred to here, this rather vexed question has at last been set at rest. All Unions including those—and these form the majority—which individually were not loyal to the decision of the Provincial Co-operative Conference of December, 1924, and asked for the appointment of an Honorary Asst. Registrar to every Union—will now undoubtedly acquiesce in the decision of Government as inevitable and reconcile themselves to the reinstatement of the old order of things in which they had to get on with the administration of their institutions without the help of the designation of “H.A.R.” to one of their governing body members. The Union governing body members will do well to note that in taking to the performance of their work they should realize their responsibility as such members and not by reason of their appointment as H. A. R’s. They will also note that there is nothing which the governing body cannot do which an H.A.R. can. On the other hand, an H.A.R. pure and simple (i.e., who is not also a governing body member) can hardly do anything in the absence of special authorisation by the Asst. Registrar or the Union governing body itself, while a governing body member by mere reason of his election as such is competent (along with his colleagues) to administer the affairs of the Union, which is a highly onerous and responsible business.

We draw the special attention of our readers to the concluding portion of the Presidential Address at Kavali Conference† by the Hon’ble Mr. V. Ramadas Pantulu Garu, aptly termed “Back to the Village.” Hitherto, Co-operators have been paying attention to the surface problems only of the villager. Time has come to tackle the problem more seriously and go into the fundamentals. The cry of Rural Reconstruction was raised by the late Desabandhu towards the close of his glorious career. The cry has been caught up and echoed and re-echoed from

* Vide page 30 of this issue—G.O. No. 872 dated 15-6-27.

† Vide an article on the subject by Rao Sahib T. Srinivasa Rao published in the Bulletin three years ago, in the September 1924 issue.

‡ Published as supplement (4) in May and June 27 number of the Bulletin.

many a platform. The time for speech is over and the time for action is come. Mr. Ramadas’ speech gives specific and definite proposals and not vague rhetoric, and we hope his practical suggestions will be taken up by some centres and work started.

The leading article of this month from the pen of our veteran leader Dewan Bahadur R. Ramachandra Rau, **Our Immediate Task.** deserves to be read with great attention by all interested in the healthy progress of the Movement. Like the practical man he is, he has laid special emphasis upon 4 points to be immediately attended to. We hope the Department, the Madras Central Urban Bank, Central Banks and Federations and all Co-operators, official and non-official, will apply their shoulders to the wheel and spare no pains to ensure the steady growth of the movement.

A recent circular of the Registrar about the monthly D. C. B. statements to be called for by Federations from **A recent circular.** Unions cannot be left unchallenged. The Union cannot comply unless it gets similar statements from each society every month. To get this in present circumstances is almost an impossibility. Nor is such a statement month after month a necessity.

What is wanted is a systematic examination of the overdue debts outstanding at the end of each co-operative year. If this is properly done and if as the result of such examination, suitable action is taken, that will make for progress. Without doing this and without instructing Unions and auditors about this, no useful purpose will be served by calling for such statements. They will rarely be submitted and, even if submitted, will serve no useful purpose—will lead to no useful result.

We have received for an expression of our opinion a proposal from **Is the Bankers’ Conference necessary?** Mr. G. Srinivasaraghavachariar, Secretary, Madurai Ramnad District Federation, that the periodical conferences of representatives of central banks held since May 1926 under the auspices of the Madras Central Urban Bank may be abolished. Mr. Srinivasaraghavachariar says he has forwarded a copy of his proposal to the Secretary of the M. C. U. B. for the necessary action. The proper quarter to which this proposal should have been made is the conference of central banks itself and we dare say the Secretary of the M. C. U. B. will place the proposal before the conference at its next session. While at this stage we do not wish to

enter into a discussion of the question or venture our opinion, we feel impelled to invite the attention of the proposer to the reasons given for the institution of the conference in a paper contributed to the first session of the conference by Rao Sahib T. Srinivasa Rau. We shall await the decision of the next session of the conference.

Elsewhere in this number will be found published an article by **Interim & Final Audit of Urban Banks.** Mr. G. Srinivasaraghavachariar, Secretary, District Federation, Madura, on the subject of "Interim and Final Audit of Co-operative Urban Banks and other limited liability societies". He advocates that these classes of societies should get their interim as well as final audit conducted by the District Federations. As regards final audit, the XIV Provincial Co-operative Conference decided that in respect of all classes of societies including those now under consideration, it should be conducted by the State and free of cost. For obvious reasons, the final audit should be conducted, and the responsibility therefor borne, by Government on whom that duty is cast by Sec. 17 of the Co-operative Societies' Act.

As regards concurrent audit (this is what the writer means by interim audit), Mr. Srinivasaraghavachariar advocates the District Federation undertaking that work in preference to audit unions. Urban banks and other limited liability societies fall under four divisions—(1) those affiliated to local supervising unions from which they derive little or no benefit in the matter of concurrent audit; (2) those affiliated to audit unions recently formed and under formation; (3) those which in recent months have chosen to appoint certified auditors for the purpose; and (4) those which do not fall under any of these divisions. As to divisions (2) and (3), it is too soon to form any opinion, as to how far the purpose will be served by the agencies concerned. It is a question as regards division (2) whether the audit unions are in a position to find adequate funds for employing a strong and competent person, capable of dealing with the societies which are generally under the management of an educated directorate. As regards division (3), we must recognize that the certified auditors who are of course trained in their art have not to our knowledge any special training in co-operative auditing which is not the same as joint stock bank auditing but is something more. Admittedly, the societies falling under divisions (1) & (4) are not having any concurrent audit; the former, because of the "known fact that union supervisors as a class have generally not got the time or energy, much less the capacity to do the work"; and the latter evidently because of there being no

agency charged with that responsibility. Societies in division (1) can no longer afford to have concurrent audit neglected for the reason that they cannot bear the cost of such audit, themselves already being members of a supervising union to which they pay their annual contribution which would otherwise be available for meeting the cost of audit. Their sympathy for strengthening the finances of the local supervising union deserves praise; but if it cannot be manifested except by neglecting their concurrent audit, the societies concerned will do well first to recognize and realize their duty to themselves. A stage has been reached in the development of the movement when each type of society has to be as much self-reliant as possible, and if local unions cannot get on *financially* on the withdrawal of urban banks, that is a matter for the local unions to tackle. Even after withdrawal of urban banks and other limited liability societies from local supervising unions, it will still be open to gentlemen connected therewith to extend their help in the management of the unions by being co-opted to the governing body thereof. There seems to be no other way out of the difficulty. As regards societies in division (4), they can certainly not allow themselves to be in the present condition with no provision made for concurrent audit. If in their case, owing to smallness of the volume of their transactions or other cause they cannot arrange for their concurrent audit, there is no other alternative than that the State should do it, as it used to do it at one time.

The contention of the writer that audit is one of the functions of the District Federation seems open to question. The District Federation is essentially an educational and propagandist organization and will do well in our opinion to restrict its activities in those directions. There is so much to do by way of education and propaganda that, if it sets itself to that work in right earnest, it will find its hands fully occupied.

The recent Provincial Co-operative Conference held at Madura has resolved that, in future, sectional conferences of Urban Societies be held along with the Annual Provincial Conference. The P.C.U. has already addressed Urban Societies in the matter. We trust that urban societies including urban banks and stores and other types of societies will take up this question in hand immediately so that it may be thrashed fully and dealt with suitably at the next provincial conference.

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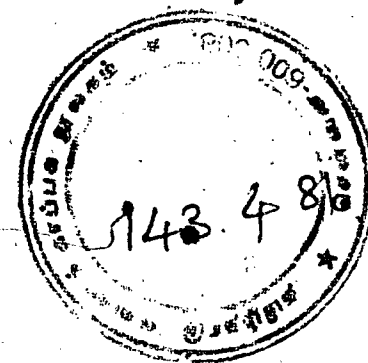
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