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(Hon'ble Member for Finance and Co-operative Departments, H. E. H. The Nizam's Government, and President, The 1st Hyderabad Dominion Co-operative Conference; his address has been published on page 326 in the December issue.)

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Intensive Working of Rural Co-operative Organisations.

BY RAO BAHADUR A. VEDACHALA IYER.

Propagandists who wished to secure the intensive working of co-operative institutions in rural parts might well bear in mind the following factors and educate the union governing body members or panchayats of rural societies in the direction indicated below :—

(1) A rural society is not a mere money lending concern. It is not for mere credit purposes that these institutions have been organised. Each society is virtually and should be worked as an all purpose organisation, mainly for financing agricultural industry, for purchase of agricultural and domestic requirements cheap, and for improved and profitable sale of produce. The village bank is a bank for the agricultural and allied industries of the village to which the agriculturists, *rich or poor,* should look up for assistance, financial or otherwise, *at all times* and should be so worked as to make every agriculturist cease his connection with the money lender or trader. The wants of all the villagers should be estimated beforehand and the bank should be equipped with adequate resources to meet all the needs to the *deserved* extent for *all* purposes and to *all agriculturists without any delay* and at the *proper time.* The bank should be viewed by the people as an *economic storehouse* dealing in *money* as well as *collective experience* to help the individual to carry on his profession successfully. Co-operative spirit should get each member. It should evolve common undertakings for the benefit of each individual member, the autonomy

of whose individual will must be respected if it is not adverse to the commonweal or to the communal or village economy.

(2) The bank should devise various methods by concerted action to make each of its members a better *man*, a better *farmer*, and a better *citizen*.

(3) The agriculturist should be induced to secure adequate provision for stocking one year's stock of food grains produced by him to provide against failure of season in part or in whole during the coming year. Practically grain deposits should be secured and a grain branch bank should get established as the result of such deposits.

(4) Every agriculturist with good character and capable of earning an income should get a standing credit account sufficient to carry on his profession and industry from which he will be able to draw when required and into which he will pay when he gets his income. He will be given facilities to repay in small driblets and draw in small driblets and the transactions will be closed every agricultural year before 1st June. Where from causes beyond his control, the agriculturist is unable to meet all his obligations, the sum left over unpaid will be treated as a debt to the society to be repaid in the next year or in a series of years not exceeding five. The standing credit will be continued for the next year to each after *such* debt undischarged in the year is *properly* secured. The period of repayment should always be regulated with reference to the repaying power of each after making due allowance for his living.

(5) The responsibility of each member ought to be enforced and brought home to him by his fellow members, and by Panchayetdors, the executive of the organisation. Such a disciplinary action is not only advantageous to each member but also ensures the stability of the orgainsation and its strength to enable it to raise the required credit for all its members and for all activities.

(6) The village bank, representing the interest of all the residents, should collectively arrange for securing subsidiary occupation to its members in the off season which is very appreciable and which can be turned into useful pecuniary advantage to the village people. Such occupation should be devised only by *local people* so as to suit local circumstances and financial position.

(7) Where institutions have gone down in stability, every effort should be made to extend its usefulness by closing the transactions with those who have no *adequate* repaying power and by giving one more chance to those who have repaying power and who can be expected to profitby the enlarged scope of financing the industry in all aspects and at all times. The societie's debt, may for the time be treated as equivalent to *prior debt* and cleared by stages by well regulated carrying on of the profession or industry under a disciplined scheme sketched forth.

(8) The institution should be worked in its extended sphere of usefulness by employing competent and adequately paid men, even at the *extra* expense of the borrowers where continuous and efficient honorary service is not secured.

(9) The union should also be worked with well-trained men employed so as to secure the efficient working of each organisation affiliated and it should work with the business rapidity and well informed knowledge of a manager of a commercial bank in recommending credit facilities to each organisation and in arranging for *prompt* recovery when resoures become available to the borrowers.

(10) The financing bank should be worked with the astonishing *rapidity* and *carefulness* of a commercial bank, by getting the work done by a small executive of competent men with business knowledge and by avoiding the inevitable delay of running the business of a public office. Co-operative banking requires strict discipline, careful watching and liberal financing.

A GIFT FROM GOD.

God gave me laughter
Light as the breeze,
God gave me sunlight,
Flowers, and trees.

God gave me meadows
Fragrant with hay,
A cottage, and home-thoughts
To gladden my day.

God gave me songbirds
Light-winged and true,
But best of all the world
God gave me you!

LELAND J. BERRY.

The Eighth Salem District Co-operative Conference.

Salem, 5th January 1929.

WELCOME ADDRESS

OF

MR. T. ADINARAYANA CHETTIAR, BAR-AT-LAW., M.L.C.,

FRIENDS,

As the President of the District Urban Bank under whose auspices this the Eighth Annual Session of the Co-operative Conference is held, it is my proud privilege to extend to you all a hearty welcome. I should not, however, abuse my position by inflicting a long speech on you especially when you are to have the privilege of listening to two eminent workers in the field. The Hon'ble Mr. Ramadas Pantulu who has kindly agreed to open this Conference needs no introduction to you. He is the non-official head of the movement in the province. As regards your President-elect, if it is not presumptuous on my part to say so, I should say he carries a very wise head on young shoulders. It can be said without the least fear of contradiction that he is a recognised authority on Co-operative Finance and the worthy son of the President of the Madura Provincial Co-operative Conference, Sir Lallubai Samaldas, KT., C.I.E. We are lucky in having in our midst today Rao Bahadur T. A. Ramalingam Chettiar of Coimbatore whose interest in Co-operation is well-known and who has been a member of the Townsend Committee.

The year 1929 is an important year in the history of Co-operation in this country. This is the silver jubilee year of the passing of the Co-operative Societies Act and the year of coming of age of the District Central Bank. On an occasion like this, I trust, it will not be out of place if I were to make a few observations on the present state of progress especially in our District.

Judged quantitatively, the movement has made great progress in the province and in our District as well. But as regards quality it is not possible to speak with the same complacence. But no one in particular can be blamed for things not being as satisfactory as we would desire them to be.

Many new problems presented themselves and had to be solved without having the advantage of established precedents. Mistakes are inevitable but not such as cannot be corrected. There was again too much reliance on Governmental initiative and guidance. We need

not also conceal the fact that in the earlier years the best brains among the non-officials were not attracted to the movement. The question of finance also gave some anxiety at one time. But now finance has ceased to trouble us. Government have practically withdrawn except from the statutory duties of organization, audit and cancellation of registration. Non-officials of the best type have been taking an increasing interest in the movement. Thus there is every reason to rejoice that the sixth lustrum of the co-operative movement will be one of vigorous growth.

At the same time, I may be permitted to refer briefly to a few of the present-day disabilities that hamper the rapid advance which we all so intensely desire. Although, thanks to the efforts of Dewan Bahadur R. Ramachandra Rao and the wise lead given by the Madras Central Urban Bank, the need for the employment of an adquate non-official agency to guide and to control the work in the districts has been recognised; yet, several district banks would seem to delay the rapid realisation of this ideal. The conflict which it cannot be denied exists in some districts between the financing bank and the federation would seem to accentuate this delay. The financing banks ought to be thankful to the federation for coming forward to relieve in its work of inspection and safe-guarding of interests. But if there is still a conflict between these two institutions, it must be partly due to the refusal to yield up power or prestige on the part of the one or the other of these two institutions. The Townsend Committee have wisely suggested a common president. This should go far to end this unseemly quarrel. But in a few districts the local officials, I regret to have to state it, have taken advantage of such a situation not to heal the sore but to deepen and widen it. I appeal to the Registrar, in such cases, to deal with the situation himself personally and to bring about that harmony without which no real progress is possible.

One other main disability under which the movement now suffers, I would, with your kind leave, just refer to. I appeal to the official head of the Department to trust us Financing Banks and Federations in the matter of amendments of bye-laws of societies—retaining of course the power of wise guidance in his hands. Intitutions as well as persons can never learn if always kept in leading strings and as I pointed out elsewhere we have attained our official majority. We have a quarter of a century's experience behind us ; the money is ours ; and the loss, if any, will also be ours. Therefore, mistakes are not likely or at any rate, will be few and these capable of detection and certification.

I crave your indulgence to refer to one more disability. In the matter of execution, great delays occur. It is of course reasonable that the overworked Tahsildars may not be burdened with a great deal more of work. But I understand that if the necessary clerical staff is given, the Tahsildars may not object to deal with more than 40 cases which is their present maximum. The Districts must be prepared to meet the cost of one extra clerk at least for a time—until the heavy accumulation is cleared. The work of rectification is being seriously hampered and this Bank has already made an offer to Government on these lines. I would press this on the attention of Government.

The absence of facilities for long-term credit or even for "middle term" credit is being keenly felt by the villagers. While recognising the liberal terms of the Registrar's recent G. O. as regards the more liberal issue of short-term and crop loans, I have to point out that the cry in the villages is for long-term credit. They had become accustomed to ten year loans; but the Apex Bank having limited the maximum period for its loans to the central Banks to six years at the most, the primary borrowers get loans only for five years at the most. It is urgently necessary that either the loans ought to be granted up to ten years or a net work of primary land-mortgage Banks with a central land mortgage bank as the apex ought to be brought into existence at no distant date. The rural credit problem is a many-sided one and it cannot be solved successfully by leaving the important question of mortgage credit untackled.

Having dealt, however briefly, with some of the main disabilities under which the movement is now suffering, I may next crave your attention to the work before us. It may be roughly stated that the quinquennium 1921-25 marked a period of stagnation. Supervision slackened. The Unions were, with a few exceptions, functioning only in name. The District Council of Supervision was killed by some of the very people who are now anxious to uplift the movement in the district. Panchayats had become absolutely indifferent so much so that they stopped all transaction and would not take the small amount of trouble necessary to find out deserving cases and grant them extensions of time, a thing not to be wondered at when they (Panchayatdars) themselves were often the worst defaulters. Reloanings, benami transactions and the retaining of cash balances became rife everywhere and the district financing bank which had not the staff to find out the real state of affairs, much less to rectify them, sat with folded hands and practically stopped all loans.

But luckily, thanks to the large surpluses in the Apex Bank at Madras and the inducement they held out in 1926 to give a rebate for the employment of a "rectification" staff, this bank trained a first batch of out-door workers and under the guidance of my esteemed friend, Rao Saheb M. S. Seshachala Iyer, inaugurated the rectification work in this district which as you will see from the Bank's reports for 1926—27, 27—28 and the rough statements prepared for the half-year ending 31-12-28, has borne encouraging fruit. I admit that the percentage of overdue principal and interest is still very high. But I may be permitted to point out that the "Karma" of ten long years cannot be worked out in one day.

I have a suspicion that the present Registrar does not think much of the work of district banks' out-door staff. This is probably due to his strong, I had almost said childlike, faith in the District Federations as the only agency that can do rectification work and also to the glasses through which he, from his official position, has to see things. If he were to undertake a detailed inspection of any small typical area in the district, I think I can convince him that his non-belief in the district bank's staff is not infalliably correct. I do not say this as a disparagement to the Federation. For, this Bank has expressed its willingness to co-operate with the Federation and trusts the Registrar will enable the Federation to materialise soon.

Following the recognition of the need for supervision by the financing banks came the recognition of the importance of the need for "uplift" work in villages. It is not intensive supervision alone that could solve the rural economic question. Unless the villager is enabled to increase his earning power; unless he is taught to conserve his meagre savings and practice economy; unless he is enabled to take out of the land much more than what he is now able to extract; unless he is saved from the loss to which he is now a victim in both what he buys as well as in what he sells; unless the villager learns the grandeur of self-respect which he cannot boast of as long as he is in the clutches of the sowcar; unless he is enable to recognise the unity of interests of all, no matter whether a man is rich or poor, Hindu or Muslim, Brahmin or Panchama; unless the present factions and quarrelsome spirit in the villages with the waste of rural wealth in profitless and soul-killing litigation is destroyed; unless the villagers are made more decent and healthy with plenty of amenities of life; the rural problem cannot be considered to have been solved. All this was recognised by every one and for some time past the phrase "rural reconstruction" has been on everybody's lips. But the stupendous nature of the problem, and what is even more formidable, the absence of determination on the part of the very people for whom this work is intended, to improve their status, and the appalling fact that a hundred and fifty years of

British rule had killed all initiative in the people have staggered the earnest worker from attempting what appeared to be a well-nigh impossible task. The Panchayat Act was ushered in with a flourish of trumpets; but the network of Taluk Boards, with their jealousies, and the fact that these local boards had already tapped all possible sources of taxation have left the panchayats almost lifeless instead of the living organisms which they once undoubtedly were. Morever, rural reconstruction would embrace every department of rural life—economic, social health, agriculture, education, temperance, so that governmental aid is absolutely necessary if any tangible results were to be achieved. But the Government has neglected its sacred duty. As Sir Malcolm Hailey admits, "the charge is to this extent true that we have never made a direct and concerted attack on this problem". Government would plead that they have spent so much money that they cannot be blamed for not spending more, Therefore, it rests with us non-officials to supplement the efforts of government and what educatively is even more important, to enable the efforts and good intentions of government to really benefit the ryot which it may now safely be asserted does not reach him at present. The reason for this is absence of knowledge on the part of the ryots that these departments and officers exist for his benefit and not for exploiting him. Says Sir Hailey: "we have never deliberately attempted to effect that change in the psychology of the peasant." Sir Daniel Hamilton who, in his retirement in England, evinces such great interest in the welfare of our rural population, says that it is not enough to give the villages the benefits of sanitation staff, agricultural demonstrators, veterinary facilities and rural dispensaries and the like—it is necessary to give the ryot the knowledge that he has the right to command the services of these people. But at present the villager detests the itinerant departmental officer. Why? Because, these officers think that the villagers exist only to furnish them with supplies and "mamools". They are not imbued with the spirit of "service" without which no uplift work is possible. Moreover these officers will not approach villages as their equals and this has created a suspicion in the minds of the villagers that anything official must be selfish and cannot be solely for their good. These are not the words of a *swarajist* or an *independence leaguer* but of a Deputy Commissioner in the Punjab, who with his wife has done praise-worthy service among the peasants of a Punjab division. Mr. Brayne in fact uses stronger words when he says "the shepherd is a wolf in disguise". The Royal Commission on Agriculture has justly fastened the guilt on the Indian Government for having kept the Indian masses in this unhappy position. These evils are largely inevitable in the case of an absentee irresponsible bureaucracy. My object in stating these is simply to emphasise on the need for a non-official agency for rural uplift work which will be well paid but which will be at the same time imbued with the real spirit "of service."

It is the sacred duty of the thoughtful leaders in the country to administer the necessary corrective to this state of affairs. The only corrective in my humble opinion is adult education—in the broadest sense of the term—an education that will fill the despondent minds of the villagers with discontent with their present lot and so awaken their intelligence as to think and act for themselves. Doles and gifts will never achieve this desirable result. On the other hand, they will kill even the little self-respect that still clings to our rural people.

India is rural. Our towns are of comparatively recent orgin and and even now can only be called "semi-rural". Everyone of us, or at least our fathers, came from villages and it is on village lands that 80 per cent of us are directly or indirectly dependent for our food. If you but remember this simple fact, you will at once assent to the need for doing something in return for all that we got out of our Mother's bosom. These remarks apply even with greater force in the case of District Banks whose huge profits come from the villages. So, the Salem District Urban Bank, last year, set apart a modest sum of Rs. 4,000 for rural reconstruction work and with this sum we have trained a dozen workers in rural life and occupations besides their duties as Inspectors of the District Bank. During the five months they have been in service, they have inspired confidence in the village people—a necessary first step in all schemes of rural uplift—and from the business point of view also they have been able to collect overdues which were fairly given up as hopeless and they have revived societies which had been dormant for years. As yet the rural uplift work done by them is negligible. But in the organisation of panchayats, formation of a Union of panchayats, in inducing the villagers to give one day's labour free for communal purposes, in re-organising hand-spinning and in taking preliminay steps to form a huge combine for marketing the groundnut crop of a Taluk where the Bank's staff is intensively working and in drawing the attention of the Public Health and Agricultural Departments to the pressing needs of the ryots, a good beginning has been made.

Our latest attempt to familiarise our ryots with the use of cheques and modern financial methods on which economic writers, notably Mr. Gubbay, have laid proper stress, is worth more than passing notice. It is proposed to issue loans to certain societies who agree to receive the amount of the loans sanctioned to them in cheques of small value, the inducement to pass them from hand to hand in rural areas being the specially low rate of interest which such loans will bear.

We can take encouragement in the success that has attended the efforts of uplift workers like Mr. Brayne in Gurgaon District where they have succeeded in inducing the ignorant ryots to send 1,500 girls to school, where 4,000 manure pits have been opened, where fields are ploughed with improved ploughs and fields are properly banked to conserve the rainfall, where rats and other pests are destroyed in a scientific and organized manner, where 13 dispensaries have been already opened and "Village Guides" and "Health Visitors" have been largely employed, and where good bullocks and modern machinery are the order of the day all within a short period of six years. My only justification for taking up so much of your valuable time and standing between you and the leading co-operators whom you are all so anxious to hear is to beg of your help and encouragement in our humble efforts. As a great worker has said, "tragedy is never far from the life of our rural brethren" and I appeal to you, men of light and leading, to wish us success in lightening the load of misery and in the rebuilding of India that is to be the temple of Akbar's dream: —

I dreamed
That stone by stone I reared a sacred fane
A temple, neither Pagod, Mosque, nor Church,
But loftier, simpler, always open-doored
To every breath from heaven, and Truth and Peace
And Love and Justice came and dwelt therein.

DREAM-HOUR.

Dreaming in the sunshine
On a Summer day,
Whilst the darting sunbeams
Round about me play.

The bosoms of the rivers
As they gently flow,
Bear away my sorrows
With them as they go.

I could sit for hours
Building life from clay,
Dreaming in the sunshine
On a Summer day.

LELAND J. BERRY.

OPENING ADDRESS

BY

THE HON'BLE V. RAMADAS PANTULU.

MR. CHAIRMAN AND BROTHER CO-OPERATORS,

I deem it a great privilege to be asked by the organisers of the Conference to open its eighth session. Salem is unique in its co-operative record. It is the home of some of the oldest societies—a few of them being of specially interesting types. This is to be partly accounted for by the fact that my friend, Mr. T. Audinarayana Chettiar, is one of the earliest Co-operators in the province. Institutions rise and flourish with men of right vision. Again, Salem is the scene of the latest experiments in the scheme of the reorganisation of the movement on an intensive and extensive scale. This, of course, as you all know, is due to the fact that Dewan Bahadur Ramachandra Rao has made the reconstruction work in Salem his own and is giving his best to it. I therefore greatly appreciate the opportunity afforded to me to-day to get into personal touch with the Co-operators of Salem and the work in which they are engaged. I do not wish however to discuss any Co-operative problems in opening the conference. That is a function which appropriately belongs to the President who is singularly well-equipped for the task, and I shall therefore leave it to him. I shall content myself with drawing your attention to one or two specific matters which have a bearing on our immediate programme of work, so that you may consider them in the course of your deliberations.

ADMINISTRATION AND CONTROL.

A matter which merits your consideration is the recent circular of the Registrar embodying certain amendments to the model by-laws of the Primary Societies, Unions, District Federations, and Central Banks, so far as such amendments bear on non-official administration and control. Already there are indications of a *controversy* over some of the changes proposed which is calculated to cloud the correct principles that ought to guide us in our working programmes. The ideal of Co-operation so far as I am able to understand it is "centralised administration and decentralised control." This formula is accepted in co-operatively progressive countries to reconcile *efficiency* with *democracy*. It is a scheme which not merely makes democratic control practical, but at the same time promotes efficiency. The official amendments to model by-laws have to be tested in the light of this well-established co-operative principle. To give only one instance, the new relations that the Registrar seeks to establish between the Unions and District Federations are bound to result in the centralisation of district *administration* in the Federation—to which there should be no objection. But if they also result in centralising *control* over unions in the federation it is certainly open to grave objections. While the unions should agree for the sake of efficiency to centralise administration in the District Federation, they could not and ought not part with their fullest democratic control over their own federation. It is only to the extent, if any, that the amendments seek to curtail such control that they should be object to. It is for the concerned organisations to examine the amendments carefully and decide how far they should be accepted and how far not.

While we shall be right in taking a determined stand against *control* being centralised, we shall be making a serious mistake if we object to *administration* being centralised. The weak, disunited and disorganised condition of the local unions calls for urgent remedial measures. Much of the deterioration of the primaries is admittedly due to the inefficiency of the unions. More than one remedy may be suggested to cure this evil. But we are not writing on a clean slate. We have a central organisation in the District into which the unions are federated on a democratic basis. Not only official view but also a large volume of non-official opinion seems to favour such a scheme of federation. It is therefore wise to strengthen it, to make it the co-ordinating agency for the unions and to pool in it the supervision finance and to that extent centralise administration. But some well-informed Co-operators like my esteemed friends, Rao Bahadur M. K. Venkatachariar and Mr. K. G. Sivaswamy Iyer, seem to object even to such pooling and administration. I am in emphatic disagreement with them on this matter. The notions of "decentralisation of administration" entertained by this school of non-official co-operators, seem to me to be as disastrous to the movement as the notions of "centralisation of control" entertained by some official Co-operators. I therefore beg of them to reconsider their position and to keep before their mind's eye the clear-cut distinction between administration and control. In no concern or movement will a decentralised administration of the type advocated by them yield any resultsor produce any efficiency I have drawn attention in my Simla address to the Provincial Banks' Conference to this aspect of our problem of administration and control. I am glad to find that Mr. Wolff has fully endorsed my view in his letter published in the December number of the Journal of Co-operation

and I commend it to your perusal, not to vindicate my personal view but for the elucidation of a principle. To encourage in the unions a spirit of isolated independence leading to a revolt against proper administrative adjustments between them and the District Federation and against schemes of co-ordinating effort so essential for efficiency, will, I am afraid, end in the very negation of the true spirit of co-operation. The non-appreciation of the virtues of centralised administration in Federal Working led in the past to the destruction of the happy relations that should have subsisted between the primaries and the unions and their constituent central banks. It has been all to the detriment of the movement. A repetition of the process between the Unions and Federations will tend to further weakening of the movement.

DEOFFICIALISATION.

The determination of the official agency to ignore even the unequivocally and unanimously expressed wishes of non-official co-operators does not show any signs of abatement in spite of the professed anxiety of the bureaucracy to deofficialise the movement. The one outstanding question that not only agitated the minds of co-operators but actually proved a stumbling block to the progress of the movement in this province was the role which the Central Banks may play in safeguarding the financial interests of the movement. The Townsend Committee offered a partial solution of it by making inspection of primaries not only permissible but obligatory on the Central Banks, and denying to the latter all part or lot in the rectification and consolidation of societies except with the Registrar's sanction, even when the unions and the federations have failed to take any steps to safeguard the financial interests of the movement. I entered my protest both against such a limitation of Central Banks' powers and the interference of the Registrar, in my dissenting minute. The non-official co-operators who reviewed the entire situation in the light of the Report arrived at a compromise which satisfied the two conflicting schools of thought that prevailed among them. The XVI Provincial Conference, the Bankers' Conference, the P. C. U. and the M.C.U.B., accordingly agreed that supervision of Primaries should rest with unions and federations, at but the same time the Central Banks should be at liberty to safeguard their financial interests without the intervention or previous sanction of the Registrar where unions and federations failed to do so. The Registrar's amendments to the model by-laws of the Central Banks completely ignore this opinion and retain in his hands powers which legitimately belong to the Central Banks in the ultimate resort. I rejoice to notice that Mr. Wolff, in a valuable contribution to the latest number of 'the

Review of International Co-operation ', the official organ of the International Co-operative Alliance, has put forward a reasoned plea for deofficialisation of the Movement in India, if not across the whole breadth, at least in picked advanced places. He says "Nothing quickens a sense of responsibility like being placed under responsibility. And I hope that de-officialisation will come."

PROVINCIAL LAND MORTGAGE BANK.

The delay in the consummation of a scheme of Provincial Land Mortgage Bank, on which not only the entire non-official opinion is united but which is also endorsed by two successive Conferences of Registrars and the reports of the Linlithgow Commission and the Townsend Committee, cannot but be laid at the door of the Government. Their consideration of the question seems to be an interminable process. An application in due form and with required formalities was sent to the Registrar about 5 months ago under the signatures of 10 responsible co-operators and Bankers in the Province but no answer is forthcoming till now and there are no signs of any prospect of the Registrar's compliance with the application. The vexed question of the long term and short term finance, on which so much of the future of the movement depends, cannot be solved until a sound system of land mortgage banks is inaugurated. Nevertheless, the indifference, nay, the apathy, of the responsible officials even to non-official schemes which were tested and found to be sound by competent authorities lends some support to the complaint of my friend, Dewan Bahadur Ramachandra Rao, about the department being an obstacle, instead of an aid, to the progress of the movement in the province.

A PLEA FOR CO-OPERATIVE EFFORT IN NATION-BUILDING.

Before I close, I wish to make an appeal to all my educated Indian brothers and sisters to take a true and abiding interest in the co-operative movement. There is no better machinery through which the peasantry can be organised and the basic industry of the country, agriculture, can be improved, than co-operation. We realise it is the nation's aim to reconstruct the rural and urban life on a basis of social and economic equality and to bring about a change in the outlook on life and standards of living of our workers and peasants. But how shall we do it is the question. Sir Horace Plunkett said in his memorandum to the Linlithgow Commission that the Irish Co-operators "boldly asserted that what the best of governments with the best of intentions could do for the farmers was immeasurably less than what farmers by intelligent co-operation could do for themselves—a doctrine, it seems to me, that might be commended to some political leaders of the rural population in India". What was true of Ireland is equally true of India. Has any one given us a better programme than Co-operation to achieve these aims? Then, why hesitate to plunge ourselves into this life-giving movement with all the enthusiasm, earnestness and the spirit of self-help at our command?

I now declare the Conference open and request you to proceed with the business on the Agenda. I congratulate you on securing the services of my energetic and young friend, Mr. V. L. Mehta, to guide your deliberations, for his knowledge of co-operative problems is wide and deep. I wish the conference all success.

AT THE PIANO

I stood there mutely, till my fingers strayed
  Across the keys, the tune I played
Was some old song, a tender theme and high,
  You used to sing in days gone by.

This piano, by itself, could not achieve
  The lovely tunes my fingers weave,
As mute and silent, here I stand apart
  Needing your love-touch in my heart,
To burst my silence with supreme delight,
  To send my soul forth like a bird in flight.

For I, without you, cannot find the ways
  Where love brings gladness to life's days;
Mutely, like these keys, I wait day-long
  Until your voice shall waken all my life to song!

LELAND J. BERRY

PRESIDENTIAL ADDRESS

OF

MR. VAIKUNTH L. MEHTA

FELLOW CO-OPERATORS,

I feel it, indeed, a great privilege to be called upon to preside over the deliberations of the Eighth Session of the Salem District Co-operative Conference, and my sense of gratefulness to you, fellow co-operators, is all the keener, because I find that among those who have occupied this chair, there have been distinguished public leaders and veteran co-operative workers while I am a total stranger amongst you. I fear it will appear to you a presumption on my part to have accepted this office, and my only excuse is some weakness of mind which prevented me from politely, but nevertheless firmly, rejecting the kind and pressing invitation extended to me by my revered friend—and your eminent leader—Mr. T. Adinarayana Chettiar. Having yielded in haste I am now repenting at leisure; because without even a passing knowledge of your local social and economic conditions,I feel considerably embarrassed in addresing you, much more shall I find myself handicapped in guiding your deliberations. Another handicap under which I labour is an absolute ignorance of the language of your district and I owe an apology to the members of rural societies, who have assembled here to-day, at my inability to address this gathering in their own language. The deliberations of local conferences should, I believe, be conducted wholly in the vernacular, and in my Presidency the inaugural addresses, except at the provincial conferences or urban conferences in the cosmopolitan city of Bombay, are invariably delivered in the vernacular of the district. I wish you had a similar salutary convention in your Presidency, for then a stranger like me need not have been approached to preside over your deliberations.

The purpose of a district conference I take to be very different from that of a provincial conference, and although you would not be excluding consideration of questions of general policy from your deliberations at district conferences, you would naturally be devoting more attention to the discussion of specific aspects of local development and the particular issues of general policy with which local co-operators are especially concerned. There are numerous co-operative problems which are of common interest and concern all over the country, but for an outsider like me it is difficult to pick and choose, from among them,

questions which vitally affect the future of the movement in a particular district. Through the courtesy of the President of your District Bank and of the Registrar of Co-operative Societies, I have had the advantage of getting some statistical information about the progress and position of the co-operative movement in your district, but, as you will agree, mere statistics convey little unless they are utilized as aids to knowledge. If I do not analyse these statistics, it is mainly because the background is missing in my picture, and so instead of deducing conclusions from these statistics, I have to content myself by sketching a picture of my own, which, I trust, will be helpful to you in the march towards the co-operative commonwealth you are anxious to see established in your district.

The first point that strikes me from a survey of the movement in this district is that of some 4,000 villages comprised in it only about 600 or one-seventh are served by the 400 and odd co-operative societies you have in your midst. In one district of the Bombay Presidency, the proportion is as high as one-half, and in some talukas which are intensively developed practically every village has a credit society of its own. I observe that out of your 4,000 villages as many as 3,000 have a population of five hundred or under; a large number of these villages are peopled by semi-aboriginal or backward communities. It has been a problem with us in Bombay whether any attempt should be made to introduce co-operative credit in such backward areas. Another cognate problem is whether the formation of co-operative credit societies in these tracts and among semi-aboriginal agricultural tribes, if embarked upon, should be on the existing lines or whether any special type of organization is required. With the experience of the working of the Labour Department in some districts of your presidency which you have, you will be in a better position, than a district in my Presidency, to decide upon the right policy to pursue. We experimented with societies for groups of small villages in such backward areas, but the machinery has broken down in most places, and this and similar experiences should be of value to you in chalking out your programme of development, taluka by taluka.

I deliberately say taluka by taluka, because convenient as is the revenue district as a unit for administration, I am not quite sure if it is a suitable unit for purposes of business or for a programme of intensive development. Nine years ago, in the Bombay Presidency, we decided that the unit for purposes of co-operative banking should be such as would permit of supervision being conducted efficiently and economically and of arrangements being provided for the prompt and adequate finance of agricultural credit societies in this particular area. To this end we decided upon the policy of calling upon the district banks and the provincial bank, in districts in which it was functioning as a central bank, to start branches in taluka towns, failing which it might be necessary to start independent banking unions for the various talukas. Pursuant to this recommendation, the provincial bank has started twenty-one branches of its own, mainly in taluka towns, in the districts served by it, and the district banks too have nearly an equal number of branches. So far, no banking union has been started for a single taluka, because, as in your Presidency, the Co-operative Department had decided upon the revenue district as a suitable unit for co-operative financial organization and it was not possible to start independent banking unions for smaller areas dealing direct with the apex bank as is the practice in several provinces of northern India and in Bengal. But one effect of this clear enunciation of aim in 1919 was that none of the three central banks which came into existence thereafter, in the Presidency proper, had the whole of the revenue district, they were started in, as their area of operations. In your Presidency, too, it might be too great a departure in policy to contemplate the formation of central banks or banking unions for talukas or sub-divisions as the financial unit is the whole of a district, but I would urge you to consider carefully the desirability of having branches of your district bank in all local centres of trade and industry, whether taluka towns or other places of importance in your district.

From a study of the recent trend of co-operative development in this Presidency, I find that co-operators connected with district banks are dissatisfied with the existing arrangements—or rather the lack of them—for the assessment of credit of affiliated societies, the scrutiny of applications for loans, the recovery of overdues, and the grant of extensions, and although there is still considerable divergence of views on the exact distinction between supervision, audit and inspection and on the definite demarcation between the functions of union supervisors, departmental auditors and bank inspectors; there seems to be general agreement about the need for every district bank having a field staff of its own. The underlying idea, I imagine, is that the financing agency should be in a position to keep in regular touch with the affiliated societies and have knowledge about their difficulties and their requirements. The appointment of peripatetic inspectors is indeed essential for this purpose, but is not, in my opinion, enough. With unions to perform the work of detailed supervision, and a staff of Government auditors to go round and audit accounts it is neither desirable, nor even necessary, for inspectors of banks to pay very frequent

visits to societies, but if such visits are not paid there is no continuity of touch. If, however, branches of district banks are opened at centres easily accessible to the villages served through societies, without the inspecting staff paying formal visits too frequently, the bank is in a position to enjoy the benefit of intimate and continuous contact with the affiliated societies the members of which would be gradually forming the habit of visiting the branch offices whenever they happen to go to the taluka or bazar town for purposes even of their private affairs. The work of the inspectors comes under the automatic, though indirect, scrutiny of the branch agents, and if local committees are associated with the branches, as is usually the practice in Bombay, the local check becomes still more wholesome and effective. Control becomes decentralized, in practice though not in theory. This kind of branch development, to my mind, is the only possible method of avoiding the evils of inadequate or excessive finance from which it is alleged the movement is suffering. It is always a difficult matter to decide what is enough and what is excessive, to decide when to suspend credits and when to revive them. The only sure test, I believe, is that of local knowledge, for it is only a banking agency directly and closely in touch with the borrower that can provide adequate finance without overstepping into the borderland of overfinance or resume finance without throwing good money after bad. An inspector is a responsible agency whose estimates the banking agency can trust, but a surer and safer guide is a local branch operating in the local area, and organically connected with the borrowing societies.

Very similar is the position in regard to another charge levelled against the movement that finance is neither timely nor prompt. How can a banking institution which is located at some distant district headquarters ensure that loans are drawn as and when required or arrange that needs as they arise are met promptly? A bank in the taluka bazar town is easily accessible to office-bearers and members of societies, and can insist on the drawing of loans in instalments according to needs or can meet demands for funds without delay. If, as in Bombay, you introduce a system of current accounts for societies, it is possible to insist on the drawing of loans by cheques issued by the borrowiing societies in favour of their members and encashed by the latter at the central bank's branch office. As the branch office is usually situated in a central place of business, it is no inconvenience to members to receive money there instead of in the village, as the money is mainly to be applied towards the purchase, in the bazar town, of domestic or agricultural requirements. Besides checking the misapplication of loans by members, it minimizes the risk of maintaining large cash balances in villages, the risk being twofold—of theft and misappropriation. This system has proved so popular among primary societies under some branches of the provincial bank in Bombay that the societies conduct all their operations through the medium of cheques on current accounts, and deposit in such accounts all their funds whether derived out of advances from the provincial bank, their owned capital, or outside deposits. I do not know if this system of banking commends itself to you, but in case it does, it is not possible for societies all over the district to take advantage of the system in as much as it would be a hardship to issue cheques to members payable at the district town.

Or take the point of view of non-credit development. Even in that sphere, experience shows that nothing so stimulates progress as the existence of a local banking organization alongside with the organization for purchase and sale. One of the distinctive features of rural banking in India has been its close association with the functions of agricultural supply and marketing. It is to the Sowkar that agriculturists often turn for supply of requisites on credit and it is the Sowkar again who frequently arranges the sale of produce. This system has its dark side, but it is nevertheless the system most familiar to the rural population. Under the influence of modern ideas of banking, we have divorced rural credit from supply and marketing and the wholesome check on borrowing which was exercised by the issue of loans in kind and the indirect control over income provided by arranging the sale of produce have been lost in the new machinery we have devised. How to revive the valuable organic connection that subsisted between the three functions without introducing the evils of the Sowkari system is a problem which should engage the attention of co-operators all over the country. I am not in a position to offer any remarks on the state of things in your district, but from observations elsewhere I can say unhesitatingly that by opening branches in local centres of trade, it will be easier for you, with their help, both administrative and financial, to build up on sound lines some organization for supply and marketing. The existence of such local banks will solve the problem of financing the purchase and sale organizations, both against general assets and on the security of goods, and the staff will be helpful for office administration and propaganda, while if the working of the two agencies is co-ordinated they will be of mutual help to each other in developing and strengthening their respective business. In Bombay, the provincial bank organizes, at its local branches, provisional arrangements for the supply of agricultural requisites and the marketing of produce, and in six of these centres the arrangements have already been carried a stage further by the formation of registered purchase and sale unions. Though from the economic point of view, the provision of machinery for the joint supply of requisites

and the joint sale of produce is one of the immediate needs of the programme of agricultural organization, the task is one of enormous difficulty and the movement may well claim from well-organized central banks all the help and support that they can extend, particularly by opening offices in centres where the purchase and sale organizations operate.

The question of organizing the sale of one variety of produce, namely, groundnut has, I understand, already engaged your attention. In this connection, I would invite your attention to the views of the Royal Commission on Agriculture and request you to examine whether it is possible to organize arrangements on a co-operative basis for the decortication of groundnuts so as to secure the advantages of a wider market for the produce and to establish factories for the extraction of oil and the manufacture of oil-cake. I am aware that co-operative manufacture is a hazardous undertaking ordinarily, but where co-operators are of one mind, local workers are available and a financially sound scheme can be formulated, there is nothing wrong in making an attempt. Paddy is, I find, another important crop in this district, and as it is a product with a commercial value, the financing of its sale, the arrangements for storage and marketing can, with the experience of capitalist organizations to guide us, be tackled without much difficulty on sound business lines.

Credit, supply, and sale are all important functions in themselves, but the co-operative organization of all those functions must fail in its purpose, if the individual producer is not in a position to make his budget balance and if his expenditure outstrips his income. One method of increasing earnings is to promote the development of secondary occupations in rural areas. The chief among these occupations is hand-spinning, but it would be a presumption on my part if, in a district where Mr. C. Rajagapalachari has his home, I preached to you about the Charkha. Confining our attention to agriculture, we find that one of the main causes of the insufficiency of margin between income and expenditure is the recurrence of famines and scarcities. I do not know whether your district is well provided for in respect of facilities for irrigation, but I observe that the Madras Presidency, as a whole, has an area under irrigation only less than that of the Punjab and your wells and tanks still form the main sources of water supply. For keeping these wells and tanks in a state of repair, for conserving the use of rainwater by field embankments, for preventing erosion by flooded rivers and for similar works of land improvement, the co-operative method is often most helpful. Bengal has a number of co-operative irrigation societies, and in the Bombay Presidency loans under the Land Improvement Loans Act are made through co-operative agency so as to secure a freer and more effective use being made of the cheap long term finance provided by the State. Though the loans pass through the village society as well as the central and provincial banks, the rate of interest for the ultimate borrower who is a member of a society is the same as individual borrowers have to pay to Government direct. This machinery has had its use, but in my view the system of direct loans by Government to individual agriculturists is bound to disappear in course of time and be replaced by a system of land mortgage credit devised, preferably, on a co-operative basis. In the Bombay Presidency, we have not yet had any experience of the working of such banks but we are watching with considerable interest the development of this new branch of co-operation in your Presidency and in the Punjab. I may add that rural co-operators in our Presidency are extremely keen on seeing that funds are made available through these land mortgage banks at a rate of interest not higher than the rate at which Government issue loans under the Land Improvement Loans Act, which is to day 6¼ per cent. For purposes of land improvement, it is certainly necessary that the rate of interest should be as low as possible so that the improvement instead of being a source of additional burden to the agriculturist will repay itself easily in a limited period of time. If the land mortgage organization should be enabled to issue loans at low rates of interest, it is necessary that Government should guarantee the payment of interest on the debentures issued under the scheme, and in other ways assist in securing the popularity and marketability of the debenture bonds in the early stages of the movement. Until land mortgage banks come to be started in all parts of the country, it is a very serious problem for co-operative credit societies and their financing agencies to meet the needs of members for long term credit, particularly because in your Presidency it has been so far the practice to allow finance mainly in the shape of long term loans. A proper solution of this problem of long term credit through co-operative agency is also very essential if we are ever to reduce the onerous incidence of accumulated debt. As the Royal Commission on Agriculture in India observe, the greatest hope for the salvation of the rural masses from their crnshing burden of bebt rests mainly on the growth of a healthy and well-organized co-operative credit system.

I shall now turn to another aspect of the movement the conception of which, as the Agricultural Commission remark in their Report, has undergone a remarkable change in recent years. The term 'agricultural organization' is being increasingly used to express the nature of the activities comprised in the rural side of the movement, and to some of these activities I have already made a reference in the earlier part of this address. I would now like to emphasise the place of co-operation

in the work of agricultural propaganda, a sphere of effort which, I am afraid, lies more or less untouched in this district. To quote the Royal Commission again, it is only through the medium of co-operative associations that the teaching of the agricultural expert can be brought home to multitudes who would be never reached individually. It is the recognition of this role of the movement that impelled the English Agricultural Tribunal of Investigation to note that State assistance to agriculture is more effective and economical where the community is co-operatively organized than where it remains in a condition of dormant individualism. In Bombay, we have bodies called co-operative taluka development associations to assist in the work of agricultural demonstration and propaganda, in the Punjab they have a system of better farming societies, while in several other provinces similar work is undertaken by agricultural associations registered under the co-operative law. Yours seems to be the only province in India where there are no co-operative organizations specifically intended to further the work of agricultnral propaganda and demonstration.

Equally important is the work of co-operative education and propaganda. I view the whole rural co-operative organisation as a school for the education of the adult agriculturist in methods of better farming, better business and better living; and institutions in all grades of the co-operative structure should primarily subserve this great purpose. Earlier in the address, I have referred to the changes in the financial machinery which would be helpful in enabling the movement to function as an efficient and serviceable banking agency for the agriculturist, but business-like and sympathetic banking is no panacea for the ills of a stagnant rural society. Co-operative credit connotes something beyond sound banking and its value lies mainly in its dependence for success on the careful education and systematic training of the villagers themselves in the practice of thrift, the development of self-help, and the stimulation of the instincts of self-government. To-day there is no task before the educated co-operator so supreme in its importance as that of devising some arrangements by which it is possible to keep alive the interest of members in the working of their societies, to inculcate in their minds the basic principles of the movement, and to ensure this process of education being continued in a form which will capture the imagination of the agriculturists. In so important an endeavour we need the services of all who can help, the office-bearers of societies, the supervisors of unions and federations, the inspectors of banks and even the government auditors, and I should be sorry if differences of opinion among these agencies tended to put a damper on any efforts at co-operative education and training. In our Presidency, we have for the time being decided to concentrate our attention on the education of the union supervisor. He is to be a full-time instructor, thoroughly trained both in the theory and practice co-operation, and making it his special charge to edučate the members and office-bearers of primary societies in the meaning and value of co-operation. In the district federation you have a useful co-ordinating agency which can stimulate this work of education, itself deriving inspiration from the Provincial Union at the apex, and having its activities co-ordinated through it with those of similar bodies in other districts. For the last few years even ardent co-operators have been feeling that co-operation is not enough unless the connotation of the term 'co-operation' is widened so as to make it synonymous with 'rural reconstruction.' The organization of the agricultural industry on scientific lines and the economic organization of the agriculturist for better bussiness are not the end but only a means to the end. The end is to ensure the happiness of the millions of small agriculturists who constitute rural society in a manner which harmonizes the interests of the individual and the community. Co-operation has an importance only in as much as it provides the basis for the economic, social and educational development of the community, and once we lose sight of this role of co-operation, it verily degenerates into a novel method of banking and trading. It is for co-operators in every district to decide how best they can avoid any tendency towards narrowing down the scope of the movement, and you in this district may well congratulate yourselves on having secured a leader of the distinguished position of Dewan Bahadur Ramachandra Rao to initiate the work of village uplift in your midst. Much as I dislike the word 'uplift', the process at present is undoubtedly one of awakening villages from their slumber of ages and raising them from their present depressed condition. However, as all workers in this field very soon come to realize, no awakening or uplift is possible without active effort on the part of the rural population and without organised action among the village community. In these days when we hear incessantly of "sanghattan," for all kinds of purposes, useful and otherwise, the only "sanghattan" that seems really worthwhile striving for is the organization of the rural population to wage a relentless war against ignorance, against disease, against exploitation. To fight and conquer these forces of evil should be the true religion for a modern community, because, as Mr. H. G. Wells says, "the value of religion to a community has been always in the practical assistance it has afforded in the subordination of self and the achievement of co-operative loyalties not otherwise obtainable"; and we co-operators will succeed only in so far as we have a glimpse of this new religion.

The 10th North Arcot District Co-operative Conference.

Vellore, 5th & 6th January 1929.

PROCEEDINGS.

On the 5th of January 1929, the Co-operators of the District assembled in great numbers, went in a big procession to the residence of the Ministers and the President-Elect. Rai Bahadur V. Murugesa Mudaliar, Chairman of the Reception Committee, profusely garlanded the Ministers and the President-Elect and they were taken in cars in a big procession followed by Indian music.

The procession reached the Exhibition Hall where exhibits of various kinds of Agricultural and Industrial interest were exhibited on a large scale. The Hon'ble Mr. S. Muthiah Mudaliar, Minister for Health, was requested to open the Exhibitions. Before doing so, he was presented with a welcome addrees read by Mr. C. S. Raja Pillai, Tamil Pandit of the Voorhee's College. The Hon'ble Minister rose amidst loud cheers and gave an impressive speech in Tamil for a long time dealing upon the various points that require the attention of the Indian ryots. He impressed that unless Indian ryots took to improved methods of Agricultural Industry, there would not be any salvation for them and can never hope to compete with Agricultural Industries in other countries. He also drew the particular attention of the agriculturists that exhibitions of this sort were meant not merely for purposes of show, but more for the purpose of bringing into the minds of the ryots a zeal for developing agriculture by means of improved methods and for conferring a greater benefit out of the hard toil made in their fields.

This over, the procession reached the Conference Hall in the Sri Mahant's Lower School, the Hall was packed to the full and owing to the large influx of visitors and a large number of Co-operators, the Hall could not accommodate all of them with a result that many had to stand out. The Hon'ble Mr. M. R. Seturatnam Iyer, Development Minister, was then requested to open the Conference. A Welcome Address was read by Mr. Venugopal Naicker, Tamil Pandit of the Local High School. After this the Minister declared the Conference open by delivering an address in English. (Please see page 413).

The Hon'ble Minister after having declared the Conference open, Rai Bahadur V. Murugesa Mudaliar read his Welcome Address. (Please see page 415).

This over, M.R.Ry. W. P. A. Soundra Pandya Nadar Avl., M.L.C., was proposed to the Chair, by Mr. T. Karai Goundar of Ambalur and seconded by Muniswamy Reddiar of Arkonam. The President took the Chair amidst loud applause, and was garlanded. He then delivered his Presidential Address (Please see page 420) Mr. H. M. Hood I.C.S., Registrar of Co-operative Societies, Madras was also garlanded by Rai Bahadur V. Murugesa Mudaliar Avl., Chairman Reception Committee. The morning session was over. Assembling in the evening, the Subjects Committee met and discussed draft resolutions placed before them. After the Subjects Committee was over, the Conference rose for the day.

On the 6th morning the Conference re-assembled and Mr. W. P. A. Soundra Pandya Nadar presided. The resolutions passed appear elsewhere in this issue. At the end the President concluded by saying that by the opportunity given to him and which he gladly accepted for presiding over the Conference he has been immensely repaid for having gained so much knowledge of the intricacies of the Movement that it was a great pleasure for him to have presided over the Conference. He said in addition that the Co-operative Movement was one of the fields of public activities where we could work for the upliftment of the people. He also impressed that every attempt should be made to bring home to every ryot the ultimate benefit to himself of prompt repayment of loans. The Chairman of the Reception Committee then proposed a vote of thanks to the Hon'ble Ministers, the President, the Delegates who were assembled and to Mr. V. P. Adiseshiah M. A., L. T., Principal of the Voorhee's College, and to Mr. K. Rangasami Iyengar B. A., L. T., Headmaster of the Sri Mahant's High School, who have been kind enough to provide with accommodation for the Conference, Exhibition and for the stay of the Delegates and thus making the Conference a success.

OPENING ADDRESS.

The Hon. Mr. M.R. Sethuratnam Aiyar, the Development Minister, in opening the Conference said:—

In a country like India, passing through a severe economic stress, the only solution is a fuller and wider development of the co-operative movement in the various spheres of your activities. Though some of us, in the initial stages of this movement, despaired of its future, it affords me immense pleasure to note that, slow but sure, we have come to recognise its real worth, its great potentiality for good and we are utilising it fairly to our advantage. It has really entered on an era of progress.

The Government are doing their best to propagate the gospel of co-operation by educating the people on its beneficial results, by giving subsidy for training rural co-operators and by holding classes for inspectors, clerks and supervisors.

Certain suggestions from some eminent experts of long experience in the co-operative work as to the method and manner by which this training is to be given are engaging my earnest attention.

Unlike other countries, where co-operation begins to advance non-credit activities, our country has begun with the credit side of the movement. In a country like India, which is mainly agricultural, this cannot be helped. It is true we have not been able to realise so far the real objects and aims of co-operative societies in the matter of removing rural indebtedness: this is due to the public not being very enthusiastic in taking debentures to strengthen the existing land mortgage banks. Of course, the Government are working out a proposal to start a Central Land Mortgage Bank at Madras to centralise the issue of debentures. When this is started and enough experience gained, similar banks would be started in each district to give relief to the rural population. But, for the real success of the movement it is indispensable that the public should come forward to take debentures.

Federations.—As for Federations which are being formed in each centre, I should, from the reports I have been receiving about their working, think that they have amply justified their existence. I wish these bodies are not treated with step-motherly kindness. They are intended to co-ordinate the work of the several units to rectify bad societies and help in the collection of overdues. I request you, therefore, to co-operate in their work and make it representative by taking in members from rural areas.

Supervision :—The question of supervision is an important factor. It is in the interests of the ryots as well as of the financing banks that efficient and effective supervision is exercised over the various forms of rural co-operation. Co-operative supervising unions are no failures, but, in several cases they need to be strengthened. With the advent of the Federation in each district, it is hoped that thet the stronger unions would show a real co-operative spirit in helping and assisting the weaker ones. It is my view that we should have a better class of supervisors, provided you pay them better and ensure tenure of service.

In many quarters the feeling is gaining ground that the existing organisation of the department causes difficulties to co-operators owing to the fact there is only a junior officer for each district, while the Deputy Registrar has to deal with three or four districts. Your Chairman refers to heavy overdues remaining yet unrealised and thinks a considerable reduction in the overdues can be effected only when disciplinary action is enforced. I feel sure that, in due course, this deficiency will be removed by providing an officer of a status commensurate with the growing needs of the situation, and the inspecting staff will be strengthened.

Conclusion :—The suggestions of the Royal Commission, regarding the co-operative societies and their relation to agriculture, would receive the best consideration at the hands of the Provincial Committee which is proposed to be formed.

A co-operator, in my opinion, serves his country and his brethren much better than a politician. Co-operation has no caste or creed; it affords a common platform for all classes of people to work and render substantial and useful service to the public.

I now declare this Conference open.

WELCOME ADDRESS

BY

RAI BAHADUR V. MURUGESA MUDALIAR.

BROTHER CO-OPERATORS,

It gives me very great pleasure to welcome you to this historic town, nay, the city of Vellore, in our midst to this 10th District Conference. This is the second time that Vellore is having the privilege of holding a District Conference. On behalf of the Reception Committee and on behalf of the Vellore Co-operative Union at whose initiative this Conference is held, I beg to extend a hearty welcome to the Hon'ble Mr. M. R. Sethuratnam Iyer, and the Hon'ble Mr. S. Muthiah Mudaliar, Ministers to the Government of Madras and to Mr. W. P. A. Soundra Pandya Nadar, M.L.C., who was kind enough to accept our invitation to preside over the deliberations of this Conference and to other gentlemen assembled here.

I am proud of the unique privilege that ever since the inception of the reforms, we have always had in our midst during the District Conferences, the presence of the Hon'ble Ministers to the Government of Madras; and this year I am doubly proud of this privilege in that we have now secured the presence of two of the Ministers.

As Lord Roserbery once observed "I have always wished, once at any rate, to the face to face with the citizens of that state within a state, which is called the Co-operative Movement", I am a staunch believer in the effects resulting from a meeting of the Co-operators to think out for themselves ways and means to foster the growth of the movement; for it is the Co-operative Movement that is the panacea for all the economic evils that the agriculturist is subjected to and the potentialities of this world-wide movement have been well recognized by eminent world reformers. At a time when the necessity for an All India Conference is felt, I am sorry the holding of District Conferences like the present one is deprecated by some critics of the movement, official and non-official. Whatever the critics may have to say for or against it, the educative value of it must be admitted even by the worst of critics.

Unlike many other foreign countries where Co-operation began to advance in various non-credit activities, our country began with the credit side of the movement; and though I cannot say that the non-credit side has been completely ignored, yet the progress in this direction is not all that we desired. But in a land thirsting for water and money, it is no wonder that the credit side of the movement has had a ready response and its progress when measured with that of the other countries is sure to out-beat many. At the same time, it is necessary for us to take stock of the credit movement and know exactly where we stand.

Gentlemen, let me now briefly place before you an idea of the credit movement so far as our District is concerned.

Central Bank. This is the 11th year of the working of this Bank. Its working capital is now Rs. 38·88 lakhs of which share capital alone is nearly 4 lakhs and Reserve Fund 1 lakh which has since increased to 1·23 lakhs. Loans from the Madras Central Urban Bank amount to Rs. 13·59 lakhs and about 17 lakhs represent the deposits. There has been a steady growth in the resources of the Bank, especially under deposits.

Out of a demand of Rs. 17.55 lakhs under Principal, 6.74 lakhs were left as arrears although under interest out of a demand of 2½ lakhs only Rs. 1,699 was left as arrear.

Societies. There were 729 Agricultural Credit Societies and 60 Non-Agricultural Credit Societies on 30-6-28. The working capital of the Agricultural Societies was 44 lakhs and that of the non-agricultural societies 8 lakhs. When compared with the previous year, there was a substantial increase of over 6 lakhs under agricultural credit societies and nearly 1 lakh under non-agricultural credit societies.

Overdues. Out of a total demand of 20. 87 lakhs from agricultural credit societies and 6.89 lakhs from non-agricultural credit societies under principal, 11.81 lakhs of the former and 2.03 lakhs of the latter were left as arrears at the end of the year and under interest out of a total demand of 3.74 lakhs under both heads, 2.07 lakhs were left as arrears. When compared with the arrears of the previous years, the position of the overdues remains almost in the same level, the decrease found being infinitely small.

There are various causes for these heavy overdues amongst which the failure of seasonal rains in various parts of the District forms the most prominent. Any casual observer would be struck with this peculiarity that ever since 1919 there were no floods worth the name in the River Palar which forms the source of supply for very many tanks of the District. During the last about 6 years there has been a complete failure and the bed of the river overgrown with prickly pears in many places which were once the scene of flood-havoc, stands a monumental proof for my statement. Recently I was glad to find, in

the name of Mr. A. Manickavelu Nayagar M. L. C., a resolution tabled out to examine the causes for the failure of freshes and springs in the River Palar. The people of the District await with feverish anxiety the result of this examination. Apart from this the remission made to the ryots in this District in the last few years and the total average rainfall would all clearly go to show the helpless situation that our District has been facing and is destined to face.

But this will not altogether justify the existence of the heavy overdues. There is the growing lethargy of the Panchayat in many societies, their indifference to collections, delay in repayment by members able to repay and want of proper action against the defaulters.

It is now for you, gentlemen, who are assembled here to take a survey of the whole situation and come to definite conclusions as to how best you can consolidate the credit movement. For, taking advantage of this situation, which is a result more of natural visitations than negligence, critics have come forward to single out poor North Arcot District out of the several Districts in the same level and some of which are even worse off. We should not be unnerved even for a moment at these effusions of biassed feelings; but, strengthened at the same time with the unshakable confidence that the depositing public have reposed and continue to repose in us, it is but my earnest request to you all, that you should see your way to bring down these overdues heavy as they may seem. A fair portion of these overdues I know for certain is locked out in decreed and arbitration cases; and if only further action is enforced with rapidity, there will be a considerable reduction; and at the same time we will be giving a good lesson for the indifferent members of societies with a result that payments would become voluntary even in their cases.

Supervision. There are 30 supervising Unions, 3 Audit Unions (for the concurrent audit of limited liability societies affiliated to them) and a District Council of Supervision for co-ordinating the activities of these Unions.

There is an all round impression that to make the supervising staff more efficient and serve better the needs of the village societies, the District Federation should create a District cadre for the Supervisors, pool the resources of the Supervision Fund into a District Fund and reallot them to Unions as per their budget requirements. This scheme has now come to fructify and I hope Unions would give their immediate attention to it.

The District Council, besides co-ordinating the activities of the Unions, does propoganda work by holding Panchayat classes to rural

Co-operators. During 1927-28, 769 Panchayatdars from 253 rural societies attended the classes.

For consolidation and rectification of bad and indifferent societies, a Superior Staff is maintained, with the financial aid of the Central Bank ; and by the end of November 1928, 115 societies were overhauled in 9 Unions, where collections to the extent of more than Rs. 80,000 were effected, 518 new members were admitted and more than one lakh of rupees of fresh loans was obtained for deserving and good societies among them.

For the training of the Co-operative workers, an Institute on up-to-date lines is being run by the Federation, from August 1928 and in the first session just ended, about 35 students, qualified for public service and belonging to this and adjacent Districts of Salem, Chittoor and Chingleput, were trained in Co-operative principles and practice and allied subjects like Accountancy, Auditing and Banking. The second session is now on.

For the financial resources at this costly though imperative scheme, we look to the Government for aid. The recent Committee on Co-operation and even the Royal Agricultural Commission have in unequivocal terms pointed out the necessity of financing such schemes and I hope our Registrar is doing his utmost to help us in this and other activities of the Federation.

Gentlemen, with more technical details than necessary I have taken much of your valuable time merely with a view to place before you an idea of the Credit Movement in this District.

Coming to the Non-Credit side, there are 21 Purchase and Sale societies, with a working capital of Rs. 64,000 nearly. The other kinds of societies existing are 4 Weavers' Societies and 5 Building Societies. The Building Societies, except the one started for depressed classes, are doing good work. The Weavers' Societies, except Tirupathur Weavers, do not show much progress. In a District where there are more than 10,000 hand-looms, it is a pity that more could not be done to organise the weaver and improve him economically. The Credit side of the movement keeps our attention wedded to it with the result that we cannot do anything substantial to the growth of the Non-credit side, being content with "One thing at a time". There must be a separate official initiative to push through this Non-credit work.

Gentlemen, one thing more and I have done. So far as it lies in our power, we have made arrangements to receive and to look to your comforts, and wherever you should find anything wanting I hope you would pass over them with your usual wont of courtesy and kindness.

Allow me once again to extend a hearty welcome to you who have been kind enough to respond to my invitation and I invite my fellow delegates to commence the proceedings.

PRESIDENTIAL ADDRESS

BY

MR. W. P. A. SOUNDRA PANDIYA NADAR

(President, District Board, Ramnad.)

BROTHER CO-OPERATORS,

I thank you most heartily for the honour you have done me in asking me to preside over this Conference. I am only a new comer in the field of Co-operation and I am conscious of my limitations especially when my predecessors have been drawn from experienced and eminent Co-operators. But I have consented to preside over your deliberations with the only desire to do my bit to the service of the motherland through the channel of Co-operation.

It is too late in the day for me to expatiate upon the various benefits and advantages of Co-operation. Suffice it to say that Co-operation has been recognised on all sides as one of the vital and fundamental ladders, nay *the ladder* by which India has to ascend to the height of economic, social and moral development.

The very presence of enthusiastic Co-operators, assembled here in great numbers from various parts of the District, is proof positive of the head-way Co-operation has made in our country. It is essentially a divine and peaceful mission. It silently rejuvenates the still masses into an awakening of their life in the land. India is purely an agricultural country and can hope to stand equal in the comity of nations only through development in Agriculture which can be best acheived only through Co-operation.

Co-operation has been broadly divided into two parts—Credit and Non-credit. Naturally enough, what improvement we have made is only in credit. It cannot be other-wise with an agricultural nation ; but it does not necessarily follow that the non-credit side should be relegated to the background. Non-credit has revolutionised the economic atmosphere of western countries. The reasons for the failure of non-credit are many and varied. But that should not discourage us. Side by side with the credit we must develop the non-credit also. One cannot be separated from the other. Credit must be made facile and easy to develop agriculture and non-credit must be made to stop the middleman's exploitation of the slender resources of the poor. The chief stimulus for the development lies in honest, sympathetic, sincere and conscientious working material. It is the lack of this chief food that has been responsible for the starvation of this side of the movement so far as I am able to study the situation. If there should be only working material of the kind that runs the famous Triplicane Urban Co-operative Stores which has earned a name for our Province in particular and for India in general, I have no doubt that the non credit side can be worked and expanded as much as and even more than the credit. I shall request you never to forget that the middleman in trade is as dangerous and relentless an enemy as the parasitic money lender. But then where is the way out and what is the solution to develop noncredit are the questions that face every co-operator. To my mind, propaganda is the only remedy. Of course the Government are doing their best towards this. But in these days of Democracy the initiative must come from within. I understand that there are a good number of weavers with about 10,000 looms in this District and yet I am told there is only one Weavers' Society successfully working out of the 5 existing ones. This certainly speaks volumes of the apathy of the weavers who must be approached, enlightened and stirred out of their lethargy, if any solid work has to be done in establishing weavers societies in larger numbers. Then there is the side of Purchase and Sale and Stores. The trading unions that were started in this District some years back are, all I am told, under-going liquidation, and I fear as a result, many societies which have invested share capital and advanced loans will have to lose them. The downfall is probably due to lack of good material, proper business knowledge, thorough grasp of the problem and above all an incentive from either without or within to stimulate that interest which is dormant in the people. On the whole and in fine, it is an incontrovertible fact that not enough has yet been done to develop non-credit in all its various phases.

In this connection I should very much like to draw the kind attention of you all and of the Co-operators elsewhere also to a very illuminating and masterly article contributed by Mr. J. S. Kannappar in the "Justice" of the 22nd September 1928 under the heading "The Co-operative Movement and Handloom Industry" I may safely say, without fear of contradiction, that it is a well thought-out article containing enough food for all Co-operators to think over. It deserves to be read, re-read and well digested. It lays bare the reasons that have contributed so far to the dull progress made in Noncredit. It is an able plea on behalf of the weavers and lays the blame at the door of the Department for failure in Noncredit. Though the heading indicates Handloom weaver, it deals at length with Stores also. The solution proposed by the writer is as follows:—

"There is ample room and promising material for a Central Weavers' Society. At the same time there is, for the time being, sufficient scope for only one Central Society for the Presidency. The time is not yet come for Central Societies, one for each area. More than this, all weavers societies should be placed under one responsible Co-operative Officer solely devoted to the work as was the case with credit societies in the beginning of the movement. When primary societies increase in numbers in a particular area, a Central Weavers' Society for that area will naturally be evolved and the control go into the hands of the local officer. A provincial weavers' society will come into existence in its own time. If on the other hand the central society be placed under one officer and the primaries under the respective local officers, the time will not be far distant when the Department will report that there is no hope for Weavers' societies in this country; and the Registrar so reporting will prove himself to be very loyal to the first Registrar as to make the latter a true prophet in his having pronounced the doom of weavers. Other provinces have Co-operative Officers in charge of territorial units side by side with those in charge of special societies having jurisdiction over the whole province. A similar arrangement is imperative in this Province also for the time being, if not for ever". I have quoted the above at some length and my only excuse is that it deserves to be quoted. The solution suggested is practical, and workable. A complete reading of the article will convince one of the infallibility of the remedy suggested. I commend the whole article to every one of you and to the Government which will be doing its duty to the masses at large, should they take into serious and sympathetic consideration the proposal made therein, to overcome the present difficulty and carry it out. At the end of the article, the following appeal is made and I join with the writer in his fervent appeal. "The present ministry, which is as much non-official as the first was, the intervening period having had ex-officials among them, has a good opportunity and a heavy responsibility to help to begin the second quarter century of the movement with directing the weavers' societies and the stores on right lines. It is hoped that the Province in general and the weavers and consumers in particular will have the benefit of the natural fresh outlook of the second non-official Development Minister, as his predecessor is warmly thanked for his action which was the result of the fresh outlook of a non-official".

I take this opportunity to request the Development Minister who is happily in our midst today to do something during his tenure of office and earn the eternal gratitude of the impoverished weavers and consumers who are after all the limb of the real Nation of India. I have dwelt at some great length on the Non-credit which, in my view, rightly deserves a more sympathetic consideration at your hands and at the hands of the Department.

The next item, I wish to speak of, is the heavy overdues from members to societies and from societies to Central Banks. Overdues are gradually increasing year after year and are likely to scare away an outsider. This is not a special feature in any one district though there may be some gradations and I understand that your District is one of the many that have heavy overdues. I know it as a matter of fact that your District has been most unfortunately facing a continuous failure of the monsoon for the last nearly six years, barring of course spasmodic torrents of rain here and there which count very little for the general welfare of the District. I remember, your District representative Mr. M. A. Manickavelu Nayagar, B.A., B.L., M. L. C., has interpellated the Government to state or to find out the causes for the Palar river being dry for the last so many years. I understand the Palar, when in good floods, which it was till 1919 or 1920, feeds one of the biggest tanks of the Presidency viz., Kaveripakkam Tank along with so many minor tanks, by diverting the floods on their way here and there and all this supply has now been abruptly stopped. This is certainly a heavy handicap to the agriculturist and to add to it, the general failure of rains. The plight of the ryot under such cricumstances can be better imagined than described. He is helpless and the Government looks askance. What is the remedy? It is upto the Government who collect their revenues, in the interests of the ryots and of themselves, to enquire into the causes of want of floods in the Palar, to remove that difficulty if humanly possible, and also to develop the irrigation sources by taking up the District for a special study to effect the much needed remedy.

Of course, this state of affairs does not appeal to a Banker. He is naturally nervous. We, as ryots of ryots, know full well that the ryot is the last man to be considered unsafe or unreliable and that the mortgage or surety he offers is invariably sound. But then we cannot expect the Banker to view the question from the same stand point. He must be convinced and satisfied. He will be convinced and satisfied only when the repayments are regularly made. We cannot blame him. One should always bear in mind that a co-operator should view co-operation from the standpoint of a Banker and the Banker from that of a co-operator.

If only the panchayatdars and members feel their responsibility a bit more, exert themselves a bit more, evince a bit more interest, I am sanguine the overdues can be reduced to an appreciable extent though not greatly. I know that a fair portion of overdues is locked up in Execution proceedings. The Government have given powers to the departmental officers and through them to the Honorary Arbitrators to award a decree but have not provided facilities for executing the decree as easily and as quickly as the award of a decree. The Revenue department has restricted the Execution applications to 40 in a year for each Taluk and for the rest the societies have to go to Civil Courts, the delay of which is proverbial and is only too well known to all of us to need any mention. By resorting to Civil Courts, the poor ryot is burdened with costs and the Society is made to suffer for the delay in realisation of the amount. The only suggestion that I can make for this is that the Government should remove the restriction of the number of decrees to be executed by the Revenue Department and entertain all the execution petitions that are received without any reference to Taluk or number or period. This will not be any new boon conterred on the Society and the member, but only restoring the old privilege which was recently withdrawn. I hope our Development Minister will view this proposal with sympathy and favour.

The one other main reason for this abnormal overdues seems to me to be the granting of short term loans. I understand it is being forced in this District to the extent of 1/6 of the long term loan applied for. I certainly appreciate the spirit with which the short term is promoted. But we should not overlook the implication it brings about to bear on the overdues. The amount that will be repaid in the usual course spreading over a period of 7 or 10 years is required to be repaid within a year and it is not possible for the ryot to do so and then that becomes overdue and swells the everdues that have already occurred by other reasons in the long term loans. Well, it may be argued that the short term loan should be utilized only for short term purposes. Even then, if the ryot does not get what he sows, how is he to pay back what he borrows? The theorists may say many things but practical men that we are, we must analyse facts, study the situation and the needs of the ryots and see how this can be avoided. This can be avoided only by avoiding the forcing of short term loans on an unwilling member, who, for your force and to get money to meet his demands, simply nods his head to what all you say, signs the bond, takes the money and uses it for the purpose for which he actually needs it, no matter for what purpose you give him. That is how it happens. In this connection it will be of great interest to you to know what Mr. Wolff, one of the pioneers and authorities on Co-operation, says with reference to the recommendations of the Townsend Committee. "The distinction made between "long" and "short" loans is arbitrary and does not by itself respond to Co-operative principles. It is of course for every society to judge for what length it is enabled by its resources to allow credit and to limit times accordingly. But the Raiffeisen principle approved by long practice is this. Loans should be served out promptly, of such amount, if both the applicant and the object of the loan are approved of, as will suffice fully to accomplish the purpose kept in view, and for such length of time as will, once more, suffice for such accomplishments. Unless these conditions are fulfilled, the loan is apt to form a trap rather than a help. How far a society can consistently with safety fulfil such conditions, it is for itself, according to its resources in cash available and in length of time allowable, to judge".

This authoritative pronouncement of such an eminent co-operator deserves the careful consideration of the Central Banks, the Apex Bank and the Department. Rules should be made in consonance with local conditions and should not be watertight.

Then there is the question of non-official agencies of supervision. The government have rightly withdrawn the supervision because in season and out of season, the non-official Co-operators at the top of the affairs were accusing the Government of unwillingness to release some of their powers to the non-official. Well, the non-officials wanted it and they were given and there is no use of blaming the Government now for having withdrawn the supervision abruptly. But that is what every Co-operator worth the name does now. I, for one, am however glad that the Government released the Supervision. It is likely we will err in the beginning. Failures always make a man. We live to learn and we err to learn. The more we err the more we learn and then undo what all we erred. That is how our position is. Our supervision may be weak now but is sure to grow stronger and stronger than that of the Government. It is really a credit for your District to have as many as 33 Supervising and Audit unions which, I think, no other District can boast of in the Province, and I am glad to find that your District Federation is working on sound lines. This clearly indicates that your District at any rate proceeded on right lines in carrying on the Supervision work. But any new venture is bound to have its own obstacles and it is likely you may have many obstacles here also but they should not worry you. Tread on the path of duty, service and righteousness and you are sure to reach the goal.

This takes me to the introduction of model by-laws in the Central Bank, District Federation, Unions and Societies which aim at the pooling of all the supervision funds in the District Federation and creating a district cadre of supervisors. The tenure and safety of office is secured thereby, the service is also encouraged by the institution of a separate Provident Fund for them, better men will be attracted, pay may be regulated according to service and qualifications and merit, control over the supervising staff will be centralised and made effective and the supervision, undertaken under such auspices, is bound to be far superior to what it is at present. This may appear to some unions to be depriving them of their powers but on closer examination, it will be plain that it is not so. What after all is the District Federation? If this is answered, your doubt is answered. The District Federation is only a compressed representative institution of all the societies. You are the men to send in representatives and you are the men to control it. Wherein then does the deprivation of powers come? I hope you stand to gain much by adopting the model by-laws.

I have done. I have told you of my limitations. I have tried to do my duty to the best of my ability. I am aware I have not dwelt on many other points but I am sure you will be bringing up proposals for consideration before this Conference which require immediate attention and consideration. I look forward to your help and goodwill to guide the deliberations of this Conference with success. I thank you once again for the honour you have done me in asking me to preside over this Conference.

RESOLUTIONS OF CONFERENCES.

The First Co-operative Urban Banks' Conference, Erode,

Held on 20th and 21st October, 1928.

1. This Conference records its deep sense of loss to the Co-operative movement in the Province by the untimely death of Mr. T. K. Venkataramiah and begs to convey its respectful sympathy to the members of his family.

2. Whereas it has been found by experience that the raising of deposits and efficient administration are possible only through a Central Institution, this Conference resolves that the future policy should be to strengthen a single Urban Bank for each area. This may be achieved (1) by starting credit and non-credit societies on the basis of occupation or homogeneity of population, and if necessary, on the basis of smaller territories for the purposes of promoting savings, issuing credit, purchase of raw materials and sale of finished produce and by permitting all these societies to affiliate themselves to the main Urban Bank for all financial facilities; or (2) by the opening of branches assisted by local directors; or (3) by the formation of sub-committees of the Bank; or by adopting all these methods.

3. This Conference urges on all Urban Banks that, with a view to the development of banking habits among the co-operative public, current and savings accounts be largely popularised, also cash credit accounts, and instalment loans on the security of continued mortgages. It also urges on Urban Banks to undertake the discounting of Hundies and cheques and thus facilitate remittances.

4. This Conference urges on all Urban Banks the desirability of introducing a restrictive provision in the matter of election of directors that except for the first elections they should have been members at least for a period of six months.

5. This Conference recommends the desirability of appointing full time paid secretaries or managers, and supervisors for loan verification, inspection of mortgaged properties and for inducing prompt collections in big Urban Banks.

6. This Conference urges on the authorities of Co-operative Training Classes that they should arrange for special courses, suited

to the needs of Urban Banks until such time as the latter are in a position to organise training classes of their own.

7. This Conference resolves to request the Registrar to so alter the model bye-laws as to enable non-member and non-resident depositors to borrow on the security of their deposits.

8. This Conference urges on all Urban Banks the maintenance of a register of maximum credit for individual members. Such a register should give information about the income and expenditure, the assets and liabilities of a member.

9. This Conference requests the Registrar to permit loans on the pledge of gold and silver articles and non-perishable commodities of trade, without reference to the individual borrowing power of members.

10. This Conference recommends to all Urban Banks to set apart an adequate amount for the Common Good Fund and use the same among other things for co-operative education and the development of non-credit work including cottage industries in their areas.

11. This Conference recommends as its future policy (*a*) that there should be an audit union for each district for the Urban Banks and the societies that may be financed by them, (*b*) that the government should provide sufficient grants to District Audit Unions for undertaking the audit of smaller urban societies, (*c*) that it should be at the discretion of the district audit union to join the District Federation, (*d*) that, for stimulating educational and propaganda work, providing for mutual exchange of experiences among the representatives of Urban societies, and for conducting an annual conference and issuing publications, a co-ordinating body composed of representatives of district audit unions be soon brought into existence, (*e*) and that until such a body comes into existence, the conference appoints a working committee consisting of the president of the conference Mr. E. S. Ganapathy Aiyar, Convener, and Mr. K. S. Madhava Rao, to carry out the above objects till the next Conference.

12. This Conference makes the following recommendations on the report of the Committee on Co-operation:—(1) the grant of cash credit by district banks should not be made dependent on getting loans from them; (2) there should be no prohibition of current deposits by non-members and the payment of interest on daily balances in Urban Banks; (3) it should not be made obligatory that maturity dates for deposits should synchronise with the dates of repayment of loans in Urban Banks where monthly repayments of small amounts are stipulated.

13. With a view to prevent losses being debited in any one year so as to affect the net profits of that year and with a view to spread the loss over a series of years, Urban Banks may appropriate the dues recovered in the case of decreed debts first to court costs and the balance, if any, to principal and interest, in the ratio then existing between them.

14. This Conference requests the government to exempt the Urban Societies from the payment of profession-tax to local bodies.

15. This Conference requests the government to exempt the Urban Societies from the levy of stamp and registration fees in the case of non-members interested in a mortgaged property joining as executants out of legal necessity in the execution and registration of a mortgage deed by a member in favour of a society.

16. Resolved to request the government to accord general permission for teachers of schools under the management of the government, local bodies or private agencies to serve as directors of Urban Co-operative Credit Societies with or without remuneration.

17. This Conference is of opinion that an arbitration court be established for each Urban area with authority under rule XIV (2) to directly take cognisance of and decide money claims so that speedy realisation of dues may be facilitated.

18. This Conference resolves to request the government to permit Urban Banks making provision for a bad debts fund.

19. Resolved to request the government to waive the demand of pensionary contribution in the case of auditors appointed by the Audit Unions, in case such auditors happen to be government servants.

20. That the invitation of the next conference to Trichinopoly, the venue to be fixed in consultation with other banks in the District, extended by Mr. K. Ramaswami Iyer, with the consent of the delegates present be thankfully accepted.

(Sd.) A. RANGANATHAM,
21—10—28.
President.

(True Copy)
E. S. GANAPATHY AIYAR,
Chairman, Reception Committee.

RESOLUTIONS PASSED AT

The Eighth Salem District Co-operative Conference

Salem, 6th January 1929.

1. This Conference, while expressing satisfaction at the prompt and liberal issue of short term and crop loans during the recent months, expresses the need for long and intermediate credit to farmers and urges on the Government the need for the immediate registration of a Central Land Mortgage Bank at Madras to encourage the formation of primary land mortgage banks for the benefit of the public.

2. This Conference is of opinion that with a view to conserve most of the profits of cultivation to the actual cultivators and to stop exploitation by middlemen who not only advance money to the cultivators of standard crops in the District such as groundnuts, at a very high rate of interest, but further bind the cultivators to sell the crops to them at a rate which is 30 to 50 per cent below the market rate, it is urgently necessary to register a society for the sale and custody of produce at Rasipuram, giving special attention to groundnut and cotton.

3. This Conference reaffirms the resolution passed at the last session of the District Conference held at Namakkal and urges

(1) that definite instructions be issued fixing the time-limit regarding the disposal of papers relating to amendments ;

(2) that where an amendment of a bye-law proposed by a society is refused registration by the Registrar and where that amendment is recommended by the District Bank and the District Federation, the Registrar shall register it.

4. To co-ordinate the various co-operative activities affecting the welfare of the rural population, this Conference resolves to request the Government to appoint District Officers of the Co-operative Department from among men trained in agriculture, banking and rural economics or in actual work under co-operative organisations.

5. This Conference resolves to request the Government to issue definite instructions to the Revenue authorities to invariably intimate to the societies which happen to be the first mortgagee the fact that the Government proposes to advance loans under Land Improvement Act on the mortgage of the same property.

6. This Conference regrets to note the inordinate delay caused by the Department in holding enquiries under section 35 into the affairs of societies and urges on the Registrar to finish up such enquiries within a

specified time, say, within 3 months and to invariably furnish copies of orders thereon to the Central Banks.

7. That Government should issue instructions to Tahsildars to attend to (more than the present limit of forty) execution of arbitration decrees from co-operative societies and that if necessary the financing Bank may be asked to contribute towards the cost of extra special establishment that may be required to overtake arrears of work.

8. That, in order to bring home to the people at large all the possible advantages of co-operative activities and to sustain such work continuously, it is advisable to create a self-contained league of all life-workers pledged to work on moderate wages and that the financing bank of the District should contract with such league on terms on the fulfilment whereof the league shall be entitled to specified monetary help.

9. This Conference resolves that enquiries be made by Government and by the Financing Bank if co-operative societies can be organised for the following cottage industries in the hamlets mentioned below:—

1.	Iron and steel utensils ...	Round Sendamangalam and Tirumalapatti.
2.	Hemp weaving ...	Govindanpoliem.
3.	Soap-stone utensil making ...	Thandakoundanpoliem.
4.	Kambli weaving ...	Laddivadi and Arur, Namakkal Taluk.
5.	Tape weaving ...	Sendamangalam and Pennagaram.
6.	Mat making ...	Kalangani.

as otherwise they are likely to die out.

10. This Conference recommends Village Panchayats where there are no co-operators to interest themselves in the education of the village population in the principles and advantages of co-operative credit societies and it fairly urges that where applications for organisation of societies are received from such other villages in the District, the Co-operative Department should expedite the disposal of such applications for registration.

11. That this Conference requests the Presidents of Taluk Boards where there are Teachers' Societies, to provide facilities for payments of members' loans to the societies by deducting the monthly instalments from their salaries and remitting them to the societies concerned.

12. This Conference resolves that the choultry at Salem which is contemplated to be built up for the last so many years, should be forthwith begun to be built and finished in one year's time out of the money already set apart for the purpose.

SALEM, 6—1—29.

(Sd). VAIKUNTH L. MEHTA,
President.

(True Copy)
T. ADINARAYANA CHETTI,
Chairman, Reception Committee.

RESOLUTIONS PASSED AT

The Tenth North Arcot District Co-operative Conference.

Vellore, 5th and 6th January 1929.

1. This Conference expresses its deep sense of relief at the recovery of health of His Majesty King George V, Emperor of India and prays to God for his speedy and complete recovery.

2. This Conference places on record its deep sense of sorrow at the unexpected and sudden demise of the Rajah of Panagal, who opened our Conference at Ambur and who was the foremost leader of South India and offers its sincere condolences to the members of the bereaved family. It further places on record its appreciation of the invaluable services rendered by him to the country during his lifetime as a leader and as the Chief Minister to the Government of Madras for six years.

3. This Conference requests the primary societies to popularise short term loans and to send in time a forecast of the requirements of each society and obtain cash credits in the Central Bank to be indented upon whenever required.

4. This Conference requests the societies to encourage short term loans on the pledge of standing crops or harvest with a view to avoid the selling of grains at an unfavourable rate.

5. This Conference is of opinion that societies newly organised should be advised to apply only for short term loans and that the Central Bank should give them only short term loans for two years to come with a view to popularize the Short Term Loans.

6. This Conference requests the primary societies to undertake payments of kist to Government collectively on behalf of their members on the lines suggested by the Registrar and requests the District Collector, North Arcot, to afford facilities for carrying out this proposal.

7. This Conference is of opinion that the overdue loans in societies should be transferred to a separate ledger as recommended by the Committee on Co-operation and requests societies to send quarterly progress reports to the Central Bank and District Federation with a view to watch and stimulate collections.

8. This Conference requests the Government either to empower Departmental Officers to execute the decrees awarded by them or as

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XII

recommended by the Committee on Co-operation to remove the limit of 40 cases that is now fixed to be sent to the Revenue Department for execution as recommended by the Committee on Co-operation.

9. This Conference requests the Government to empower officers of the Co-operative Department to recover on the application of societies overdue instalments of loans by the distraint and sale of the defaulter's movable property, as if they were arrears of Land Revenue and that such distraint and sale to be carried out by an officer not below the rank of an Inspector of Co-operative Societies.

10. This Conference requests the Government to empower the Village Panchayat Courts or Village Munsiff Courts to entertain and award decrees in mortgage loans of Rs. 50 and under and to execute decrees by distraint and sale of movable property alone.

11. This Conference requests the Government not to levy Super-Tax on Co-operative Societies.

12. This Conference requests the Government to supply, free of cost, copies of audit reports of societies to Unions and Central Banks as recommended by the Committee on Co-operation.

13. This Conference requests the Government to exempt the societies from payment of money order commission for remitting money to Banks as recommended by the Committee on Co-operation.

14. This Conference requests the Government to give loans for the construction of godowns for Loan and Sale societies to the extent of their full cost.

15. This Conference is of opinion that Long Term Loans are quite indispensable to the ryots in consideration of local conditions and any stoppage of issue of these loans will give a serious setback to the credit movement and therefore requests the Madras Central Urban Bank to give long term loans to the Central Bank for a period of 10 to 12 years without creating an unnecessary impasse in the smooth working of the Movement in the District.

16. This Conference views with deep regret the unusual delay in the sanction of loans caused by the M.C.U.B. to our Central Bank in particular.

17. This Conference requests the societies to grant extensions to their members in the first instance with the utmost care and consideration and then apply to the Central Bank for corresponding extension with a view to study the actual state of overdues. Extensions for short term loans granted to purchase of manure and seeds should not be granted unless the crops, for which these were used, failed.

18. This conference requests the Government to be pleased to waive the pensionary contribution in respect of Inspectors lent on deputation by the Government to the District Federation on the Audit Unions in this District since all these institutions are deserving.

19. This Conference reiterates its request to the Government to make provision for taking criminal action against the Panchayatdars of the society who refuse to produce the Cash Balance and account books before the Union Supervisor or Governing Body Member when visiting the societies.

20. This Conference once again requests the Provincial Co-operative Union to remove from its membership the members other than the District Federations or District Councils or those who are from Districts having no Federation or Council and requests the General Body of the District Council to propose amendments to the by-laws of the Provincial Co-operative Unions on lines thereof.

21. This Conference requests the Triplicane Urban Co-operative Stores to so amend its by-laws as to make it a Provincial Distributive Stores Society and to take the initiative to start branches in District centres with provision to start sub-branches in important villages of each District.

22. This Conference requests the Government to start Weavers' Purchase & Sale Societies wherever possible and to appoint Inspectors to work exclusively with those societies and to start a central society for the province to co-ordinate the activities of the several primary soeieties and to appoint an Officer to work exclusively with the Central Weavers' Society.

23. This Conference requests the Government to depute a Special Officer to make a survey of the Cottage Industries in this District with a view to revive the indigenous industries.

24. This Conference is of opinion that dairy societies should be organised in important Urban Centres in the District and requests the Government to do the needful in the matter.

25. This Conference records its deep sense of gratitude to our worthy representative in the local Legislative Council, Mr. A Manickavelu Nayagar B.A., B.L., M.L.C., for his resolution in the Legislative Council to enquire into the causes for the failure of freshes and springs in the River Palar and requests him to press the matter for a successful solution.

26. This Conference requests the District Board, North Arcot, to undertake and carry on the village reconstruction work in this District, as is now done by the Chingleput District Board, with the

consultation and co-ordination of the Co-operative and Agricultural Departments.

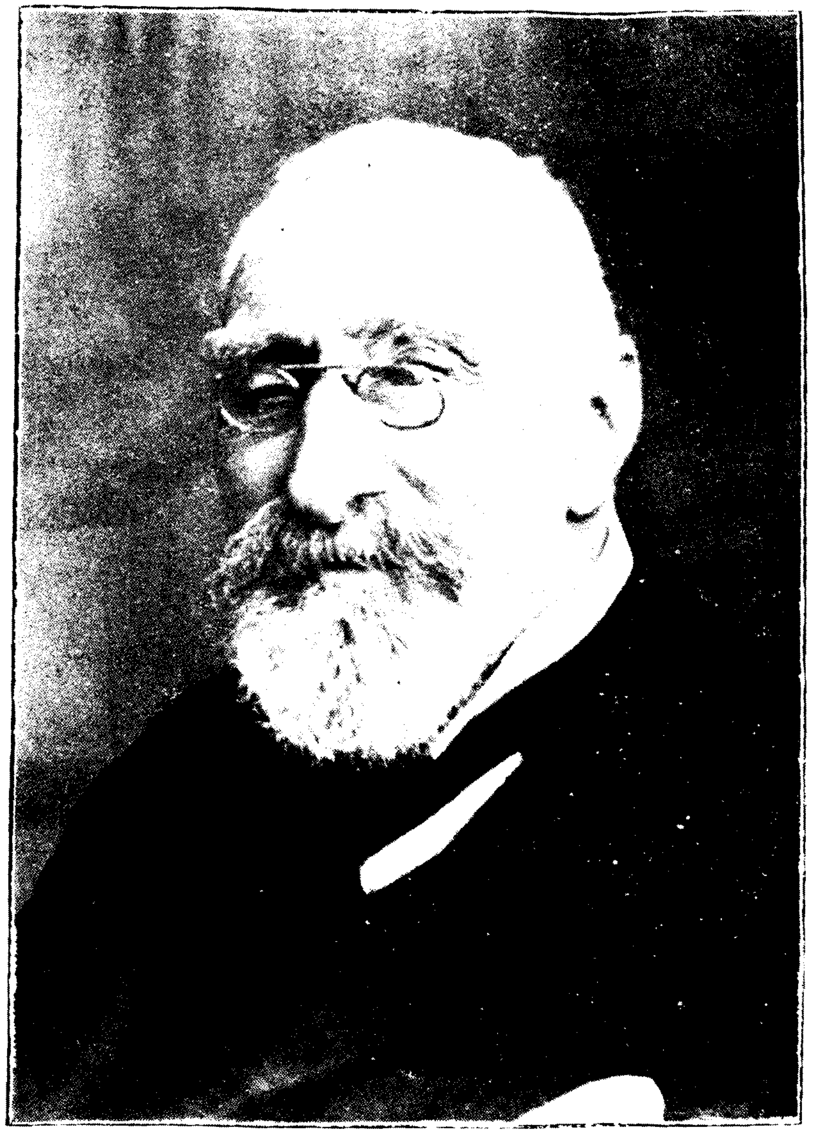
27. This Conference strongly condemns the action of Rao Bahadur A. Vedachala Iyer, in having written to the Registrar, referring particularly about the Non-Official activities in this District, a misleading and irresponsible letter without ascertaining the facts and without sending a copy of the letter either to the District Bank or to the Federation even as a sign of courtesy and in having sent it to the Provincial Union which has published it in the journal though, as stated by the Author, it was not intended for publication and resolves to request the Provincial Co-operative Union to expunge the letter from the Madras Journal of Co-operation for October 1928.

28. This Conference requests the Government to give more intensive supervision to the Depressed Classes Societies until such time when the Labour Department is able to take charge of the whole District.

29. This Conference requests that Government be pleased to issue orders to Local Boards and Municipalities not to levy professional tax to Co-operative Societies.

30. This Conference reiterates its request to the Government that Societies be permitted to remit to Central Banks even Rs. 50 and above through Sub-Treasuries.

(Sd) V. MURUGESA MUDALIAR,
Chairman, Reception Committee.



MR. H. W. WOLFF.

CORRESPONDENCE.

Mr. Wolff solves Mr. Pantulu's difficulties.

We publish below the correspondence that passed between the Hon'ble Mr. V. Ramadas Pantulu and Mr. Henry W. Wolff. It relates to some of the most important questions connected with the movement in the Province. As both the letters are self-explanatory and self-contained, we reproduce them without any more prefatory remarks. (Ed. M.J.C.)

Dated 1st Nov. '28.

DEAR MR. WOLFF,

Your note on the recommendations of the Townsend Committee, which will appear in the November issue of the Madras Journal of Co-operation, is a contribution which we co-operators in Madras very greatly value. Speaking for myself, I am in entire agreement with the views you express therein. A word of explanation is however due from me, as a member of the Townsend Committee, regarding that Committee's scheme of short term and long term loans. It was clearly not the intention of the Committee to ignore the purpose of the loan or to overlook the necessity to finance the member of the rural society to the desired and deserved extent. The evil of lending for a long term, although the purpose was a short one, has assumed such vast proportions in this province that the Committee felt impelled to lay special emphasis upon the fact that the repayment of credit advanced for seasonal operations was to come from the year's harvest, and that the repayment of the longer loans was to come from the profits of a series of years. The economic background of transactions carried on by a village society having been practically obliterated by a growing craze to borrow for as long a term as possible, this over-emphasis by the Committee on the character of the loan with reference to the source and legitimate period of its repayment was found necessaary. The principles you lay down are of course unexceptionable and were not intended by the Committee to be overlooked by the co-operative banks in Madras.

I am very anxious to seek and if possible to obtain your opinion on one important matter which is considerably exercising the minds of co-operators in this province. It is this: we started with the idea that the central banks might not only finance bnt also supplement the official supervision of the rural societies. But as the central banks were composed at the start of preponderatingly a large element of individual shareholders, it was felt and rightly felt that the " administration and control should be kept separate from finance and entrusted to bodies selected from and representing the entire body of members using the societies " to use your own words. The local supervising unions were therefore started. In certain localities, these unions are functioning properly and are able to look after the societies and to safeguard the financial interests of the central banks. There is no trouble in such areas and the principle enunciated by you is adhered to cheerfully by all parties concerned. But in many areas, perhaps I should say several areas, the unions have utterly failed in their purpose and have practically ceased to fulfil the expectations raised of them. Mr. Calvert, who came to Madras as a member of the Royal Commission on Agriculture and who had an opportunity of studying the working of these unions, recorded his impressions of them in his dissenting minute, the substance of which you will find stated in the footnote to page 452 of the Commission's report. The Townsend Committee also recorded their definite finding that a large number of unions were not functioning efficiently. You will find the gravity of the situation from the following sentence which occurs at page 10 of the latest Annual Report of the Registrar (for the year 1926-27) : "It does not appear that the supervising unions on whom rests the responsibility for the upkeep of the societies' credit have generally made any serious attempts to check the increasing overdues in spite of the advice tendered in the previous year's report that if this tendency is allowed to grow unchecked, it might lead to *financial chaos*". The alarming and steadily growing overdues of principal and interest justify the Townsend Committee's observation that there is real ground for "anxiety".

In these circumstances, the successive sessions of the Central Banks' Conference and the Board of Management of the Provincial Co-operative Bank have enunciated a new policy to ensure the stimulation of collections and the consolidation and rectification of rural societies. The central banks were urged to maintain a small administrative staff in their offices to keep a faithful and up-to-date record of the financial history of the societies to whom they lend. At present the central banks advance loans to societies on the recommendation of unions which in some cases are reliable but in most cases worthless. It was therefore felt that the central bank itself should collect and preserve materials which should be looked into by the directors before finally sanctioning the loan application of any society. Then the central bank was also asked to maintain a field staff of its own Inspectors to inspect the condition of the societies and to take such steps as will be necessary to safeguard the financial interests of the Bank by keeping the directorate of the bank in touch with the affairs of the societies financed by the Bank. These two measures of reform are being strenuously resisted by the unions as well as the departmental officers. The Provincial Bank and the Central Banks' Conference, on the other hand, feel that there is no salvation for the movement unless these reforms are immediately adopted.

I want your opinion on this vital issue with which the movement is to-day confronted. In answering this question, I desire you bear in mind the following facts :

(a) The Government have now withdrawn from supervision and disclaim all *immediate* responsibility for the proper working of the societies. *Ultimate* responsibility will, of course, always be with the Registrar. But it cannot be of practical value.

(b) The Unions have failed in certain areas to exercise any administrative control or supervisory functions. In areas where they do exercise these functions efficiently, the central banks are not called upon to interfere with a field staff, but are advised to be content with maintaining an administrative staff of the proper type.

(c) The Dt. Federations which were started to co-ordinate the activities of the unions are with few exceptions resourceless and fulfil at best a nominal purpose. Where again a federation is functioning efficiently and the central bank is able to rely upon it for pulling up the societies, it is not proposed to advise central banks to maintain a separate field staff apart from the federation. By the by, let me tell you that these federations do not conform to your test of "bodies selected from and representing the entire body of members using the societies". They consist of representatives of local unions, of individual co-operators who are not members of societies and a small proportion of central bank's representatives. Owing to the weak and backboneless character of some of the unions, there is a feeling that the affairs of the district federations are largely manipulated if not actually controlled by the departmental officers.

(d) What is more important than the three above factors is that the composition of the central banks has now undergone a revolutionary change. The society membership in central banks is overwhelming and in general not less than 66 per cent of the total members. Most Boards of Management of the central banks are also dominated by society representatives. So the central banks have now assumed a character of federations of societies for finance. They are no longer outside creditors.

Bearing in mind all these factors and on the assumption that the facts as stated by me are true, I shall be delighted if you can help me with an expression of your views on the new policy which the Provincial Bank and the Central Banks' Conference have adumbrated, namely, that in order to reduce the overdues and to improve the condition of societies, the supplemental supervision and inspection should come from the central banks with the aid of an administrative and a field staff which will assist and supplement the work of the unions.

I am afraid I have tired you with a very long letter. But I know that you will never feel tired with listening to the stories of co-operators from the remotest corners of the world and will spare no pains to help them to solve their problems.

I am, Yours Sincerely,
V. RAMADAS.
President
The Madras Provincial Co-operative Union and the Madras Provincial Co-operative Bank.

REFORM CLUB, PALL MALL,
London, S. W. I.
18th November 1928.

DEAR MR. RAMADAS PANTULU,

Your letter of the 1st instant reached me this morning. You are perfectly right in concluding that news about the Co-operative movement in India will always find me eager to read and consider it. I am glad that my notes about the Townsend Committee commend themselves to you and your friends. I had no time to deal with that report otherwise than briefly.

The first point in your letter shows a very bad state of things to be prevailing in your province. Taking out loans for a longer period than is needed and so increasing the overdues are not to be allowed and should at all costs be stopped. The Raiffeisen principle which dispenses with tangible security is this and wants to be strictly enforced: give the money wanted promptly as much as is required for the object taken in view but not more, for as long as it will be required to carry out the work proposed but not for longer, and only for an object approved as promising a profit and suitable to the borrower whose character must also be accepted as warranting confidence. The application of the loan to such approved object must be watched over. Promptness in repayment is of the essence of the business and must be insisted upon with great strictness. In the cases referred to by you, it is quite evident that the panchayatdars have not done their duty. They want to be reprimanded and the members of their societies should call them to account. They have it in their power to correct the faults complained of. They can refuse loans. Where there is unpunctuality in repayment, they can call upon the sureties to pay up.

Now all this abuse is due, of course, to the comparative novelty of the business and I grant you that under all circumstances there must be some superior control, and supervision of the societies (not the peasant members individually) by some superior office. That office, I want—as soon as the movement is ripe for it, and in the meantime, in the measure in which the thing can be carried out—to consist of the representatives of the movement itself, properly elected. That is the co-operative principle, and with this object in view, I ask that there should be elected bodies, like your supervising unions, and also superior bodies for districts, eventually provided to carry out such control each in its own order. As soon as you can form such representative bodies from the supervising union upward, you can hand over the business to them, and confine the central banks to their purely financial business—which is what, in a perfectly organised province, ought to be the case.

However for the present you have not got the men to form such supervising bodies, at any rate in sufficient number and of sufficient ability. Therefore, since the work must be done—you cannot do without it—you will have of necessity to accept such help in the matter as volunteer workers

and central banks will give. You must regard this as a temporary arrangement only. But while things remain as they are, there will be no alternative. I have pointed this out in my remarks upon the resolution of the United Provinces' Government, which called for the co-operation of central banks. As I have said, control there must be. Eventually it will have to be by bodies, small or large according to their district, elected by members themselves. Such bodies, on the lowest grade, I take it, your "supervising unions" are or are intended to be. I was surprised to read Mr. Calvert's advice with regard to them. Some do their business satisfactorily. So I hear from other provinces. But all have still a good deal to learn. If I find an instrument, made to do certain work, does not do it satisfactorily, I do not in a fret determine to do without it, but do my best to improve it. That is what you will have to do in the case of your supervising unions. Meanwhile you should do your best to have the work required done in the best alternative way possible. Of the choice of such alternatives, you in India will be the best judge. Only you will do well to remember that in a perfect state of things, if your organisation is to have a good right to call itself "co-operative", it will have to be based upon fully representative government and self-rule. In European co-operative movements and above all such as deal with credit, the representative bodies carrying out supervision and control form the very soul of the movement, the motivepower of the machine. If you have found a good many of your supervising unions unsatisfactory, so have very competent judges found central banks equally, if not—according to their larger sphere—even more damagingly unsatisfactory. Your movement is still in a period of adolescence. You will have to be prepared for failures, and will have to correct them as best as you can. However you will do well to keep the perfect state of things, which must be your aim, constantly in view. If it is accepted as a temporary measure—for as long as it may be required, but not to be made permanent—I see no objection to the course proposed by your Provincial Co-operative Bank and the central banks, and I should certainly not delay action. For as things are as you report them to be, there is failure in sight. However under cover of their arrangement, I should try to evolve gradually a more representative and autonomous organisation.

I am very glad to hear of the development which has taken place in the composition of the membership of central banks, as having made those institutions more self-contained and federative.

I am afraid I have been a little rambling in my letter. I did not want to keep you waiting as you happen to be very busy. But I think I have made my sense clear.

Thank you very much for your Report of the meeting of the All India Provincial Co-operative Institutes. I am thoroughly with you in your promotion of that body, which can scarcely fail to be of distinct service to the movement.

Yours Very Sincerely,
HENRY W. WOLFF.

Extracts from Foreign Periodicals.

THE PHILOSOPHY OF CO-OPERATION.

What is the philosophy which underlies the Co-operative Movement? It is not so clear as it might be, for the simple reason that the philosophy of earlier co-operators (in some cases the absence of any philosophy) has not left its traces on the present Movement. Self-help was the cry. Thrift was the great thing. Even now there are co-operators who tell people that through the co-operative movement they can do all sorts of wonderful things in the way of saving for a rainy day. But we have so far moved that the word 'self-help' is rarely used today. Mutual help and production for use and not for profit constitute our slogans. The Co-operative Commonwealth is the aim. True, that conception of a Commonwealth and the way to secure it is vague, and that many people stop at the slogans. None the less, this alteration indicates the gradual trend of the philosophy of the Co-operative Movement, influenced by the thinkers and writers who constitute the real educational force which, as in all movements, acts unconsciously on the minds of the rank-and-file. Social Service is the cry of today, at any rate so far as the advance guard is concerned. It should be our gospel.

(From the Co-operative Official, November.)

II

CO-OPERATION AT READING.

A Humble Start.

From small beginnings, big results have been obtained. Workmen with a wide vision, employed at a local ironworks, started the society in August 1860, with a capital of £ 28—the magic figure of the Rochdale Pioneers. At the start the committee distributed the goods in their spare time, but from the commencement steady progress was made. When a firm foundation had been established in the town, the committee looked farther afield. In the early days branches were started at Guildford and Gomshall, over the Surrey border. Here the plant of Co-operation was nourished and trained until each district was able to have a society of its own. No. 1. branch was opened at Orts-road, Newtown, in 1891.

Business went on expanding. The following figures for 1927 speak for themselves :—

Membership, 21,414—an increase of 3,314 on the year ; sales £ 651,556 —an increase of £ 89,528 ; share capital, £ 396,931—an increase of £ 42,077.

(Note: The italics are ours—Ed.)

The Model Bakery.

The society commenced to make bread in 1886 at the rear of the premises in Caversham-Road. In December, 1909, a new machine bakery and stables were opened at Grove-lands-road, these having been erected and equipped at a cost of £ 20,000. Owing to the increase in trade, it was necessary to make further extensions in 1922, and the society is in possession of one of the best equipped bakeries in the Southern counties. The society has always a high reputation for the quality of its bread. Between 1923 and 1926 the society secured over fifty awards, amongst which are many firsts, not only at co-operative exhibitions but in competitions open to the whole United Kingdom. During the past few years, the society has had the contract for supplying bread to the troops encamped in the neighbourhood. The completeness and efficiency with which the supplies are furnished have received high commendation from the military authorities.

The Prince of Wales, during a visit to Reading in June 1926, visited the bakery and watched with keen interest the work of preparing bread under the most hygienic conditions.

Besides the high quality of its bread, the society is noted for the purity of its milk supply from a modern and well-equipped dairy. Every effort has been made to give a full service to all parts of the borough.

(From the Co-operative Official, Nov.)

III

INTERNATIONAL.—MEETING OF THE CENTRAL COMMITTEE OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE.

The Central Committee of the International Co-operative Alliance met in Geneva on 8 and 9 November. The President, Mr. Vaino Tanner, was in the Chair.

The Central Committee approved the report of the General Secretary, Mr. H. J. May, on the work of the secretariat and the meetings of the Executive Committee since the International Co-operative Congress held in Stockholm in August 1927. It took note of the arrangement made with the International Labour Office for collaboration in compiling and publishing international co-operative statistics. It also approved the setting up of an economic sub-committee consisting of the Chairman, Mr. V. Tanner and Mrs. E. Freundlich and Mr. May, members and technical adviser respectively of the Economic Consultative Committee of the League of Nations. The sub-committee's duties will be to pursue the study of questions on the agenda of the Consultative Committee, and to decide the position to be taken up in regard to these questions by the co-operative organisations belonging to the International Alliance.

A memorandum on cartels and trusts submitted by Mr. A. Johanson (Sweden) gave rise to considerable discussion. As a result, the Executive Committee of the Alliance was instructed to set up, in collaboration with the

Committee of the International Co-operative Wholesale Society, an Information Office which will undertake to collect whatever details concerning the the constitution and activities of cartels and trusts may be useful to the co-operative movement.

The Central Committee took note of the report of the General Secretary on the duties delegated to him, which he carried out at the two congresses held in July 1928. The first of these was the Third International Conference of Wheat Pools held in Regina (Saskatchewan), at which were present, as at the two previous conferences, delegates from the wheat pools of Canada and of Australia, and from Russian co-operators, as well as, for the first time, delegates from other agricultural co-operative marketing societies concerned with products other than wheat, and, in addition to the General Secretary of the International Co-operative Alliance, delegates from the Co-operative Wholesale Societies of England and Scotland. The Second was the Congress at Lloydminister (Alberta) of the Canadian Co-operative Consumers' Union.

On the motion of Mr. Lustig (Czechoslovakia) the Central Committee adopted the following resolution :—

" The executive of the International Co-operative Alliance takes note of the report of the General Secretary.

The information gained by the General Secretary in Canada confirms the urgent necessity of establishing a collaboration between the organisations of consumers and those of agricultural producers.

Such a collaboration can only be realised on a basis of complete parity of rights of both parties. Rights and duties must be equally distributed.

The pools in Canada play an important part in Canadian agriculture, where production has a decisive influence on the situation of the world market. Unfortunately, the whole distribution is under the sway of the market organised by privately owned capital, so that the values created by the investment of agricultural labour undergo depreciation caused by unscrupulous machinations of the Grain Exchange.

In order to remedy this, however, concerted action by the world co-operative movement is required, so that agricultural production may be saved from world speculation and so that the necessary world trade in wheat may, with the help of the world organisation of consumers, be placed on a co-operative basis.

In this way the farmer will receive a just remuneration for his work and the consumer will obtain a product not increased in cost by intermediary trade.

The Executive of the International Co-operative Alliance approves the report of the General Secretary and the suggestions submitted by him and hopes that a union between agricultural producers and the consumers' organisations will develop satisfactorily."

Other Committee Meetings.

The meetings of the committee were preceded or followed by meetings of the committees of bodies auxiliary to the Alliance : the Committee of the International Co-operative Wholesale Society : the International Co-operative Banking Committee and the Co-operative Insurance Committee.

The Committee of the International Co-operative Wholesale Society resolved to establish in London an agency common to the wholesale societies of the various countries. This agency will undertake business arrangements for import or export for wholesale societies whether between themselves or on their account. According to the report submitted to the Central Committee of the Co-operative Alliance by the International Co-operative Wholesale Society, the value of direct imports of the 18 national wholesale societies belonging to it amounted to £ 54,385,949 in 1927, as against £ 45,789,869 in 1926. The value of the direct exports, ascertained for the first time in 1927, was £ 2,000,841.

The Chairman and members of the Central Committee visited the International Labour Office, where they were received on behalf of the Director by Mr. di Palma Castiglione, Chief of the Intelligence and Liaison Division.

(From the Industrial and Labour Information, 19th Nov.' 28)

IV.

THE INTERNATIONAL LABOUR ORGANISATION

Correspondent's Office in India.

The International Labour Office has just opend a Correspondent's Office in India.

The setting up of this office was decided on by the Governing Body of the Office, for the purpose of tightening the existing bonds between India and the Organisation. The Delhi Correspondent's Office will facilitate relations between the International Labour Office and the public services and industrial associations of India. It will also serve as a permanent centre for information and documentary material.

The opening of this office in India, as well as the visit of Mr. Albert Thomas to the Far East, go to show the importance which the International Labour Office attaches to labour problems in far-off countries, and the world-wide nature of its work.

(From the Industrial and Labour Information, 26th Nov. 28.)

GOVERNMENT ORDER.

G. O. No. 2366, (Law and Education) 8th December 1928.

Abstract.—Libraries—Grants—Distribution—Sanctioned.

ORDER :—

The Government sanction the proposals of the Director of Public Instruction for the distribution of grants for public libraries as shown in the annexure to these proceedings. The grants should be spent on equipment, especially on books, but not on buildings.

(Sd.) J. VENKATANARAYANA,
Secretary to Government.

ANNEXURE.

District.	Name of the local body.	Name of the library.	Amount of grant sanctioned.
Kurnool ...	Registrar of Co-operative Societies, Madras.	1. District Council of Supervision, Kurnool.	50
Tanjore ...	Do. ...	2. Hood Co-operative Institute, Ltd., Tanjore.	400
The Nilgiris ...	Do. ...	3. The Nilgiris Public Servants' Co-operative Society, Ootacamund.	200
East Godavari..	Do. ...	4. Alamuru Local Co-operative Union Ltd., Alamuru.	200
Madras ...	Do. ...	5. The Madras Provincial Co-operative Union, Royapettah.	400
Kistna ...	Do. ...	6. Ram Mohan Library attached to the Ghantasala Co-operative Society, Kistna District.	100
South Arcot ...	Do. ...	7. Co-operative Supervising Union Ltd., Villupuram.	100
Do. ...	Do. ...	8. South Arcot District Central Co-operative Bank, Ltd., Cuddalore.	200

District.	Name of the local body.	Name of the library.	Amount of grant sanctioned.
South Kanara...	Do. ...	9. Hosdrug Co-operative Society, Hosdrug, (Post) Kunhangad, South Kanara.	50
Do. ...	Do. ...	10. Hosdrug Co-operative Union, South Kanara.	25
North Arcot ...	Do. ...	11. Vellore Co-operative District Council of Supervision.	150

Forwarded to the Registrar of Co-operative Societies.

(By order.)

(Sd.) K. M. VASUDEVAN,
Superintendent, Law Dept.

No. 322 F/29.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES,
MADRAS,
7th January 1929.

Copy of extract to all applicants.

(By Order).

T. R. RANGANATHAN,
Ag. Manager,
14—1—29.

Co-operative Central Banks in the Madras Presidency.

Review of Administration Reports for the year ending 30-6-1928.

BY THE HON'BLE MR. V. RAMADAS PANTULU.

III

Administration reports of 20 central banks have already been reviewed. This review of the remaining 10 Central Banks for the year 1927-28 finishes the task allotted to me by the Editor. Of the reports under review, two are from the Tamil districts, two from the Ceded districts and the remaining 6 from the Circars.

The statement on page 449 exhibits the position of business as on 30-6-1928 of the ten Banks referred to above.

Membership, Share Capital and Reserve Fund.—As in the case of other Banks, the Society shareholders out-number the individuals, and the share capital contributed by societies is very much in excess of that contributed by individual shareholders. The Reserve Fund of every one of the Banks except Vellore is very small in proportion to the working capital. The Reserve Fund of the Vellore Central Bank is nearly a lakh and a quarter.

Working Capital.—The working capital of these ten Banks is 141 lakhs. The Rajahmundry Central Bank is the smallest in the Presidency with a working capital of about a lakh and three quarters. The question of amalgamating it with one of the other banks in the District is worth considering. About 30 per cent of the borrowings of these banks is from local bodies. There are considerable amounts of Local Board Deposits in the banks at Ellore, Amalapuram, Kurnool, and South Arcot. The Ellore, Aska, Amalapuram, Hospet and N. Arcot Banks have borrowed very substantial amounts from the M. C. U. B. The Cocanada Bank had surplus funds to the extent of about 4 lakhs, a portion of which was invested in the M. C. U. B., and the balance outside, that is, in Joint Stock Banks.

Loans to Societies.—As usual in the Circars, the greater portion of the loans is for short term. It is stange, however, to note that the proportion of one-year loans in Aska and Berhampore is very small, though the bulk of the loans is for terms not exceeding two or three

years. The two Arcots as well as the Ceded Districts Banks issue very large amounts of Long Term Loans.

It is gratifying to note that in the Aska Bank, there were no appreciable overdues either under principal or under interest. The overdues in the Circars Banks, except Cocanada, are very small when compared with those of the other Banks in the Presidency. The two Arcots have the largest amount of overdues of about 7 lakhs each. All the Banks have published Union-war statements of overdues. The Report of the South Arcot Bank contains many additional statements showing the actual position in great detail and furnishes an instructive study of the financial position in the District.

Here are some interesting figures regarding defaulting societies. In the North Arcot District, out of 695 indebted societies, 368 have overdues to the Central Bank, whereas in South Arcot District, out of 573 indebted societies, 397 were defaulters. Similar information is not available from the other Banks' Reports.

Administrative Section and Inspection.—None of the ten Banks has started an administrative section. The Reports of Vellore and South Arcot refer to the work of the Federations. The Report of the former mentions that the special staff of the Federation attend to rectification of societies in six Union areas, and that the Federation proposes to employ additional staff during the current year. It does not appear how the bank keeps itself in touch with the federation's work. The Report of the South Arcot Bank, however, states, "what was actually achieved by the Federation during the year under review in facts and figures is not known to us yet." The Directors of the Amalapuram and the South Arcot Banks inspected a few societies during the year.

General Features.—As, with this instalment, my review comes to a close, it is well to call attention to certain outstanding features in the working of Central Banks. The most important question is one of overdues, which are increasing year by year. In some Banks the overdues have risen to disquieting proportions. The Tamil and the Ceded Districts Banks with one or two exceptions, issue mainly long term loans and have large overdues. The Circars issue more short term loans and the overdues are not quite so heavy as in other parts of the Presidency. It is doubtful how far a one year or a short term loan as it is called is utilised for financing agricultural operations. More effort should be made to ascertain this fact and every endeavour should be made by co-operators to promote agricultural finance through co-operative societies, The investing public and the provincial bank will, I believe, be glad to have information in the Banks' reports on two additional heads. One such is the amount of a Central Bank's money lent to societies and invested by the latter in mortgage loans. Figures for a whole district can no doubt be had from the Registrar's Annual Report, but they are not bankwar, nor do they separate the societies' own money from that of the Central Bank. The other head of useful information will be a statement distributing the money lent out during the year over the several classes of societies as they stood classified in the Registrar's Annual Report for the previous year. This will show how much of the banks' money was absorbed by the good, indifferent and bad societies respectively during the year.

It is observed that a few banks with their areas of operations extending to one or two taluks, like the Amalapuram, Ramachandrapuram, and Aska Banks, show comparatively better results than the Banks whose area of operations is a large Revenue District. It is too soon to say whether the results are solely due to the smallness of area. It is worthwhile considering whether it may not be advisable to start branches of Central Banks in those parts of the Presidency where the area served by a single Bank is far too large to be managed efficiently.

Banks have to put co-operative finance on a sound basis. In one province, a newspaper published an article regarding the unsatisfactory working of Co-operative Societies as a result of which there has been considerable fall in deposits. It must be the endeavour of every Central Bank that a similar situation is not created in this Presidency.

Bank.	Number of Share-holders		Paid up Share capital of		Total paid up share capital.	Reserve Fund.	Working capital.	Loans to Societies.	Overdues.		Loans issued in 1927—28.	
	Indivi-duals.	Socie-ties.	Indivi-duals.	Socie-ties.					Princi-pal.	Interest.	Long term.	Short term.
Berhampore ...	74	278	21,350	29,509	50,859	10,126	5,73,810	5,42,896	43,535	1,204	3,12,140	31,080
Aska ...	12	234	1,450	68,709	70,159	6,917	6,88,264	6,39,180	Nil.	Nil.	3,29,460	13,680
Coconada ...	118	133	24,600	53,100	77,000	20,792	8,44,920	4,84,324	1,04,276	2,582	59,710	3,41,852
Rajahmundry ...	30	43	8,300	7,950	16,250	2,847	1,78,310	1,56,171	7,067	253	80,100	36,224
Amalapuram ...	52	119	...	...	1,28,700	14,350	15,09,329	14,23,206	27,427	Nil.	4,52,830	5,58,695
Ellore ...	41	212	21,300	1,11,245	1,32,545	31,377	15,06,443	13,96,778	36,290	712	5,37,080	7,33,060
Hospet ...	134	266	22,099	1,40,262	1,62,361	16,838	10,51,410	9,18,588	2,69,376	4,645	3,15,180	55,471
Kurnool ...	78	257	15,560	80,947	96,507	25,447	8,30,068	7,16,829	1,21,260	167	2,33,645	44,030
North Arcot ...	86	711	98,550	2,90,700	3,89,250	1,23,241	40,32,068	37,83,380	6,74,883	1,970	11,27,447	2,08,982
South Arcot ...	111	644	49,408	2,67,439	3,16,847	58,129	28,92,000	28,27,000	6,40,525	10,374	8,11,963	1,05,456

THE DANIEL HAMILTON PRIZES.

Four prizes are offered to the best essays on the undermentioned subject:—

"How the co-operative movement, combined with the issue of a sound paper currency based not on gold and silver, but on organised reliable labour and the assets which that labour will create, will provide plenty and employment for all, and unify india."

The four prizes mentioned above are as follow:—

1st Prize	... ...	Rs. 500
2nd Prize	... ...	,, 300
3rd & 4th Prizes	... ...	,, 100 each.

These prizes are due to the generosity of Sir D. M. Hamilton, whose interest in India, especially in the poor of India, has been so admirable through a long life of much useful service to our country.

The competition is limited to 'South India' which includes the Madras Presidency, Mysore, Travancore and Cochin.

The prizes will be awarded on the judgment of:—

1. The Hon'ble Mr. Ramadas Pantulu Garu B.A., B.L., San Thome, Madras.
2. T.K. Doraisawmy Iyer Esq., M.A., Professor of Economics, Presidency College, Madras.
3. K. T. Paul Esq., B.A., O.B.E., National General Secretary, Y.M.C.A. 5, Russell Street, Calcutta.

Candidates should submit their essays by registered post to Mr. K. T. Paul before the 1st of March 1929.

EDITORIAL NOTES.

Change in the date of publication of the Journal.

Our readers would be glad to be told that arrangements are made to publish the Journal of Co-operation on the 1st of every month from February. It has been brought to our notice that some readers have been complaining about the fact that our Journal is getting published on the last day of every month so that by the time they get it, it becomes next month. Just to avoid this we have made the alteration suggested above. Our next issue will appear on 1st February. We hope our readers will welcome this change.

Agriculture as an Industry.

An economist of America, writing to the American Bankers' Association Journal, pleaded for the Banks' considering agriculture as an industry and appealed to them for continuous and efficient support and not to be satisfied with intermittent efforts to aid. Among the co-operators of our Presidency, Rao Bahadur A. Vedachala Iyer has always been taking that view and has been urging that for effective reorganisation of agriculture, same principles as applied to any other industry ought to be applied to this primary industry of the land. We hope the banks not only of America but of our country also will have this change of outlook.

A Distinguished Visitor.

The P. C. U. was at home to Mr. V. L. Mehta of Bombay during his short stay at Madras. The prominent Co-operators of the City were invited for the function and also the leading officials of the Department who were then in Madras to attend a conference of Deputy Registrars at the Registrar's Office. On behalf of the P.C.U. in a few well chosen words Prof. S. K. Yegnanarayana Iyer complimented Mr. Mehta on his splendid service to the movement.

Speaking in a general way about his impressions of the movement in this Presidency, Mr. Mehta said that greater attention was being paid to the ryots in the villages here than in Bombay by granting them long term loans though that has recently experienced a check, and by the liberal grants made by the Apex and the Central Banks for rural reconstruction work. He also spoke highly of our attemps to start land mortgage banks and our conducting training classes in 5 or 6 centres as contrasted with those of Bombay which were intended for the benefit mainly of secretaries of primary societies, He also advised us not to make much of the differences between federations and central banks as both of them had ultimately the welfare of the movement at heart.

Painfully conscious as we are of our own defects, it is sometimes encouraging to hear the little that we have done praised by others. We hope the good work mentioned by our distinguished visitor would be carried on with increased enthusiasm and vigour.

State Help for Co-operation.

We in this country are accustomed to look to the State for everything, and a casual perusal of the resolutions passed at various Conferences will convince anyone of this tendency of ours. We certainly do not hold the view that we are not entitled to State-help. Far from it. The State is not an abstract entity apart from the people and all its resources should be unreservedly placed at the disposal of the people for their betterment. The nation-building Departments, therefore, have got the first claim upon the resources available and yet sometimes it does us good to read statements like the following:

> "The greatest achievement of the Co-operative Movement," says the Rt. Hon'ble Philip Showden, M.P., in 'The Faith of a Democrat', "is not the wonderful trading organisation it has built up, but the fact that the Movement has sprung from the people, is directed by the people, and is for the people. It has received no help from the State; it has only asked from the State the freedom to manage its own business."

Grants for Education and Propaganda.

The P. C. U. is very grateful to the M. C. U. B. for the grant kindly given by the latter. In this it is merely following the high traditions of some of the important institutions of the West. The National Co-operative Men's Guild has been getting grants from the C. W. S. and recently we were delighted to read from our contemporary, the Canadian Co-operator, that the International Co-operative Alliance has given a grant of £500 to the Co-operative Union of Canada. In making this offer, Mr. May, the General Secretary of the I. C. A., writes as follows :—

> "The Central Committee of the I. C. A. hope that you would not think it out of place that they should manifest some interest in the direction in which you would use this money.
>
> They feel that the co-operative spirit in Canada has received an important impulse from the organisation of the Wheat Pools and judging from the reports they have received it seems to them that the influence might well be used to the advantage of Consumers' Societies.

> It is their hope, as it is the settled policy of the I. C. A, that good relations and common endeavours towards the co-operative ideal might grow into an effective union of effort for the common well being.
>
> My Committee do not however presume to place conditions upon the receipt of their modest contribution, and they express their confidence that their fraternal gesture will be used to increase the solidarity of International Co-operation."

We hope this good example would be followed by all financing institutions in favour of all educational and propagandist institutions, because without education and propaganda the movement will not reach the masses and the little we have done is nothing compared with what we have yet to do. As our Canadian contemporary remarks :

> "We ought to be applying ourselves on a national scale to co-operative propaganda and publicity, to the instruction of the public not only in our methods but in our philosophy and our aims. We should encourage our societies to be generous in their appropriations to educational purposes, systematically to undertake the education of their members, and to carry it to the ranks of the public in their respective localities not at present in the co-operative fold."

House-building Societies in Madras.

We have received a copy of the annual report of the Madras Co-operative Government Servants' Co-operative Building Society at Shunmugapuram. These officers of the department who call themselves 'gardeners' wanted to have the fruits of the movement to be enjoyed by them also; and hence this enterprise. It is a record of successful combination by middle class people to own houses of their own. The Gopalapuram Society situated just opposite to Shunmugapuram was the pioneer so far as the City of Madras is concerned and we hope these two brilliant examples will induce many more house-building societies to be started in the city.

In this connection we would like to throw out a suggestion having some bearing upon this matter. The house-building societies in our Province are associations of men who combine to enable them to get Government loan and who ultimately hope to become the owners of the houses they build. The Government with its limited resources will not be justified in lending money at a comparatively cheap rate to rich landlords who want to build houses and let them out to tenants at high rates of rent. Between these two extremes of the rich landlord having his eye upon rent only and the middle class member who aspires to become the owner of a house, there is a *via media.* Housebuilding societies may be started whose special object should be to build houses and let them out to tenants with the option of purchasing the house they occupy. In the case of poor people, it may not be possible for them to own, each his own house, but if hundred of them join together and raise some money, with the help of Government loan they may be able to build flats which could be so constructed as to afford convenient tenements and if each poor man continues to pay, he will have a better house to live in with the additional prospect of owing it if he is able to pay for it. We wrote a note upon an organisation which is working successfully more or less on these lines in New York*. We are glad to learn from 'Co-operative Information, published by the League of Nations that at Stockholm the idea has again been put into practice. When Co-operative house-building societies are now able to give to their members for the same rent as they were paying before better and more sanitary accommodation, this method of collectively solving the house problem is well worth a trial at least in cities like Madras. It may be taken up in the first place by associations of intelligent workers as, for example, the Bar Association or the Madras Teachers' Guild.

An Unexpected Windfall.

It is a well-known fact that if you patronise a private retail merchant, all the gain arising from your transaction with him go to him, whereas if you purchase the same articles from a co-operative store of which you happen to be a member a good deal of the profits come back to you. This truth is very often forgotton by most of the co-operators whose enthusiasm, genuine and active in the case of other aspects of co-operation, does not find in the consumers' movement any object worthy of it.

The Triplicane Stores, the premier institution in all India, has been getting on sometimes well, sometimes indifferently. In recent times it has expanded its activities and is increasing the number of its branches. The citizens of Madras will be able to appreciate the benefits accruing to them from being members of such an organization, if they come to know how greatly persons are benefited by being members of the stores. We give below an actual historical fact which came to our notice some days back.

The Ramakrishna Students' Home has been a member of the Triplicane Stores for the past many years and has been a loyal member also. For various reasons which we need not dilate upon now, the Home ceased to get the annual dividend based upon the purchases made. Recently when an attempt was made to enlist their sympathy, the authorities of the Home complained about their not receiving any

* Page 328, Feb. 1928: See Note entitled 'Not a Romance but a Fact'.

dividend at all and the matter was enquired into. We are glad to be able to announce that as a result of the loyalty of the Home to the Stores during the past 7 or 8 years when it has not been getting the dividend but making purchases, the annual dividend declared has been accumulating and the Home has to its credit up to 30-6-26 (the period for which accounts have been passed and audit certificates issued) the sum of Rs. 421-13-3. It started with a share capital of Rs. 20 and according to the rules of the Triplicane Stores the unclaimed dividend has been added to the share capital so that the Home has now a share of Rs. 441-13-3. Anamolous as it may appear, it is nevertheless a truth that the more you spend upon the stores the more you gain and here is a practical illustration of it drawn from the records of the T. U. C. S. and not from our imagination. Will our readers ponder over this revelation and patronise the Stores more loyally wherever they exist and start consumers' societies where they do not exist? We hope they will.

The consumers' habit of purchasing on credit and the non-realisation by them of the loss sustained by shortage in measure or weight and inferiority in quality in purchasing from the ordinary grocer, are the chief obstacles to the growth of the Store. We are inclined to agree with the Registrar of Bombay in his diagnosis for the nonsuccess of the Store Movement there and his reasons seem to be of general applicability. He says, "In the ordinary Indian household, there is no systematic plan of expenditure and most people, rich and poor, have got into the habit of buying on credit. Credit is the rock on which most of the attempts at organising efficient concerns are shattered. It must also be confessed that the average purchaser of commodities is a very gullible person unable to appreciate the cumulative effects of smaller weight and lower quality that he almost invariably gets when he buys on credit from a grocer. He, however, imagines that he is getting better rates and better facilities from his grocer and promptly stops buying from the Store."*

* *Vide* Annual Report of Bombay, 1927-28, Pages 48-49.

TO EDIEANA.

There is nothing that I would not do for you
As the sea-waves race and roar the daytime thro'

Flooding the proud rocks in a ceaseless roll
Even so your love is ever surging in my soul

Until my life is one long round of you. . . .
. Oh! there is not one thing I would not do

To bring the love-smile to your radiant eyes
And win the splendour of your pleased surprise

I'd swiftly travel over land and sea
To bring a love that's pure and sweet to thee,

Or lure the Nightingale to sing his song
Outside thy chamber window all night long.

I'd cull a promise from the morning breeze
To croon thee all his sweetest melodies.

Oh! Theres not a thing I would not do
If I thought it would bring joy to you!

In sickness I'd bring roses, pale and sweet,
And fondly lay them at your dainty feet,

In health I'd bring thee all that Life could give
To urge in thee the strong desire to live,

Wealth, faith, honour, trust, I'd give them all
Just to be there to answer when you call,

Oh yes, I'd give my all, and never rue
What I might give in my great love for you!

LELAND J BERRY.

Provincial Co-operative Banks.*

THEIR CONSTITUTION AND WORKING.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK.

The apex bank for the Bombay Presidency is the Bombay Provicial Co-operative Bank, which was started on 11th October 1911, its name at the time of registration being the "Bombay Central Co-operative Bank." When this bank was started in 1911, there were not in existence in the Bombay Presidency any central banks started for the specific purpose of making advances to co-operative societies and acting as their balancing centre. The area of operations of the Bombay Central Co-operative Bank, therefore, extended all over the Presidency. It was only after the year 1911 that any systematic attempts were made in the Bombay Presidency to start central banks in the districts; but until 1920, this process of development was not well organised. It was only after 1920 that the formation of central banks for the various districts was decided upon as an integral feature of financial policy. When this policy was enunciated, it was also arranged that the Bombay Central Co-operative Bank should change its name into the Bombay Provincial Co-operative Bank so that in areas where District Banks came to be started it should cease to function as a central bank and assume the role of an apex bank for those district banks. Accordingly, the name of the Bank was changed in 1923. But even now, the Provincial Bank continues to function as a central bank in 7 districts of the Presidency and has also dealings with primary societies direct in 3 other districts through its branches. The detailed arrangements in this respect have been explained in a note on the "Branch system of the Bombay Provincial Co-operative Bank" published in the December issue of this Journal.

CONSTITUTION AND MANAGEMENT.

The membership of the Provincial Bank is open both to individuals and co-operative societies including central banks. The membership at the end of 1927-28 consists of 692 individuals and 1234 co-operative societies (16 central banks, 1183 agricultural credit societies and 35 agricultural non-credit societies). The respective figures of share holding are Rs. 8,27,400 and Rs. 4,37,200. When the Bank was started, there was only one society among its original members; but from the second year of its starting, arrangements were made to procure, for

* The 1st contibution under the same heading appeared in the previous issue.

societies dealing with the Bank, shares from individual shareholders. This was necessary as the share capital of the Bank was fully subscribed when it commenced its operations. When the share capital was increased in 1924 and 1926, the bulk of it was reserved for primary societies and central banks.

The management of the Bank is vested in a Board of Directors consisting of not less than 5 and not more than 15 members. The Board of Directors, subject to the proviso referred to below, is elected annually at the General Meeting of the Bank, but retiring directors are eligible to re-election. Originally, there was no provision made for the election of Directors representing member societies or central banks. But since 1920, the convention was introduced of having 4 directors representing central banks from the 4 linguistic divisions of the Presidency. In 1925, it was decided to incorporate this arrangement in the bye-laws and a special electorate was created giving representation to central banks on the basis mentioned above, provided they subscribed to the share capital of the Bank in the proportion of 1/10th of their own paid up share capital. A similar electorate was also created for urban banks with a working capital of Rs. 50,000 and over, which were entitled to elect one director to the Board. Two seats were reserved for districts representing primary societies dealing with the Bank. But no separate electorate was constituted and the elections of these two districts are at present conducted at the general meeting on the basis of the recommendations received from the Advisory Committees of the various branches which are called for in advance. The present strength of the Board of Directors is 14, 7 Directors representing societies and banks as noted above and 7 representing individual shareholders. The chairman is elected by the Board itself. The Board of Directors usually meets once a month; and for the disposal of ordinary business, a sub-committee is appointed which according to the bye-laws may consist of two members, though the present strength is 7. This Committee meets at least thrice every month. The day-to-day work of the Bank is attended to by the Managing Director and the Manager, who are both full-time officials of the Bank. The Bank has 21 branches started in 8 districts of the Presidency and an agent is appointed to look after the working of each of these branches. Advisory committees are associated with the Branch agents to help and guide in the work of the branches,

The assets and liabilities of the Bank, as they stood on the 30th September 1928, are as under:

LIABILITIES.			
Capital ...	12,69,100	0	0
Reserve Fund ...	93,879	0	0
Reserve Fund for doubtful debts...	1,30,000	0	0
Premium on debentures ...	5,720	0	0
Sinking Fund for debentures ...	3,16,480	12	8
Societies' Share of divisible fund ...	22,595	13	0
780, 4% mortgage debentures of Rs. 1,000 each ...	7,80,000	0	0
Fixed Deposits ...	115,94,801	3	11
Current & Savings Bank deposits ...	48,53,971	14	11
Loans from Govt. (Under Co-op. S.L. Imp: Rules)	4,76,830	10	0
Staff Provident Fund ...	69,347	8	7
Interest payable ...	2,43,759	15	5
Sundries (including unadjusted branch balances)	3,31,303	8	5
Unclaimed dividends ...	12,004	7	6
Profit and Loss Account ...	1,36,083	3	10
	203,35,878	4	3

ASSETS.			
Cash at Head Office and branches ...	1,05,787	4	0
Cash in Banks in current and call account ...	2,99,798	0	6
Deposits with approved banks ...	50,72,000	0	0
Investments in Govt. securities, Corporation bonds at or under market rates ...	51,44,804	10	7
Sinking Fund investment in Banks' Debentures, Govt. of India securities and cash with Imperial Bank...	3,16,480	12	8
Loans to Co-op. Societies including balance of cancelled societies ...	80,95,467	1	10
Cash credits and overdrafts to Co-op. Societies and banks ...	2,69,681	9	3
Land Imp. Loan a/c	4,62,925	5	10
Other advances to Co-op. Societies against seed, manure etc. ...	57,149	14	2
Agri. implements, cotton and other seeds on hand ...	21,348	4	0
Safes and Furniture	24,008	4	0
Land and Building	18,830	0	0
Interest receivable.	3,83,494	5	11
Sundries (including unadjusted branch balances) ...	64,102	12	4
	203,35,878	4	3

COMPOSITION OF WORKING CAPITAL.

Shares. The Bank started its transactions with an initial share capital of Rs. 7 lakhs divided into 14,000 shares of Rs. 50 each, on which Rs. 15 only was paid up at the start. The balance of Rs. 35

was called up before 1914. This share capital was increased in 1923 by a further issue of 6,000 shares of the same denomination, but these were being fully paid up on allotment. Another issue of 6,000 shares on the same basis was sanctioned in 1926. But out of this issue 618 shares are still reserved for primary societies which have borrowed from the bank or may borrow in future.

Debentures.—Under its original agreement with the Secretary of State for India in Council, the Bank is authorised to issue debentures upto a maximum amount of Rs. 20 lakhs provided that the amount of issued debentures at no time exceeds thrice the paid up share capital. The debentures are all of the denomination of Rs. 1,000 and are issued in the form of bearer bonds with interest payable half-yearly against coupons attached to the bonds. The rate of interest is 4 per cent and this is guaranteed by the Secretary of State until the debentures are redeemed. The maximum period of redemption is 42 years, although the Bank is entitled to redeem the debentures after 28 years from the date of issue.

A sinking fund is created before the profits are arrived at, the contribution varying from 1 to 2 per cent of the amount of debentures outstanding on the basis of the average rate of interest charged by the Bank on its lendings. The debentures are secured on the general and floating assets of the Bank and a Board of Trustees is appointed consisting of one representative of the Bank, the Accountant-General and the Solicitor to the Government. The Bank has issued three series of debentures which all rank *pari pasu* and the total amount of debentures subscribed is Rs. 7,30,000. The sinking fund for the redemption of the debentures, which is invested separately in securities lodged with the Accountant-General, amounts to Rs. 3,16,480. It is proposed to issue a fourth series of 500 debentures specifically earmarked for the purpose of making advances to co-operative land mortgage institutions. The Government have agreed to take up the whole of this series at 12 per cent discount.

Deposits.—Out of the total deposits of Rs. 1·65 crores held by the Bank, Rs. 1·15 crores are held from central banks and primary societies. On Fixed Deposits from co-operative institutions the rate of interest is ½ per cent more than on deposits from individuals. The bulk of the fixed deposits are for 1 year and under and the rate of interest paid on these is 4½ per cent for 12 months. On current account the rate of interest is 2½ per cent at the Head Office in Bombay and 2 per cent at the branches. Interest is paid on savings deposits at the rate of 4 per cent on minimum monthly balances both at the Head Office and at the branches. Societies financed by the Bank through its branches are

expected to open current accounts wherever possible and convenient to issue loans to the borrowing members by cheques on such accounts.

Arrangements with the Imperial Bank of India. The Bank had a cash credit of 8 lakhs with the Imperial Bank of India, one of 4 lakhs at Bank rate and another for a like amount at a fixed rate of 6 per cent. As these credits were not being utilised, the former arrangement has been discontinued. The credits are allowed on the security of the Demand Promissory Notes of primary societies financed by the Bank, and interest is charged only on the actual drawings.

EMPLOYMENT OF CAPITAL.

Loans to Primary Societies. As mentioned above, the Bank deals with primary societies and banks. The number of primary societies financed is 1200 (?) and the majority of these transact their business with the Bank through its branches. The credits of the affiliated societies are fixed at the beginning of the agricultural season on the basis of the statements of normal credits of members prepared by them; and within the limit of the maximum credit thus allowed, the societies are entitled to draw according to their demand through their branches. The rate of interest is 7½ per cent for A or B class societies and 8 per cent for other societies. Interest is received once a year during the agricultural season. The periods of loans are fixed according to the purpose for which they are drawn, but the bulk of the advances, being for agricultural purposes, are repaid within short periods. Out of these total advances of 90 lakhs shown in the Balance Sheet, Rs. 80 lakhs represent outstandings with the primary societies.

Advances to Central Banks: Out of the 20 central banks in the Presidency, 6 started in Sind deal with the Central Bank in Karachi as their apex bank and of the remaining banks, only 6 have permanent arrangements for credit with the Provincial Bank. Small cash credits varying from Rs. 10,000 to Rs. 50,000 are sanctioned to the banks to be drawn upon at call and larger limits are sanctioned according to demands to be drawn upon at short notices. In addition to their own pronotes, the central banks pass on promissory notes or bonds of their affiliated societies.

Only two central banks borrow regularly from the Provincial Bank every year. The remaining central banks are plus banks practically throughout the year. All of them, however, have arrangements for cash credit or overdrafts on the security of their deposits in the Provincial Bank or of government securities held by them. Cash credits against Government securities are allowed at

½ per cent more than the Bank rate and against deposits at 1 per cent over the deposit rate. Advances on the security of the societies' pronotes are made at a fixed rate of 7 per cent payable annually. Cash credits and overdrafts have also been granted to urban banks and trading societies on pledge of goods or against their investments in securities or deposits.

Land Improvement Loans.—The Provincial Bank acts as the intermediary for the grant of loans under the Land Improvement Loans Act to members of co-operative societies according to rules framed in 1922. Such members can get these advances through their societies and the allotment sanctioned by the Legislative Council is placed every year at the disposal of the Provincial Bank to which applications are referred. For drawings made out of this allotment, the Provincial Bank pays interest at 5½ per cent to Government and it charges 5¾ per cent on advances made to central banks for their affiliated societies and 6 per cent for advances made to primary societies dealing with it. The rate of interest for individuals is 6¼ per cent, the same as for ordinary borrowings through the revenue authorities. The amount invested under this was Rs. 4,63,000 on 30-9-28.

Purchase and Sale.—Under its bye-laws, the Bank is permitted to purchase agricultural requisites required by members of its affiliated societies and to sell on commission the agricultural produce of such members and this business is being conducted practically at all the branches of the Bank. The amount invested in this at the end of September last is Rs. 80,000. The Bank is also authorised to make advances on such agricultural requisites and produce and to do similar purchase and sale work for artisans' societies.

Surplus funds. On 30-9-28, the Bank had nearly ½ a crore invested in Government securities and ½ a crore in deposits with joint stock and exchange banks approved for the purpose by the Government of Bombay. Out of these deposits, 3 lakhs are with the Provincial Bank of another province and ¾ lakhs with a central bank in an Indian State, specifically approved for the purpose. The repayment season of the Bank commences in December and continues till about April. The demand for funds reaches its maximum between June and September.

Division of profits Since the commencement of its working, the Bank has distributed dividends to the shareholders at a rate not less than 6 per cent. This rate was gradually raised to 6½, 7 and 7½, and dividends have been allowed at 8 per cent since 1926. According to a clause in its agreement with the Government, after dividends have been

paid to the shareholders, the remaining profits are to be shared equally between the shareholders and the primary societies, the allotments to the shareholders including any addition made to the Reserve Fund. Under this arrangement, a rebate fund is built up to be distributed triennially to the borrowing societies in proportion to the amount of interest paid by them to the Bank, and the effect of this distribution during the last triennial period has been to reduce the lending rate of the Bank by ½ per cent. In view of the provision made for a sinking fund, the Bank has been exempted from the section of the law making it obligatory for 25 per cent of the annual profits to be allotted to the Reserve Fund every year. But small contributions are made to the Reserve Fund from time to time and also to a special reserve for doubtful debts. The total of the reserves and other funds is Rs. 23,000.

Audit and Supervision. The accounts of the Bank are audited by Messrs K. A. Aiyar & Co., Incorporated Accountants, Bombay, elected by the shareholders at the general meeting; in addition, the accounts are audited by a Special Auditor, belonging to the staff of the Co-operative Department, who submits an annual report to the Registrar on the audit both of the Head Office and branches of the Bank.

THE BENGAL PROVINCIAL CO-OPERATIVE BANK.

The eystem of the force. This Bank was registered in the year 1928 under the Co-operative Societies Act II of 1912. The objects for which the Bank is established and the purposes for which its funds may be applied are ;—

(*a*) To finance the Co-operative movement in Bengal.

(*b*) To grant loans or advances to members and to carry on Banking business with Co-operative Societies.

(*c*) To carry on other business of Banking subject always to the provisions of the Act and the Rules.

Management. The Board of management is constituted of 18 members including the Chairman, representation being three from each Division and three being elected from outside.

The nominal capital of the Bank is 40 lakhs of rupees which is divided into 80,000 shares of the value of Rs. 50 each. The capital of the bank may be increased by a resolution of a general meeting specially convened for the purpose of considering the question and approved by the Registrar of Co-operative Societies. Shares are held only by registered societies in the Presidency of Bengal. Central Banks holding such shares are entitled to obtain loans or cash credit account subject to the rules framed by the Board of Directors from time to time.

Shares are subscribed for in full. For every share Rs. 25 is payable on application and the balance of Rs. 25 is treated as the reserve liability of the shareholders.

Assets and Liabilities. A copy of statement of Accounts for the year ending December 1927 is enclosed herewith. Fixed deposits are accepted both from the members and the public. The present rates of interest on such deposits are 5 per cent on deposits for one year, 5½ per eent on deposits for two years and 6 per cent on deposits for three years. Interest on Savings Bank deposits is allowed at 4 per cent on the minimum monthly balance. On current accounts the Central Banks and societies are allowed interest at 4 per cent. Private persons are not allowed to open current account with this Bank.

This Bank has a cash credit account of Rs. 31,44,858 with the Imperial Bank of India at Bank rate against G. P. notes deposited with the Imperial Bank for Rs. 1,89,000. Besides this a temporary advance solely for crop requirements by way of cash credit up to a certain limit (10 lakhs was taken in 1928) is taken from the Imperial Bank against pronotes of Co-operative Central Banks duly endorsed by this bank in favour of the Imperial Bank. The account is opened in the middle of each year and closed on or before 31st December of the same year, and it bears interest at a fixed rate of 6½ per cent per annum with monthly rests.

Surplus funds of the Bank are invested in G. P. notes in Joint Stock Banks approved by the Registrar of Co-operative Societies and in the Provincial Co-operative Banks of other Provinces.

Division of Profits. At the close of each working year of the Bank, the net profits are divided as follows and in the order given :—

(1) 25 per cent goes to the Reserve Fund in accordance with the Act.

(2) From the remainder a dividend is paid not exceeding 7½ per cent on the amount paid on shares.

(3) From the remainder a bonus may be paid to members.

(4) Any balance may be carried to any Reserve, Depreciation, Equalization of dividend, Propaganda, Inspection, or other funds as the members in the General meeting may determine provided that any sum (not exceeding 7½ per cent of the profits) may be employed for any charitable purpose determined by the General Meeting, subject to the sanction of the Registrar and the restrictions contained in the Act.

Audit. The accounts of the Bank are audited by Messrs. Ray and Ray, Chartered Accountants, Calcutta, appointed on the recommendation of the Directors,

THE BENGAL PROVINCIAL CO-OPERATIVE BANK, LTD., DRAFT BALANCE SHEET AS ON 31-12-28.

Liabilities.	Rs.	As.	P.
Imperial Bank of India Cash Credit...	189	10	7
Fixed Deposit (Members) ...	11,02,443	9	0
Funds of Members ...	4,29,693	15	0
Current Deposit ...	26,99,187	1	10
Savings Bank ...	1,64,021	14	5
Fixed Deposit (Non-Members) ...	88,20,515	8	9
Deposits at Call ...	1,54,975	3	3
Suspenses ...	2,10,714	7	6
Employees Provident Fund ...	6,312	8	6
Bank's own Funds ...	3,43,500	0	0
Industrial Development Fund ...	19,818	9	3
Shares ...	12,76,075	0	0
	1,52,27,447	8	1
Profit brought forward from last year's a/c ...	5,903	10	1
Accrued interest due to Depositors ...	3,08,485	4	0
	1,55,41,836	6	2
Profit ...	2,04,857	11	10
	1,57,46,694	2	0

Assets.	Rs.	As.	P.
Cash Credit and Loans ...	90,59,526	15	4
Investment ...	8,50,000	0	0
G. P. Notes ...	53,56,717	8	0
Furniture ...	3,407	0	0
Home Safe a/c ...	175	0	0
Cash in Bank ...	1,32,920	15	1
Closing balance ...	4,754	6	10
	1,54,07,501	13	3
Accrued Interest...	3,39,192	4	9
	1,57,46,694	2	0

THE CENTRAL PROVINCES AND BERAR PROVINCIAL CO-OPERATIVE BANK, LTD.,

The Co-operative movement started in this Province about a quarter of a century ago but as time rolled on, it was found necessary to provide a Central financing institution for the Province. The Central Banks which are lesser concerns preceded this Bank in point of time. It was experienced that while some of the Central Banks were woefully lacking in funds, others carried heavy surpluses. So in a way a balancing centre was found inevitable. In order to meet all these requirements and above all to establish a connecting link between the small co-operative bodies and the money market, the present bank was founded in the year 1911 at Jubbulpore.

To begin with, the authorised capital consisted of Rs. 5,00,000 and was divided into 400 founders' shares and 3,000 preference shares of Rs. 500 and 100 each respectively. The founders' shares were immediately sold and in order to meet the growing demand, the capital was raised in the 2nd year of the Bank's existence to Rs. 7 lakhs and the founders' and preference shares also were issued on an increased scale. Depending on the paid up share capital and the reserve liability attached to the preference shares, the Bank obtained a Cash Credit of 10 lakhs from the Allahabad Bank Ltd., Jubbulpore.

Until the year 1917, the control of the Bank rested in the hands of a body of Directors elected from amongst the individual shareholders. This conflicted with the basic principles of co-operation and it was deemed advisable to democratise the institution. As a preliminary step, the preference shares were redeemed out of the reserve funds of the Primary Societies and Central Banks and the latter were made shareholders of the Bank. Naturally their representatives began to sit on the Directorate along with those of the public. The process consummated in 1919 when the whole of the founders and preference shares held by persons other than Central Banks and Primary Societies were redeemed.

In the beginning the Bank was prevented from accepting any kind of deposits and it had to carry on its loan business from share capital and money borrowed from the Allahabad Bank, Limited, Jubbulpore, against its Cash Credit granted at 6 per cent per annum. This state of of affairs continued till the middle of 1913 when it was found absolutely necessary in the interest of the movement to allow it to accept Fixed Deposits. The deposit business of the Bank was restricted to Fixed Deposits to be held of all persons and current accounts of Central Banks

In the year 1921, the Bank introduced the Savings Bank business which like its other deposit business has become very popular amongst small investors.

The Bank authorities, finding that Jubbulpore was not the proper place for locating its Head Office, shifted it to Nagpur in the beginning of 1920. The Bank coursed its way smoothly and steadily till the end of 1920 when, owing to a wide-spread failure of crops in the Province, the reserves of the movement began to shrink. The Bank drew from the commercial banks to the hilt to feed the movement and still it found itself landed in the position of penury and depletion. At last the Government came to the rescue of the movement and placed 19 lacs at its disposal for loaning out to societies and 17 lacs in the form of a Cash Credit with the Imperial Bank of India to safe-guard the interest of the depositors. The Central Banks no doubt drew upon the resources of the Government but their drawings were limited. The Central and Provincial Banks have since endeavoured to attract as much money as possible themselves to make the movement self-supporting. In fact the present financial position of the movement is so strong that the Provincial Bank has to carry a permanent surplus of over Rs. 15 lacs after satisfying the needs of the movement and allocating sufficient money to fluid resources required to be maintained to cover its liabilities, according to the standards prescribed by the Co-operative Department.

The Present Constitution and Management.

The Bank is now composed of 34 Central Banks, 2541 agricultural primary societies, 7 urban credit societies and 40 individuals. The share holding under each head is as under :—

i.	Shares held by Central Banks	... Rs.	2,45,750
ii.	,, ,, Primary Agricultural Societies	... ,,	3,58,290
iii.	,, ,, Urban Societies	... ,,	520
iv.	,, ,, Individuals	... ,,	19,520
		Rs.	6,24,080

At the General Meetings of the Bank, the principle of 'one man one vote' is applied. The Board of Management consists of the Governor, C. P. & Berar Co-operative Federation, 34 representatives of Central Banks and four representatives of Individual Shareholders. The meetings of the Board are held twice a year. For the economic management of the Bank, the Board have delegated all powers vested in them in a small Committee, called the Managing Committee, of 5 members with the Chairman occupying one seat. The members of the Managing Committee are :—

1. R. B. M. G. Deshpande, Chairman of the Board.
2. R. B. R. V. Mahajani, B.A., L.L.B.,
3. W. B. Lakhe, Esquire, B.A.,
4. A. K. Ghatpande, Esqr., B A., L.L.B.,
5. Pandit K. P. Pande, M,A., L.L.B., M.L.C., Governor, C. P. & Berar Co-operative Federation.

The Managing Committee have in their turn, delegated all their powers to R.B.M.G. Deshpande, the Chairman of the Bank, to facilitate speedy disposal of the Bank's business. They have further delegated to the Manager and the Assistant Manager of the Bank powers pertaining to the office management, office routine &c.,

The Cash Credit of the Allahabad Bank, Limited, Jubbulpore, which was originally Rs. 10 lacs, was got reduced to Rs. 2 lacs in the year 1928, because the Bank had ample resources of its own. The Bank secured a Cash Credit of a like amount from the Bank of Bombay, Akola, in the year 1921. The former Cash Credit was available on security of Demand Promissory Notes of Central Banks while the latter on those of central banks and primary societies of Berar. Finding that Cash Credit of the Allahabad Bank was detrimental to its interest, the Bank did not allow it to continue after 1922. At present it has got the facility of overdrafts from the Imperial Bank of India at their Akola, Nagpur and Yeotmal Branches. But the Bank carrying heavy surpluses, they are very seldom availed of. The overdrafts are granted on security of Demand Promissory Notes of Central Banks and their affiliated societies and interest is charged at 6 per cent per annum on actual drawings with quarterly rests.

The Assets and Liabilities of the Bank as they stood on the 31st December 1928 are not below:—

ASSETS.	Rs.	LIABILITIES.	Rs.
Furniture and Dead Stock ...	6,034	Share Capital ...	6,24,060
Bank Building ...	37,317	Reserve fund & other reserves ...	3,60,933
Loans due by Central Banks and Societies ...	16,58,196	Fixed Deposits ...	77,50,610
Govt. securities (market value Rs. 65,06,110)* ...	66,44,532	Current & other Deposits	7,93,400
Other authorised investments ...	12.76,560	Other Items (Sundries) ...	1,42,134
Cash in hand & at Banks	38,191	Loans & overdrafts of commercial banks secured by Pronotes of Central banks & Societies and Government Paper	20,000
Other items ...	30,698	Balance of Profits of the year 1927-28 ...	391
Total ...	96,91,528	Total ...	96,91,528

*This sum includes securities of the market value Rs. 45,62,559 ear-marked against the deposits of the Registrar, C.S., C.P. & Berar amounting to Rs. 43,62,559 representing partly the reserve funds of Central Banks & Societies and partly the fluid resource of the movement & the Provincial Co-operative Bank, Ltd's reserve fund of Rs. 2,00,000.

The working Capital.—As will be seen from the Statement published, the working capital of the Bank amounted to about Rs. 97 lacs on the 31st December 1928.

The Bank receives deposits from all classes of people and from all parts of the country. It receives Fixed, Savings Bank and Current Deposits and pays interest annually on the first two classes of deposits and half yearly on the last class. The bank has established confidence in the minds of the public which is apparent from the fact that it has effectively been able to reduce its rates of interest on deposits.

Employment of Funds.—The Bank's funds are utilised primarily in making loans to Central Banks of the Province. It also makes advances to co-operative societies which are not affiliated to any Central Bank. Under its present rules, it is prevented for making loans to persons other than Co-operative bodies.

The loans are granted for fixed periods but interest is charged on the daily balance system and the borrowers are allowed to repay the loans even before due dates. The present rates of lendings are 6½ per cent for loans repayable within a year and 7 per cent on loans repayable by not more than three annual instalments.

Long Term Business.—The Bank advanced money to the Akola Central Bank in 1919, for financing some of its societies for long term. The period was 16 years. The Bank, to unload its money, issued debentures tenable for a like period. The debentures were readily subscribed for by the public but the Bank redeemed them in 1925 because it carried heavy surpluses. The land mortgage business was however, wound up by the Akola Central Bank last year, because the rate of interest chargeable to the members was fixed at 9 per cent per annum on the original amount advanced and not on the unpaid balance which worked hardship to them.

The Bank has now opened new avenues of business. It issues demand Drafts or Cheques on outstations, charging small commission, and arranges purchase or sale of Government Paper for its constituents. To facilitate this business, it has established connection with the Provincial Banks of Bombay, Bengal and Punjab and the offices of the Imperial Bank of India, at Bombay, Jubbulpore & Akola.

As will be seen from the composition of the Share Capital, we have allowed our share list open for subscription by individuals. This was done in 1926 in order to enlist the sympathies of people who have banking and commercial bent of mind.

The Bank carries surpluses all the year round. It invests them with the Apex Co-operative Banks of other Provinces and Commercial Banks of sound financial strength and whenever possible in Treasury Bills. The slack season of the Bank is from November to April while the remaining half of the year can be termed as busy season. Fortunately for the Bank, its slack season generally synchronises with the busy season of the money market and the Bank gets better rates for its short deposits, which helps it to minimise the loss consequent on surpluses.

Profits. Since its inception the Bank has made profits aggregating to Rs. 7,96,684. Out of this amount the Bank has built up a general reserve of Rs. 2 lacs, Building fund of Rs. 47,000, bad debt Reserve of Rs. 10,000 and Dividend Equalisation fund of Rs. 6,000. The Bank has all along been paying dividend at the rate of 6 per cent.

Audit. The accounts of the Bank are audited by Messrs. K. S. Aiyar & Co., of Bombay on behalf of the Registrar, C. S., once a year. The auditor is appointed by him. The daily accounts are checked by the Chairman of the Bank.