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Madras Bulletin of
Co-operation

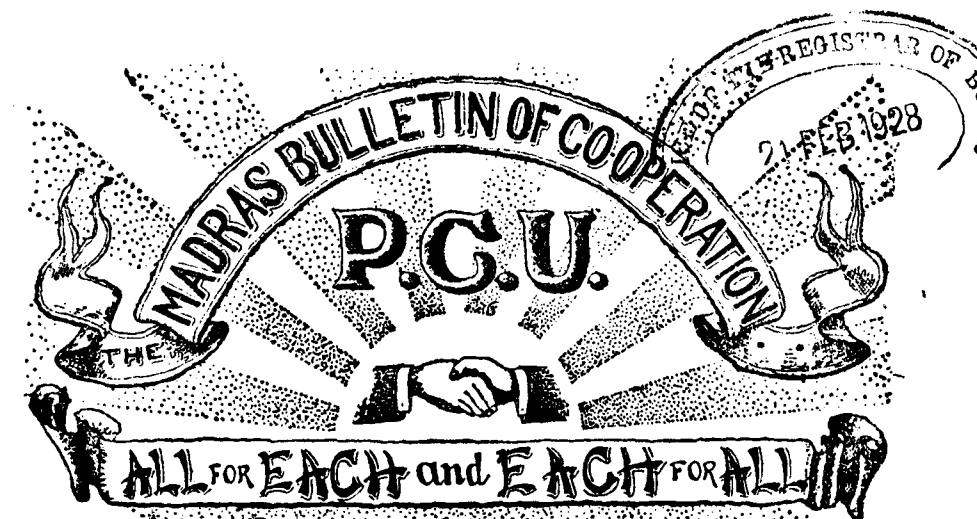
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ERRATA.

Page 220, line 17, for 'event of disagreeing' read	event of his disagreeing'.
" " 36, " 'as the failure'	" 'such as the failure'.
" " 38, " 'at some places'	" 'in some societies'.
" " 39, " 'losing credit'	" 'losing the credit'.
" 221, " 1, " 'had been roused'	" 'were roused'.
" " 8, " 'put things right'	" 'put things aright'.
" " 22, " 'the adoption of'	" 'the necessity for the adoption of'.
" " 26, " 'November'	" 'October'.
" " 31, " 'to be entrusted with'	" 'to be entrusted among others with'.
" " 33, " 'the action of Central Banks'	" 'the activities of the Central Banks'.
" 222, " 1, " 'in this province that'	" 'in this province by the official department that' etc ,
" 223, " 10, " 'connection'	" 'contact'.
" 227, " 16, " 'will not stand'	" 'should not be allowed to stand'.
" 228, " 12, " 'objectional'	" 'objectionable'.
" 229, " 23, " 'tackling'	" 'tacking'.
" " 24, " 'was inappropriate'	" 'was inappropriate and even wrong'.
" 230, " 29, " 'leavening factor'	" 'healthy and useful factor'.
" 232, " 29, " 'emphasis'	" 'emphasise'.
" 234, " 36, " 'nornally'	" 'normally'.
" " 41, " 'sent'	" 'send'.



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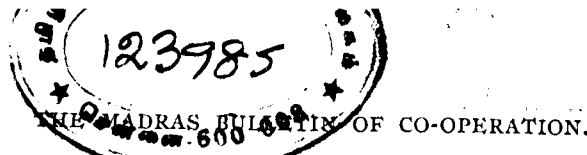
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THE CO-OPERATIVE CENTRAL BANK IN MADRAS— THE CORRECT CONCEPTION OF ITS FUNCTIONS.

(BY RAO SAHEB T. SRINIVASA RAU)

After more than two decades of the working of central banks in this presidency, it will perhaps be deemed too late in the day to raise the question of the correct conception of their functions. As co-operators are aware, there are 31 central banks distributed all over the presidency, most districts having one each and a few more than one. These banks raise the funds required for financing the societies in their respective districts, partly by deposits and partly by loans from the Madras Central Urban Bank which is the Provincial (apex) Bank for the presidency. Some banks for their finance depend on the Madras Central Urban



Bank more largely than others, while some raise all the funds they require directly from the investing public and the quasi-official institutions such as Local Boards and Municipalities. All of them are provided with overdraft accounts of varying amounts from the Imperial Bank, some of them in addition holding either an overdraft or cash credit account with the Madras Central Urban Bank. All of them advance loans to primary societies, rural (generally on the unlimited liability basis) or urban, credit as well as non-credit (generally on the limited liability basis.) In the case of the former, as a rule, no loan is sanctioned by the Central Bank, except on the recommendation of the (local supervising) union to which it is affiliated. In the case of some unions, the recommendation of the local departmental officer (the Assistant Registrar) is also previously obtained. In all cases the Assistant Registrar gets information of the transmission of a loan application by the union to the central bank and of its recommendation and is afforded the opportunity of advising the central bank to that effect in the event of disagreeing with the recommendation of the Union. Urban societies are not invariably affiliated to local supervising unions; and even where they are, the recommendation of the union does not carry much weight, as it is generally admitted that the unions neither exercise supervision over them nor are deemed to be competent to do so. (It must be stated here that Urban Banks and other limited liability societies approach central banks for loans rather rarely, themselves raising the required funds directly from the investing public). For the recovery of loans from rural societies in accordance with the terms of grant, central banks again depend solely upon the unions (Urban Banks do not generally commit default). The recommendation of loan by the union and the grant thereof by the central bank are comparatively easy, but the repayment thereof punctually in accordance with the prescribed instalments is neither made by the borrowing society nor insisted upon by the supervising union. Defaults have been steadily increasing in recent years so much so that the overdue debts awaiting clearance at the present time are considered by co-operators, official as well as non-official, as a source of menace to the movement. Other shortcomings exist, as the failure to subject the overdue debts to examination and to value the assets at the end of each year. Misappropriation and frauds exist at some places. In these circumstances, co-operators apprehend that the financing banks run the risk of losing credit which attracts deposits, if the existing state of things comes to be known. The Registrar and Government have been conveying warnings too but without effect.

The Central Banks' Conference.

2. About this time, the central banks had been roused into a consciousness of their responsibility in regard to the problems of overdues in primaries and surpluses in financing banks, partly by the utterances of prominent co-operators at the district conferences, and partly, if not chiefly, by the stirring half-yearly reviews issued for some time past by the Madras Central Urban Bank. Central Banks began to feel that it was high time for them to take stock of the situation, put their heads together and make the movement proceed in the right direction, and to consider and settle several problems confronting them in their day work. At the instance of a few central banks, the Madras Central Urban Bank took the lead and convened a conference of Central Banks under its auspices in May 1926. (Similar conferences used previously to be held by the Registrar who has since discontinued them.) At the very first session, the first subject to engage the attention of the conference was the need for a thorough investigation into the state of the societies individually, and the suitability of the location of unions and their personnel. It was resolved at that session that central banks should consider the desirability of appointing a special staff to help unions with a view not only to investigating into the affairs of the societies but also to taking the necessary action immediately. At its next session (October 1926), the Conference reiterated the necessity for re-valuation of assets and urged upon central banks the adoption of urgent measures, with a view to suitably handle the problems of overdues in primaries and surpluses in financing banks. In pursuance of the resolutions passed at these two sessions, circular letters containing detailed instructions were issued in November last year, both by the Working Committee of the Central Banks' Conference and the Madras Central Urban Bank, as regards rectification and consolidation of bad and indifferent societies.

District Federations fast coming into Existence.

3. Since then Federations have been brought into existence, more rapidly than previously, with a view, as now appears, to be entrusted with the work of rectification and consolidation of bad and indifferent societies. The Department now views the action of the Central Banks towards supplementing the supervisory work of unions as a dangerous tendency. The Registrar who was present at the first session of the Central Banks' Conference held in May 1926 did not, however, object to the resolutions passed at that session, which was the outcome of a discussion on the subject of the ever-increasing overdues in the rural societies and the steps to be taken for their collection and prevention.

The theory maintained in this province that finance should be divorced of supervision was then attacked, but the Registrar had not a word to say in defence of it at the time. Not only did the Registrar then not say anything to the contrary, but in replying to a question put to him gave the central banks to understand that the Department had withdrawn from supervision. The idea of District Federations taking up this work was not then even mentioned. Nor has the Central Banks' Conference been so far told that its action is viewed by the Registrar as dangerous.

4. In the meantime, the Committee on Co-operation came to be appointed to enquire, among other things, into the present position and lines of development of the movement and to make recommendation among others, in regard to supervision and control of societies. One of the questions finding place in the questionnaire issued by the Committee runs as follows:—

“Should Central Banks inspect and supervise societies financed by them or should supervision remain with the unions combined in a federation?”

This question is discussed in the following paragraphs:

The Theory and its effects.

5. The theory has been upheld in this province that finance should be divorced from supervision. The results of the working of the movement for two decades and more furnish ample data for pronouncing an opinion as to how far that theory in actual application has been found suitable. Local unions created for the purpose of undertaking supervision have generally failed of their purpose. The magnitude of the failure is testified by the amount of work now awaiting to be done in the name of Rectification, Consolidation and Expansion. The failure may be due to a variety of causes, but there it remains. The unions are local centres for furnishing local knowledge and local influence, which in their absence will not be available to the financing bank lying at a distance or for the advancement of the movement in general. To this extent they serve a purpose and a very useful purpose too. They also furnish a number of honorary workers whose present service (small or great) and whose potentiality for future improvement the movement cannot afford to forego. But the main part of the duty assigned to them generally remains undischarged, namely, *the duty of maintaining the societies within their jurisdiction in a state of efficiency*. It will take a long time for the local unions to acquire the knowledge and capacity

required for the purpose. To still uphold the theory mentioned above in spite of adverse results is open to question. That is not business. Business requires adaptation of the theories so as to suit stern realities. Even when knowledge and capacity are acquired, it will still be a question whether owing to want of the financial community of interest between the supervising body (the union) and the supervised bodies (the primary societies affiliated to the union), the former, either individually or in combination with other similar bodies, will rise equal to or prove competent for the due safeguarding of financial interests. Further, close familiarity, kinship, connection in so many other concerns of life, etc., stand in the way of strict enforcement of business methods. It is within the writer's experience that even men possessed of business qualifications and capable of seeing through things hesitate to speak out their minds lest they should offend a friend or a relation or a man in high position. They would rather ask a stranger or an official to intervene. What course the events will take with the progress of education, general as well as co-operative, and with the reconstruction of village life, is too much for any one to foretell. All that is in the womb of the Future. We are now however concerned with the hard realities of the present time. Until recently the theory in question was acquiesced in, though not without silent murmur. Once the central banks by bitter experience realised their position of helplessness, they have come to question the propriety of the theory. In their self-interest and for their self-protection, they want to supply the void caused by the inefficiency of unions. The department will not allow it, though such a course is necessary as much in the interests of primaries as in those of the central banks, the interests of both being largely identical. The Department even considers this tendency on their part as dangerous. The central banks however consider the maintenance of the theory in spite of its unsuitability as dangerous.

Action of the department not quite in accord with the theory.

6. Such then being the present position of the central banks in the movement an account as to what the department itself has been expecting from the central banks will not be out of place in this connection. A little over two years back, when confronted with the anomalous situation of the increasing overdues in primaries on one side and the unsatisfied credit needs of a section of members on the other, and the undue nervousness (as it was called) of some central banks to freely advance loans to societies notwithstanding that they had surplus funds to disburse, the then Registrar Mr. Gray issued a circular (pages 91-93 of the Bulletin for August 1925) by which, while advocating a

more liberal policy of granting loans, he urged on the directors of central banks the necessity of systematic endeavours on their part to discriminate between good societies in which extension of time should be given for overdues and bad ones which have no claim for such extension. Mr. Gray's tests of a good society are as follows:—

“The management of the society should be (i) honest and (ii) efficient; (iii) Such defaults as may still occur in spite of honest and efficient management must be the result of circumstances over which neither the panchayat nor the general body can exercise any control, such as, adverse season, or special calamity due to flood etc. (iv) The panchayatdars of the societies should have taken every step they possibly can for the recovery of the members' dues and for the repayment of the central bank loan; and (v) the society's affairs should not present any indication of financial insecurity.”

After good societies were discriminated in this manner, Mr. Gray would ask the central bank directors to grant extensions and fresh loans to them. What an amount of accurate information, correct knowledge and intimate acquaintance with the affairs and management of societies the discharge of this responsibility entails on the directors of central banks needs no elaboration.

Until very recently, when the Registrar turned in that direction to District Federations (although even previously some District Councils and Federations existed) he was from time to time inquiring of central banks what steps they took or meant to take in the matter of clearance of overdues.

In one of his recent administration reports, the Registrar has referred to the failure of central banks to make any systematic use of the grant of extensions, which is so very necessary. This charge which is true and justified can be avoided only when the central bank is in a position to move and transact business in close association with unions and societies and not in isolation from them.

The exhortations, while perfectly consistent with the duties of central banks, cannot however be held applicable to central banks, when they happen to be treated as financing institutions divorced of supervision. They furnish evidence, if it be needed, of the impropriety of the departmental theory.

Development of the Madras Theory.

7. From very early days, the higher authorities (the Conferences of Registrars and the Government of India) have held as a

fundamental axiom that supervision must have financial community of interest with the supervised bodies. The Government of India held that the problem of supervision was bound up with that of finance and that the ideal to aim at should be that unions should not only finance their own societies but also supervise them. The third Conference of Registrars also suggested that ultimately the supervision of the societies should be left to the financing agency. In this province, however, a different type of local unions was introduced but the idea of the unions taking up financing duties at a later stage was kept in view. Guaranteeing unions were thought of but abandoned as unsuitable. While the future possibility of the local union was still unsettled, district banking unions were started. Local unions however were not abandoned. The idea was that the “running cost” and “driving power” were to be supplied to the local unions by the district banking union. Later it was thought that local unions for administrative purposes were required more urgently and in greater number than banking unions, and they were registered in large numbers, *with the object of making member societies more efficient*. This view was subsequently emphasised, but without any proof of the local unions coming up to expectations. It was also supposed that the mutual relations between the district banking union and the local unions were settled—a supposition which is not supported by fact except perhaps in rare instances. The supervisory power of the banking union was restricted to societies not affiliated to any local union.

Certain prominent points arising out of the Theory.

8. In this process of development, three or four points stand out prominently. (a) The fundamental principle that the supervising body must have financial community of interest with the supervised bodies has been ignored. (b) The expectation that local unions would make member societies more efficient has generally failed. (c) In the unsettled (I mean in actual operation not on paper) relation between the local union and the bank, the former has been left to itself practically without any control. (d) The idea that the “running cost” and the “driving power” would be supplied by the banking union was not tried. Under these circumstances, it is little wonder that the movement now finds itself in its present predicament.

District Councils—Their failure.

9. In the meantime, district councils were started in some districts for co-ordinating the work of local unions. Whatever this term may mean, the early district councils, which have been at work

for some years, have not succeeded in making societies more efficient. The condition of societies in those districts does not compare favourably with that of societies elsewhere. The cause of this is two-fold. One is that, like the local union, it does not possess financial community of interest with the supervised bodies (be it the primary society or the union itself). The second is that the constitution of the council did not anticipate that the local unions would prove as inefficient as they have turned out to be. And consequently there was no provision made in the constitution of the council for undertaking the huge task now awaiting to be done in societies.

District Federations.

10. The District Federation which (so far as supervision is concerned) is provided with an almost analogous constitution as the district council may not, with reason, be expected to attain better results in that direction. The causes owing to which the unions and the early district councils have failed will largely operate in their case also.

Some objections to Central Banks' Intervention met.

11. Some new ideas are urged as the probable consequences of this action on the part of central banks. It is said that central banks, if they wish to control supervision through their own paid staff of instructors acting directly between the bank and the primary societies, must be prepared to accept the full consequences of such action, namely, the abolition of unions and the obliteration of a considerable amount of active honorary work by the panchayatdars of unions. In saying so, some assumptions are made for which there is no warrant. I am not aware of any central bank having put forward a claim of the kind which calls for such a warning. A perusal of resolution No. 1 of the first session of the Central Banks' Conference will at once show that there is no ground whatever for conveying this warning to central banks. That resolution in explicit terms mentions that the staff proposed to be employed by it is to "help the unions with a view not only to investigating into the affairs of societies but also to taking the necessary action immediately." The circulars issued by the Working Committee of the Central Banks' Conference explicitly enjoin that the central bank staff was to do the work which the unions could not do and to do whatever it meant to do in conjunction with the union. The central banks neither desire the abolition of unions nor the obliteration of such active honorary work as is or may be forthcoming from the panchayatdars of unions. And all this is in consonance with the idea of the department itself that the banking union was to supply the "running cost" and the "driving power."

High hope of unions not realised.

12. Whatever might have been the initial justification for entertaining the high hope that, *though the union did not possess any financial community of interest with the societies supervised by it*, it would succeed in making the societies efficient, there is not much justification for any longer continuing to entertain that hope or uphold that theory. The same remarks apply in the case of the early District Councils, which in turn will extend to District Federations also.

Necessity for readjustment of methods of work.

13. Nearly two decades of experience has been gained and the methods of work call for readjustment. It is no good tarrying any longer. Unions which have come to stay will remain as supervising agencies, but ambitious hopes should not be entertained of them. Such local knowledge and experience as the union may furnish, and such honorary work on their part as the union panchayatdars are capable of and willing to render, will be thankfully accepted. The goal to be held in view will be to make them perfect supervising bodies. However, the prospect of attaining that goal will not stand in the way of the work being kept current and societies being made efficient. The requisite standard of efficiency should always be maintained if the movement is to progress. All this can be achieved only by the financing bank, (which alone has financial community of interest with the societies), intervening. A special staff is needed for this purpose and this staff must accordingly work under the control and directions of the central bank.

Lender and borrower combined in Central Bank.

14. This scheme would bring the financing bank and the financed societies and unions into close and live touch with one another and such touch which at present is wanting will only conduce to prompter, better and fuller business in the best interests of the agricultural population, for whose benefit (among others) the movement is mainly intended. It will also bring into practical operation the principle of the borrower and lender being (in co-operative credit) combined in the same institution, namely, the central bank, so that they may better reciprocate towards each other. The interposition of the district federation between them will only introduce a third party, which (so far as supervision is concerned) will be superfluous or mischievous according as it agrees or disagrees with the central bank.

In fact, the secretary of a district federation went so far as to say at a recent district conference during the discussions on a proposal to abolish the federation, that the federation was wanted to safeguard the

interests of unions and societies as against the oppression of the central bank—an argument, which not only strikes at the root of the principle referred to, but also introduces the pernicious idea that, in a co-operative credit institution where the borrower and lender combine into one to transact business to the mutual benefit of both, a third person is wanted to protect the one against the oppressions of the other. The growth of this idea requires to be checked.

Possibility of conflict between Central Bank and District Federation.

15. It is said that the development of district federations has been hampered by a number of central banks which (it is added) have actively opposed their activities and have insisted that supervision is the rightful function of central banks. Even if it be so, there does not appear to be anything objectional about it. The opposition may be unpalatable to the department. The idea of supervision by the federation is equally unpalatable not only to central banks but to unions also in some localities. The department will no doubt concede that the central banks are as sincere in their conviction that, if they did not step in now, they would be seriously failing in the discharge of their duty, which failure may prove dangerous to the movement, as the department is in its conviction that supervision by central banks is dangerous. As regards the implied want of faith on the part of the department as to the fitness of the central bank and the placing of such faith in the district federation, it may at once be said that, except as regards one element even in respect of which the decision cannot go against the bank, both the bank and the federation are on the same footing and the reason for differential treatment is not understood. The constitution provided for both is almost the same. In the general body as well as in the board of management of both, excepting perhaps in the case of one or two central banks, the majority is distinctly with the societies. The electorate for both is the same. That which the representatives of societies can do or prevent the doing of in the general body or the board of management of the federation, they can with equal facility or propriety do or prevent in the general body or board of management of the bank. The local knowledge, local experience, and local human material for work will be the same in both. The shaping of the policy of supervision can be effected equally well in the board of management of the bank. That course will augur well for the smooth conduct of business. Anything done in this direction in the board of management of the federation may not unlikely raise difficulties and lead to conflict with the bank, and that will hamper business. Whatever is done in

the board of management of the bank cannot but be in agreement with financial commitments and responsibilities, which will not necessarily be the case in the federation. In view of human weakness and the consequent desire for position and power, the boards of management in both institutions are bound to be made up of different personnel and this will mean another source of trouble.

Difficulty of distinguishing responsibilities of the Central Bank and the Federation.

17. In view of the responsibility of the directors of central banks as explained by the Registrar, by no manner of convention or argument can it be contended that the central bank should have nothing to do with supervision. Where then is the line of demarcation to be drawn between the limit of the central bank's functions and those of the federation. It will be difficult to do so. If yet the line be drawn somewhere, the responsibility for supplementing supervision will get divided between the bank and the federation and this will not conduce to smooth working.

Supervision—a rightful function of the Central Bank.

18. It is said that central banks insist that supervision is the rightful function of theirs and that this claim is based on a confusion of thought, confounding inspection for the purpose of informing central banks of the position of their clients with supervision, which includes assistance and interference in actual management of societies. As the previous paragraphs make out, there is nothing wrong in principle in the claim put forward by the central banks. In fact, the initial step of tackling supervision to a body having no financial community of interest with the bodies supervised was inappropriate. When the arrangements for supervision made on such basis have been generally found unsuccessful, an attempt to restore business to order by going back on those arrangements can hardly be found fault with. The claim is a deliberate one, not one based on any confusion of thought. It is not extravagant, it is made with due restraint. It has much to commend in it, in that while maintaining the existing arrangements for supervision in unions, it only seeks to supplement and strengthen them. "Inspection" in the sense used is understood. Not much useful purpose will be served by central banks informing themselves of the position of their clients. That will not in any way improve affairs and may only lead to litigation and applications for liquidation. It will also mean further additional cost without corresponding recompense. Supervision including assistance (but not interference in the internal management of the societies) by the bank in regard to one of its own

clients may be deemed foreign to the duties of a Joint Stock Bank, but such an argument advanced in the case of a *co-operative* central bank is not understood. Supervision in the sense explained is certainly a rightful function of the central bank.

The Individual Shareholder in the Central Bank.

19. One of the reasons against central banks supplementing supervision is perhaps the presence of the "individual" shareholder who, it is said, cares only for his dividend and is also an obstacle to the progress of the interests of societies. The first charge is meaningless. Money must have its hire anywhere and so long as the rate of dividend is fixed by the by-laws which cannot be altered without the Registrar's approval, there is no room for complaint. The second charge also has no foundation. The individual shareholders have been willing (if the suggestion itself did not emanate from them) to allot the requisite sums for strengthening supervision. They at times no doubt object to reducing the rate of interest; but that is only in the best interests of the movement, so that money may be found for strengthening supervision. The individual share-holder besides furnishes brain power and business capacity which, if they have to be paid for, will cost much. Responsible authorities and persons feel that he is needed in the central bank now and for a good long time to come, not only for the management of the bank but for the advancement of the movement in general. If still the representatives of societies, on competent advice, choose to dispense with him, by all means let them do so. The individual shareholders, except in a rare central bank or two, are in a minority in the general body as well as in the board of management, and with their preponderating majority the societies can always have their voice felt and carried. If on occasions they feel bound to concur with the individual's views, it is because of its soundness and such a leavening factor is indispensable in finance as well as supervision.

Additional reason in support of the Central Bank supplementing supervision.

20. One of the reasons assigned for the necessity of some departmental supervision is that public funds are lodged in co-operative banks on the assurance of the Registrar and that when such funds are lodged for a term of years it is insufficient to have information supplied in audit. On the same analogy, are not the directors of central banks equally justified in seeking, through their own institution, to supplement, strengthen and control supervision? It may be noted that the private funds brought into the movement *through the exertions of or out of the confidence reposed in the management of the bank are greater than the*

public funds lodged on the assurance of the Registrar. The private funds, coming as they do in small amounts and being generally of the character of practically permanent investments form a more stable source for the finance of the movement than the large individual deposits of quasi-official bodies which are more likely to be withdrawn sooner or later and which, by the mere reason of their largeness, are often embarrassing. *Per Contra* it may be said that Government audit is the basis of the private deposits also. While this is true to an extent, the department cannot ignore the fact that, in the absence of competent management and control by the bank itself, any amount of audit will not save the situation. The disposition of the central banks to supplement and strengthen supervision accordingly deserves every encouragement from the department.

Two parallel institutions in the district compared.

21. Two parallel, co-ordinate institutions at the top of the movement in the district, neither of them being accountable to the other, but both participating (though in varying degrees) in the same kind of work, namely, supplementing supervision, one of them charged but not the other with the responsibility for financial stability, are bound, in the natural course of events, to come into conflict. The bank with its inherent (inherent, because of its character as a *co-operative concern*) right to supplement supervision, is denied the power and facilities. The federation with its inherent weakness (due to want of financial community of interest) may be placed in authority, but it will find it difficult to wield the requisite power. By reason of this inherent weakness it is bound to get unpopular with the unions on the one side—as to which evidence is already not wanting—and with the central bank on the other. It has to depend for its source of authority and also to an extent for finance on the unions, and for the main portion of its finance on the central bank. It is, in the words of Sir Lallubhai Samaldas, rather a complicated machinery and its position is anomalous. Treated in this way, neither the federation nor the central bank will be able to function properly or adequately and the result will be that the administration of the movement which is already difficult will get more and more difficult and attempts at pulling up will prove futile.

Experience elsewhere in India.

22. "Experience throughout India seems to indicate the falsity of the claim", that is, the claim of central banks to supplement and strengthen supervision through themselves. This is what the Registrar says. I am not aware of the basis of this statement. However, there are at least two provinces, Bombay and Bengal, which do not support

the Registrar's statement, as will be evident from the presidential address of Sir Lallubhai Samaldas at the last Madras Provincial Co-operative Conference (April 1927), *vide* proceedings of the XV Madras Provincial Co-operative Conference, pages 23-24, and from the presidential address of Mr. Mitra, the Registrar of Co-operative societies, Bengal, at the Ninth Annual Congress of the Bihar and Orissa Co-operative Federation held at Bhagalpur in May 1927—*vide* report on page 9 of the Hindu of the 7th May 1927.

Not only does the Bombay system not indicate the falsity of the claim of the central banks in this province, but it quite supports it. Here is what Sir Lallubhai Samaldas says :—

"If the owned capital is only 20 per cent of the total resources, as it is for primary agricultural credit societies in Madras, one can hardly expect them to evidence any very highly developed sense of financial responsibility, and if indiscriminate advances are made, recalcitrancy develops and as a result recoveries dry up the principal sufferer, financially, that is, the agency that provides the bulk of the capital. The acceptance of this line of thought has led co-operators in Bombay to the conclusion that, in the interest of the movement itself, it is necessary to place on central banks a certain amount of responsibility for the inspection of primary societies affiliated to them."

He proceeds further and adds,

"All the banks (in Bombay) are expected to maintain a paid field staff for inspection whose duty it is to assess the credit of constituent societies, to check if loans have been disbursed in accordance with normal credits fixed at general meetings, to inquire into applications for extension of periods of loans and, where necessary, to stimulate recoveries. *Through this inspecting staff which is paid by and, I may emphasis, is directly responsible to central banks, a fairly intimate and organic contact has been established between primary societies as borrowers and central banks as lenders and the effect of this closer relationship is easily noticeable in recoveries and in the improvement of the tone of management.*" (The italics are mine.)

Having thus narrated the system obtaining in Bombay, Sir Lallubhai Samaldas concluded with a recommendation that it may be adopted in Madras also.

That the Bombay system has resulted in advantages in many directions also appears from Mr. V.L. Metha's "Studies in Co-operative Finance" recently published.

The experience in Bengal is described by Mr. Mitra, who is not in agreement with those who think that inspection by central banks should be deprecated, in the following words :—

"When the central banks are federations of village societies or at any rate the constituent societies through their representatives play an important part in the management of the central banks, inspection by central banks has been found by experience to be most effective."

There is hardly any reason to suppose that a system which has proved beneficial and effective in Bombay and Bengal will prove otherwise in Madras.

Mr. Henry W. Wolff's opinion.

23. In concluding the rather lengthy discussion of this question, let me invite attention to two communications published in the September-October 1927 issue of the Bulletin, pages 90-94. One is a letter from Mr. Henry W. Wolff addressed to Sir Lallubhai Samaldas in appreciation of his Madras (presidential) address. The other is Mr. Wolff's comments on the U. P. Government's Resolution. From the former it will be seen that Mr. Wolff considers the combination of different services in central banks to be indispensable now and that he has pleaded for its retention in U. P. Mr. Wolff also expresses the hope that Sir Lallubhai's advice will be taken to heart and followed.

24. For these multifarious reasons, I think that central banks in our province should be allowed to supplement and strengthen supervision and not the federations.

I would also invite the attention of co-operators to the letter from Mr. Wolff addressed to Rao Saheb N. Ramaswamy Iyer of Madura published on pages 161—162 of the Bulletin for November and December 1927, in which he recommends to the co-operators in Madras to accept the advice of Sir Lallubhai Samaldas.

(To be continued)

CENTRAL BANKS—INSPECTION AND SUPERVISION.

Responsibility for Inspection.

BY MR. K. G. SIVASWAMY, B. A.

There is too much dependence at present on the department by the central banks. This has markedly affected the legitimate function of the central bank of seeing to prompt repayments from societies and thus meeting the demands of the depositors. The department undertook this function, and also supplied all necessary information through the periodical reports of inspectors by which the district bank might

watch the condition of its clients. It hoped to build up the soundness of rural societies through the system of supervising unions, and by gradually training them in responsibility, to achieve the evolution of a federal bank in as rapid a manner as possible. Since 1922, the department has been withdrawing from the two fold functions of supplying information other than that given in annual audit and assisting in collections. But the supervising machinery and the rural societies have not been educated and trained to promptly meet their obligations to the central bank. No depositor would wait for the return of his deposits till primary societies are educated as lenders also, and when the department withdrew from these two functions they ought to have equipped the central banks to do them. As a lender the central bank should not only have accurate and reliable information but also frequent information to watch the condition of the societies. It should also collect the dues before it is too late to mend.

2 Manner of inspection.

The manner in which it should discharge these functions varies with different types of Central Banks. As regards banks consisting purely of individuals, the MacLagan Committee mention that it would be necessary for such a bank to maintain its own dependent field staff for the assessment of the credit of applicants for loans, whether such applications had been recommended by unions or not, as its committee would not include experienced representatives of the societies or *be able to rely solely on the recommendations of groups of borrowing societies unconnected with it in pecuniary interest.* Regarding banks of the pure type they say that the management of this class of banks entails the least possible expense, as owing to the union of borrowers and lenders, the staff maintained *to verify the credit of borrowers or recover loans* from them may be *on a much diminished scale.* Regarding banks with a mixed constitution, they say '*Though not so cheaply managed as the second class, it will be cheaper than the first.*' In this presidency, all the central banks are of the last type and they cannot but utilise the Local Unions which have a large representation in the central bank and form in one respect a Group Committee of the central bank and receive a rebate of annas four for 'verifying the credit of borrowers and recovery of loans'. The central banks would normally and ought to confide in unions for the discharge of these two functions and see they are properly discharged, reserving to itself the right to appoint their own staff when necessary. They should check the reports of supervisors by test checks so that the frequent information supplied by them may be reliable, review the progress of unions in the matter of collections, and send its own staff to inspect

and collect the dues where a union does not discharge its responsibilities. The power of refusing loans will help the bank in securing the safety of its future investments, and the power to get information for knowing the condition of the societies and watching them from time to time and collect their own dues will help it in securing the moneys already lent.

3. Requirements of inspection.

Two kinds of staff will therefore be necessary in each bank for discharging these functions, the one an indoor staff to collect all information to watch the progress of the society and urge on it to rectify defects, and the other a field staff to review the work of supervisors and unions regarding (a) information supplied, (b) progress of collections, and also to directly undertake these functions where unions are found inefficient for any or both of them. The central bank is already spending 4 annas as rebate to unions for performing these functions and any expenditure on them would be only in addition to this. An additional sum of four annas would give each central bank a sum of Rs. 5,000 assuming that 20 lakhs is its working capital. This would be more than sufficient to run the administrative section and appoint one or two inspectors in addition for field work. The number of inspectors required by each bank is a matter which should be decided by its Board of Management.

As soon as the department withdrew from the functions of supplying frequent information and ensuring collections, the central banks ought to have taken these duties on themselves. To this end, the by-laws of central banks should be altered, and the idea of interposing the federation between the bank and the unions for discharging these functions is not only superfluous but makes the machinery complicated.

4. State Inspection.

The question might be considered whether the department might not be asked as of old to do this work on behalf of the bank. Nothing would be more unfair to the central bank (and consequently to the depositor) than to make it dependent on a department for doing its duties whose fortunes vary with the party politics of provincial legislatures.

5. Points of Supervision.

It should be noted that when the societies are made sound and trained in responsibility by supervision, education and propaganda, the central bank will gradually discard its own department for securing the safety of the moneys lent and act in course of time as a federal bank subject to the will and direction of society representatives. Pointing out

defects and educating the societies to set them right, teaching principles, and stimulating developments in the society are things which would be done effectively and efficiently only by proximate bodies having a community of interest and a staff appointed by them. To quote again the MacLagan Committee on this question, they have defined in para 98 'supervision' more as continuous education and less of 'verifying figures in detail'. Maintenance of the societies in a steady level of efficiency and for doing maximum service requires well informed supervision.

6. Requirements of Supervision.

The village society requires four services to make it sound and useful. (1) Its accounts should be in proper order and by-laws scrupulously observed. (2) It should be kept free from defects by helpful co-operation from outside until the general body takes care of the society. (3) It should be educated on sound co-operative principles and practices. (4) It should be taught to utilise co-operative credit for productive application in agriculture and allied industries. No one society can maintain an expert service for performing these functions. For No. 1 it maintains the Supervisor. For No. 2 it provides for mutual supervision by visits of society representatives. The budget of a Local Union should necessarily be Rs. 1,000 to Rs. 1,200 (Rs. 50 for a Supervisor, Rs. 20 for a clerk, Rs. 200 for travelling expenses, and the rest for contingencies.) This is the maximum budget requirement of a supervising union: and if this is to be realised only from the contribution of societies namely 8 as. per cent on their working capital, a union should work up a larger transaction, while roughly it can be estimated at present as one lakh for twenty-five societies.

Items 3 and 4 require a higher staff of one senior supervisor for every 80 or 90 societies or three unions, who will rub co-operative principles and practices on the panchayat and 'buttonhole' the ryot for teaching him the productive application of credit. Assuming there are 500 to 600 societies in a district with 20 unions and a transaction of 20 lakhs (this is the normal in many districts) you will require seven senior supervisors. The agency to maintain such a staff should be one composed of unions only, if supervision is to be effective and wholesome. Further, societies which cannot be taken care of under item 2 namely, difficult cases of rectification, should be undertaken by the other society representatives of other unions. Honorary workers and the paid staff of the union would require continuous teaching in maintaining the societies free from defects. A federation of unions is therefore the best agency for helping the unions in their supervision work. But until all the unions become strong, the help of individuals will also be necessary to assist the federations. These should be co-opted in the federation

For the seven senior supervisors, a budget of Rs. 7,000 to Rs. 10,000 should be provided. To control these and undertake educational and non-credit work, there should be a federation—Secretary on a salary and allowance of Rs. 200 to 250. Allowing for other contingent charges, a federation can run only on a minimum budget of Rs. 15,000. The budgets of 20 unions would amount to Rs. 20,000 and the requirements for supervision would therefore work to Rs. 35,000. It may be noted that the Coimbatore Federation has been reorganised by the department on this basis. *The soundness of the existing co-operative societies and the safety of their present transaction lie in providing for this minimum supervision.* Assuming 20 lakhs to be the transactions of an average district bank (excluding those districts which require development), the present contribution of 8 annas by societies and 4 annas by central banks gives only a supervision fund of Rs. 15,000 for the Local Unions and they should work up to Rs. 20,000 with the assistance of the federation.

The balance of Rs. 15,000 required for the federation should at least be provided by both the central bank and the department. In other words, ways and means should be devised to provide $\frac{3}{4}$ per cent on the working capital in each district if the existing transactions are to be on safe and sound lines.

7. State aid to Supervision.

The department may help in supervision in 3 ways (a) by appointing its own staff, (b) by lending the services of its staff, (c) by money grants to the non-official agency. The first method fails in effective and sound advice, and degenerates into detailed control. The second method does not give the agency a sense of right to control the staff, and the staff a sense of duty to obey the agency. The third method, by pooling the resources and definitely laying the responsibility on a single agency, intensifies supervision and makes the withdrawal of the department from supervision possible at a more rapid pace. The control of supervision would of course be with the department. Further they should have the right to nominate two or three co-operators to the federation. The exact amount which the department should contribute would depend on the requirements of the district, and what portion the central banks could liberate for supervision.

8. Margin in Central Banks for Supervision.

The margin which central banks could liberate for supervision depends on their charges for administration, their borrowing and lending rates. The latter again is conditioned by the minimum margin necessary for a primary society. This varies at present from 14 annas to Rs. 1-14 annas. A definite margin of 2 per cent whether by main-

taining the lending rate to the borrower at Rs. 10/2 or stopping the dividend on share capital should be provided for every rural society for working expenses and reserve fund. The society has also to contribute $\frac{1}{2}$ per cent to supervision fund. A central bank should therefore be able to lend at Rs. 7/10 per cent. If we provide a margin of $\frac{1}{2}$ per cent for establishment, $\frac{9}{10}$ per cent for dividend, $\frac{3}{8}$ per cent for reserve fund and $\frac{1}{4}$ per cent as rebate to unions (and these roughly represent the present expenditure), the total margin required is 2 per cent which is roughly the margin available at present in central banks. A reduction in the dividend from 9 to $6\frac{1}{2}$ per cent to the individual shareholders, and stopping dividends in the case of society shareholders, the profit which accrues on the reserve fund deposits of central banks, a lowering of the rate of interest on the reserve fund deposits of societies equal to the present maximum rate on other deposits, the contribution of the surplus of the M.C.U.B. *pro rata* according to the interest accrued on loans to central banks would surely find $\frac{1}{4}$ per cent for administrative section, $\frac{1}{2}$ per cent for higher supervision, and the contributions required for concurrent and final audit.

(Dividend in Central Banks at present works at 9/10th per cent of the working capital. (Share Capital is roughly 1/10th of the working capital and dividend is 9 per cent on the same.) The proposed reduction would give an excess margin of half per cent. The present margin in the village societies is 14 as. per cent in some districts and Re. 1-6 as. per cent in others. As we have increased it to 2 per cent, societies would gladly forego their dividend. Where in certain banks these provisions are not possible, dividend equalisation and bad debts fund may be stopped, building funds might be provided by a sinking fund, and sitting fees and travelling allowances may be regulated and brought within economic limits as in Banking Unions).

Contribution for supervision should always be made by the societies. This can be done by reducing the lending rate of Central Banks by half per cent. As enough time has not passed to test the money market whether money would be available steadily at $5\frac{1}{2}$ per cent, it would be wiser not to reduce the rate of interest to the societies but to provide a statutory contribution of half per cent to the district federations. The recent allotments of an additional four annas to unions, two annas to federations in certain districts, and eight annas for rectification and consolidation, have shown that it is possible to increase the contribution by half per cent. It might be also provided in the bylaws that the Common Good Fund in Central Banks and surpluses after making the primary allotments should be handed over to the Federation for supervision and education.

9. Estimate of State Aid.

It is not possible to expect Central Banks to contribute more than half per cent for higher supervision. This will give only a sum of Rs. 10,000 for running the district federation. The State should make a contribution of Rs. 5,000 according to the minimum requirements of supervision, i.e., $\frac{1}{4}$ per cent of the working capital of 20 lakhs. In other words a maximum contribution of 1 lakh of Rupees on the working capital of Rs. 4 crores should be provided by the State, to be distributed according to the requirements of each district and withdrawn in a period of five years with the growth of resources in the movement. The present proposal of Government to appoint two supervising inspectors for each district will cost them a sum of Rs. 3,600 (Rs. 150 per month for each inspector). The Government also gain largely by the transference of non-statutory work to the federation, as most of the work of the Assistant Registrar will be done by the paid secretary of the Federation and the staff under him. The maximum contribution of Rupees one lakh is only a readjustment of the existing budget of the department and not a fresh allotment. The provision of increased supervision under the present scheme and the normal increase in transactions would warrant the conclusion that the movement would be able to stand on its own legs within a period of five years. Within the next five years the proportional increase in transactions would permit the withdrawal of the rebate of 4 annas by Central Banks to Local Unions which should be able to run ultimately with the 8 as. contribution by societies.

CONSUMERS' CO-OPERATION IN MYSORE STATE

By MR. K. L. NARASIMHA RAO, B.A., B.L.,

(Convener, Non-Credit Committee of the P. C. U.)

In the Native States as in British India, the Co-operative Movement is still in its infancy and experimental stage; and Mysore is no exception to this. While the Credit side of the Co-operative Movement is somewhat understood and practised, the Non-Credit side of the Movement is not much understood and is very much neglected. This partially explains why the Non-Credit side of the Movement is less popular and least successful. Of the Non-Credit side, the Consumers' Movement or the Distributive Movement is a little better known than the other forms. In the Mysore State, there are two great institutions of this type. They are the Bangalore City Co-operative Society Ltd., and the Industrial and Commercial Co-operative Society of Bangalore. Of the two, I shall deal with the latter first.

The Industrial and Commercial Co-operative Society was started some ten years back in the City of Bangalore. At first, it started with

a few members: and with its growing popularity, the membership increased to about 800 members in the year 1926—27. Its share capital is about Rs. 20,000 and its turnover is nearly a lakh of rupees per annum. It deals purely in cloth. Its stock consists of two classes: "A" and "B" classes. "A" class consists of measuring cloth like coatings and shirtings etc., which are to be measured and sold. "B" class consists of unmeasured piece-goods like sarees and dhoties etc. One of the interesting features of the Society is, it sells piece-goods purchased outright, by itself, at wholesale rates as well as those that will be asked to be sold, by private merchants, on commission basis, without making any distinction between the two. As it deals mostly in mill-made cloth, if any member wishes to buy khaddar cloth, the society allows him to buy at the Khaddar Vastralaya, run by the All-India Spinners' Association, on its credit. Thus the society pays for the member when he wishes to buy elsewhere and credits that amount against him in its accounts. This method or rather the device is adopted to keep its members thoroughly loyal to itself. It sells to non-members also, but strictly on cash payment. To its members, it sells very largely on credit. This is revealed by the fact that while its cash-sales amounted to only Rs. 34,404 in the year 1926-27, the credit sales amounted to Rs. 50,595. Under the bye-laws, each member must liquidate his debt in 4 monthly instalments. If he does not, the Society can not only take disciplinary action against him by cutting down his privileges and even by removing him from membership, but also can obtain a decree for the amount from the Registrar of Co-operative Societies. Since it is situated in a central place of the town, in the Market compound, as a help and inducement to members, it gives two rupees credit in cash for each member for buying small necessities of life like vegetables, fruits etc., whenever he wants. And this benefit I learn is fully utilized by almost all members. Of late, the Society is also keeping for sale a small number of leather-portmantoes and shoes. The establishment charges are very little, as they have not got more than four or five paid men on the establishment: and all others including the Secretary are honorary officers. From my personal inspection, as well as from the accounts I have heard of the society, I feel confident to say that it has been serving a very useful purpose, to the citizens of Bangalore, in the matter of clothing which in importance is only next to Food.

The Bangalore City Co-operative Society Ltd., is the biggest stores society in the Mysore State. It has an authorised share capital of Rs. 1,00,000 at Rs. 25 a share. On the 30th June 1927, its subscribed capital was Rs. 81,475, paid up capital Rs. 79,748 and Reserve Fund Rs. 54,122. The number of members on that date was 809 who

held shares to the extent of 3237 out of the 4000 shares. The year 1920—21 was the most remarkable year, so far as the number of members goes, as the number then was 1035. But the number of shares held in that year was only 1389. From that year, there was gradual decrease in membership while there was perceptible increase in the number of shares taken by the members. This decrease in membership is not an alarming feature, for, the Society was able to do better business with 809 members in 1926-27 than it did with 1035 members in 1920-21.

This stores society has three departments: the Credit Department, the Piece Goods Department and the Provisions Department. Each department is run by a separate staff; and accounts are kept separately. But for purpose of general management and for profit and loss, the society is one indivisible whole. It has no branches in the city or elsewhere. Every member is given a pass-book; and in it are entered all his credit transactions, whether they be of provisions or piece-goods or actual loans. But the entries will be made by the several departments where the several transactions take place. Each member is allowed credit, in any or all of the departments, to the extent of twice the amount of his share capital, on his personal security. And no member is allowed to hold more than twenty shares. One who is a member of this society cannot be a member of any other Co-operative Society. Besides the usual funds like the Reserve Fund, Common Good Fund, Depreciation Fund, Employees' Provident Fund, this society has got Members' Provident Fund, Dividend Equalisation Fund and Bad Debt Reserve Fund. When the society was paying only $6\frac{1}{2}$ to $6\frac{1}{2}$ per cent dividend on the share capital, it could give a rebate of 3 to 4 pies for every rupee of purchases. But when it began to pay dividend at $7\frac{1}{2}$ per cent, the rebate is reduced to 2 pies in every rupee. This is an unwholesome feature; for a true co-operative stores should give as much less interest as possible on its share capital and as high a rate of dividend (by way of rebate) as possible, on the amount of purchases.

To take the Credit Department first. Its transactions are huge when compared to the transactions of the two other departments put together. In the year 1926-27, it had Current Deposits to the extent of Rs. 3,07,117, Fixed Deposits Rs. 98,848 and Savings Bank Deposits Rs. 34,609. This year it has issued loans under all heads to the extent of Rs. 2,61,805. While the total amount recovered was Rs. 2,50,072, the balance outstanding was Rs. 2,01,518 out of which Rs. 86,950 were fully secured by immovable properties. Though the outstanding amount is a very large one, still it is not alarming, as the total amount of overdue loans outstanding at the end of the year is only

Rs. 24,032-5-8 and of this a further sum of Rs. 5,364-9-7 has since been adjusted. The actual debt written off as bad debt is only Rs. 3,392-5-4 out of the Reserve for Bad Debt Fund Rs. 4,130-0-0. This year, in the annual report, there is a recommendation to the General Body to this effect. "The provision under 'Reserve for Bad debts' appears to be inadequate as the total amount of most of the loans which are outstanding for a long time, and stated by the management either to be irrecoverable or doubtful of recovery is far in excess of this provision. So the Reserve for Bad Debts must be strengthened." But on the whole, the society has been making a decent net profit every during the last 16 years, this year's net profit being Rs. 11,112. One notable feature about this society is, when final dividend is being declared to share holders and purchasers, dividend is also given to borrowers as such, by way of rebate. The rebate that they have declared in the current year is 6 pies per rupee of interest the individual members have to pay on the amounts they borrowed. Thus a member gets three dividends: one as shareholder, another as purchaser and thirdly as borrower, if he borrows.

The next department is the Cloth Department. This is a small department. One clerk and a salesman are able to manage the whole department. If there is not the Commercial and Industrial Co-operative Society, perhaps its utility would have been felt more. Keeping the market rate in view, the maximum profit that can be charged on piece-goods by the society is two annas in the rupee. The debt that a member makes in this department must be paid in 4 equal monthly instalments. It also sells goods on commission.

The Provisions Department is the third department of the society. This is managed now by two clerks and two salesmen. Then the maximum rate of profit that the society can charge, keeping the market rate in view, is one anna per rupee. And the credit that a member takes in this department, shall be discharged by payment, in two equal monthly instalments.

Really the second and third departments go together. A sub-committee is in charge of buying goods and fixing prices etc., subject to the immediate control and supervision by the executive. The gross profit from the trading account of the two departments in the year 1926-27 was Rs. 9,067-11-10 on a turnover of Rs. 1,64,488-9-2. One peculiar feature about this society is, it buys largely on credit and sells also on credit largely to its members. The purchases and sales for cash are very small. The figures are telling. In the year 1926-27, the society bought goods on credit to the extent of Rs. 1,15,512-8-9 whereas it bought for cash goods worth only Rs. 41,407. The amount

of goods sold by the society to its members on credit is Rs. 1,23,863-2-3 whereas the goods sold for cash to members as well as non-members is only Rs. 36,776-0-4. Though members are given 6 pies in the rupee as discount for every cash purchase besides the general dividend at the end of the year, yet cash sales have not been much.

Credit is largely and freely given to every member. Yet the overdues are not much. The reasons are not far to seek. They are (a) careful selection of members, (b) the limited amount of credit given on personal security to members i.e., twice the amount of share capital, (c) strict enforcement of the bye-laws for payment of monthly instalments. Members who are in default to the society for a period exceeding two months, are made ineligible to have goods on credit. Further, "if a member does not pay all the dues after one month's notice to him, he is liable to be removed from membership. And if he still chooses not to pay, a decree will be obtained against him, from the Registrar, for execution against his property. Thus the loss that may be incurred by the society by its large credit transactions is very much minimised. It is really encouraging to note that the society has never incurred loss, for the last 16 years, in spite of its working against the accepted principles of business in the Co-operative Movement. On the other hand, it is surprising to find that it is making very good profit every year.

(In my next article I will deal with the general principles of the Consumers' Movement and how far they are observed or violated by the Movement in Mysore, as illustrated by the Bangalore City Co-operative Society Ltd., and the Industrial and Commercial Co-operative Society Ltd.)

THE PRESENT SITUATION IN THE CO-OPERATIVE MOVEMENT OF THIS PROVINCE.

BY MR. G. JANAKIRAM,

(Director, Rajahmundry Central Bank).

The Co-operative Movement is indeed a fine and useful institution highly suited to the national traditions and instincts of Indians and conducive to national uplift—moral, social and economic. It helps towards national progress, by bringing the classes and masses and men and women of all castes and communities into close touch and intimate contact. The movement is based on and contains in itself highly useful principles and material benefits, provided it is properly conducted with selfless motives by educated and public-spirited people. But care should be taken that it is used for the economic advantage and

material benefit of the people, and not misused or abused for ulterior objects, political purposes, or for selfish ends. But the pity of the situation is that the educated people seem to care little and take less interest both in rural and urban areas, while the masses and labourers are thoroughly ignorant of the objects, principles and benefits of the movement. Mere pamphlet propaganda is of little use in bringing the knowledge of the movement to the people at large; while lecturing tours and oral education would go a long way in instilling the ideas and benefits of the movement in the minds of the poor people.

At present, the co-operative movement is not progressing on quite sound or satisfactory lines in this part of the Province, with which I am acquainted. It is of course partly helpful in rural tracts, even mitigating litigation. Greater co-operation on the part of the Revenue Department would greatly conduce to the rapid spread of the movement. The financial condition of the movement on the whole is satisfactory, while the introduction of paid secretaries trained in business and banking would help to place it on a sounder basis. There is a general complaint that money is accumulating and hoarding up, without finding proper outlet or use; but it can and should be utilised in many business transactions of a co-operative nature, by starting trade-unions on a large scale and helping the agriculturists and producers of raw materials to avoid the middlemen and village sowcars or money lenders.

The small village societies serve the purpose of a public institution, even like a temple, where people gather together to derive some benefit, social or religious, economic or educative. Owing to the fact that the original working or organisation of the societies was placed in the hands of inexperienced and unbusiness-like men, the movement has not been able to make sufficient progress or show satisfactory results; but the time and experience are already having or producing good effect.

The complaint of the existence of overdues is not quite justified; the society should not fleece money out of its members by forcing them to borrow elsewhere at exorbitant interest or sell their jewellery or produce at low prices for paying up their instalments regularly; while they might be allowed a little margin or breathing space to repay their dues ensuring however the soundness of the security.

The present Government audit is not at all satisfactory, nor is it of much useful or educative value; the department should take necessary measures to rectify this by appointing more and efficient auditors and properly trained staff. The intermediate post of Assistant

Registrars should be abolished; and the old arrangement should be revised. The Assistant Registrars should be standing fixtures in the co-operative department and they should not be transferred from the Revenue to Co-operative Department or *vice versa*. Even the Deputy Registrars should be properly selected and given sufficient satisfactory training in the principles and details in the theory and practice of the co-operative movement. The Inspectors and the Assistant Registrars might also be allowed or deputed to study the practical working of the movement at least in the various parts of India. It is also necessary that Government should select intelligent and experienced non-officials and send them to foreign countries to undergo training and study the working of the movement in different countries and in various branches and fields.

Mere credit is not of much advantage; but non-credit work should run parallel to credit work and this is absolutely necessary for the economic benefit of the people. I would even suggest that non-credit work should precede and be preferred to credit work.

The co-operative movement is not a new or novel institution to India. The very life and activities of village organisations from time immemorial have been based on co-operation, pure and simple. It is ingrained in the very marrow and bone of Indians; and I am sure it will easily spread and rapidly develop, if properly handled.

The new (institution) advent of Federation is of no use or advantage and its work might be done by unions. The movement will surely thrive, if the Unions and Central Banks are made to work well and satisfactorily by intelligent propaganda and proper education. Unfortunately, the Directors of most Unions and Central Banks are not even acquainted with the rules and regulations of the institutions. Again, supervisors should not be selected or appointed unless they have sufficient education and training and receive a certificate after sitting for and passing an examination in the principles of the co-operative movement. The success of the movement lies in the proper revival of the Unions. The movement would thrive, if besides the surety and mortgage loans, jewel loans also were introduced at least in select societies. It is highly necessary that secretaries of Banks should be paid and should also have a seat on the Directorate. The movement should also help in reviving and starting cottage industries and handicrafts.

COMMITTEE ON CO-OPERATION, MADRAS.**Supplementary Questionnaire issued to Central Banks.**

1. What is the number of societies affiliated to your Bank?
2. How many of them are indebted to you? And, if so, to what amounts?
3. How many societies out of the total number of affiliated societies borrowed from your Bank last year?
 - 3-a. How many of the societies affiliated to your Bank have not borrowed from you at all, subsequent to obtaining the initial loan?
 - 3-b. How many of your affiliated societies have not borrowed for over two and three years respectively?
4. How many of your societies do you think are good, that is to say, are capable of managing their own affairs without any outside supervision or instruction?
5. On what information do you base this opinion?
 - 5-a. What reports you think your Bank is entitled to get and from whom?
6. What reports do you actually get about your societies and from whom?
7. What use do you make of these reports?
8. Did you obtain copies of Audit Notes for your societies from the Assistant Registrar?

Do you obtain them promptly or with delay?

 - 8(a). Do you get copies of Interim Audit Reports?
9. Have you any permanent record wherein the contents of these reports are tabulated for ready reference?
10. How far are these reports reliable?
11. Do your by-laws give you power of Inspection?
12. Have you used it in any case? With what results?
13. Did you approve of the Bankers' Conference Resolutions No. I, dated 8-5-26, and No. VI, dated 2-10-26, (Rectification) and to what extent did you attempt to carry them out?
14. What are the principles on which you deal with loan applications?

How many of your societies have revised their Property Statement during 1926-27?

How many societies have sent copies of them to you?

What steps do you think are necessary to see that every society carries out an annual revision of the Property Statement?

 - 14-a. What records do you generally consult in dealing with loan applications?

15. Who recommends loan?
16. Are there cases where the recommendations were not accepted?

Can you tell me the reasons?
17. Are you satisfied that the recommendations have not gone wrong?

Have you verified loan applications?
18. How do you discriminate between loan applications?
19. Have you any system whereby the working and affairs of societies are continuously watched?
20. What are the reasons for your increasing overdues?
21. How do you distinguish between legitimate overdues and wilful defaults?
22. Have you any debt-collecting agency of your own?

Have you or have you not felt any necessity for such an agency?
23. What is the amount of overdues to your Bank from your societies?

What is the amount of overdues of the members to the primary societies affiliated to you?
24. What proportion of the overdues to your Bank are overdue for more than two years?

What steps have you taken in the matter?
25. Have you asked for any enquiry under Section 35 or 36 of the Co-operative Societies Act? What result?
26. Have you any societies under liquidation? How are collections made in such cases?
27. How much of the overdues of the members are secured by mortgage and how much by sureties and what is the proportion of each to the demand?
28. Are the terms of moneylenders in your district harsher for short term than long term loans?
29. Do you consider it advisable to divide the short term business of your bank from the long term business both as regards deposits and loans.
30. It has been stated that such a system would (i) be financially safer; (ii) educate the primary societies in business methods and (iii) assist them economically in placing more short term loans at their disposal. By a short term loan is meant a seasonal advance for crop purposes. Do you agree?
31. Do you think that a lower rate for short term deposits and a higher rate for long term deposits would encourage the latter?

SPECIAL TYPE SOCIETIES.

Reviews on their working during the year ending June 1927.*

1. The Madras Central Co-operative Printing Works Ltd.

Membership is open only to Co-operative Societies registered under the Act. The number of members at the end of the year under review was 169 and the paid up share capital Rs. 13,340-10-0 as against 153 and Rs. 12,701-13-0 of last year. Much propaganda needs to be made for increasing the membership and share capital.

Actual Working :—Though the actual outturn shows certainly an increase over last year's, yet the progress does not seem to be considerable. The net divisible profit for the year is Rs. 2,864-13-10 as against Rs. 2,401-0-11 of last year.

2. The Arkonam Co-operative Building Society Ltd.

There were 48 members at the end of the year under review as against 50 at the end of the previous year. The share capital at the end of the year was Rs. 12,585 as against Rs. 11,543 at the beginning. Rs. 60 has been noted as having been refunded against the by-laws in 1924-25. This is not co-operative and should be discouraged as the share capital is the working fund for the society and allowing withdrawals within the stipulated time would work detrimentally to the efficiency of the society.

The progress of the society is fairly satisfactory though 24 loans to the value of Rs. 5725-4-0 are reported as standing overdue. Steps should be taken to collect these overdues as early as possible and we hope a major portion of it would have been by now collected. We are glad however to note that in spite of the heavy overdues the society has had a net profit of Rs. 986-9-5 for the year under review.

3. The Vellore Co-operative Central Weavers' Depot Ltd.

It is really surprising to note the remarks of the Assistant Registrar in his audit certificate for the year under review that "the Depot has not turned out any appreciable amount of business" and we doubt whether this remark applies to the period under review only or to the entire period of its existence so far from the year of its starting, namely, 1924. We hope the latter is not the case. But the doubt is to a large extent confirmed when we find that Rs. 541-8-0—a really very big amount—stands overdue on the last date of the year under review by way of uncollected share capital. The net profit is very little

*The Reviews are based on the audit orders issued by the Department except in the case of the last.

Johnson (to Doctor Friend he has met): "What on earth is the matter? You look awfully mad."

Doctor: "Mad! I should think so! Here I have been treating a patient for 3 years for yellow jaundice and I have only just found out he is a Chinese."

being only Rs. 34-4-2 and the general condition of the working of the society as gleaned from the audit certificate does not redound to the credit of the management. We hope the authorities responsible for the conduct of the society will show better progress at the end of the present year.

4. The Aryapuram Co-operative Urban Bank Ltd, Rajahmundry.

A REVIEW BY MR. G. RAMACHANDRA ROW, M. A.

The Aryapuram Co-operative Urban Bank is one of the ideal Co-operative institutions, which through the intelligent and patriotic work of its energetic Secretary, Mr. Goteti Janakiram, rose into importance in a short period, doing service, mostly amongst the labouring classes of Aryapuram, a small suburb of Rajahmundry. Originally started as a Co-operative Society in 1919, it continued as a small and humble society till 1924, from which time its rapid growth or progress begins. The Bank now commands a membership of 650 with a paid up share capital of more than Rs. 15,000 and fixed deposits amounting to Rs. 40,000. The loans due at present from its members come up to Rs. 63,000, and over half this amount is lent out on mortgage. Members belong to all classes, castes and communities, including over a hundred Adi-Andhras, fifty Mussalmans and about ten Christians. Labourers, manual workers and small artisans like weavers, masons, carpenters, blacksmiths, petty traders and shopkeepers predominate and derive the benefits of the society. Most of them pay their instalments regularly and possess small landed properties.

Nearly a sum of Rs. 200 has already been collected for the building fund, as a building for locating the institution is felt to be an immediate necessity. The idea is also to educate and do social service to the members who are mostly poor and illiterate labourers by opening a Night School, Reading Room, a Dispensary and Stores. The Bank commands the support and respect of both the public and Government, being considered to be one of the most efficient institutions of its kind. It carries on business on the non-credit side by selling not less than 50 bags of rice monthly, besides other domestic requirements. One of the special features of the Bank is that cross-sureties are not allowed. The attendance at the General Body meetings is highly satisfactory, showing the intelligent interest and the economic advantage the poor labour members have in the institution. The President of the Bank is Mr. Saripella Kameswara Rao and amongst the Directorate are men of status like Mr. Mir Akram Ali B.A., B. L., and Dr. V. V. R. Dixitulu L. M. P. and Mr. G. Appalaswamy a timber merchant. The Secretary, Mr. Goteti Janakiram, who had been to foreign countries like Japan, is the heart and soul of the institution; he is largely responsible for its rapid progress and useful work, especially amongst the poor labourers.

"So you want to marry my daughter? Are you able to support a family?"

"I think so."

"Now think again, young man. There are seven of us"

GOVERNMENT ORDERS.

G. O. No. 2019 Development, 28th November 1927.

SUBJECT:—Building societies—Loans—Rules—Rule 12—Amendment.

The Government approve the amendment proposed by the Registrar of Co-operative Societies to rule 12 of the rules for the grant of State loans to Co-operative Building Societies. The rule as amended will be as shown below:—

“Every society receiving a loan from Government shall agree to an inspection of the buildings constructed out of the loan from Government during the progress of construction and a valuation thereof immediately on completion. The inspection and valuation will be made by a Government Engineer of rank not lower than of an upper subordinate of the Public Works Department free of cost to the society. Subsequently the buildings will be valued annually by the officers of the Co-operative Department to test the security of the Government loan outstanding. They may in cases of doubt of the sufficiency of the security get the houses valued by the Department of Public Works.”

[We have also received Copies of G.O's (Development) No. 2134 dated 12th December '27 and No. 1803 dated 8th November. The former notifies the Revised Rules regarding the fees for work done by the Industrial Engineering Branch of the Department of Industries. The reduction in the rates of fees charged by Government has, we are told, been brought into force with effect from October 1927.

The latter is a Press communique on the training of practical cultivators, maistries or field coolies. The following are certain conditions observed in the selection of candidates:—Only those actually working on the land and with experience and those prepared to work 'alongside and with the farm coolies' will be taken for the training, preference being given to those who have got jobs awaiting for them at the completion of the training; the number of candidates for each centre who could at present be satisfactorily trained has been also noted; the Department is not prepared to give instruction generally in the management of oil-engines and motors; the courses, centres and periods of instruction have been also specified.

Another G. O. No. 1635 dated 11th October '27 has also been received communicating the quarterly financial statements of all Central Banks submitted by the Registrar of Co-operative Societies, Madras, to Government for the quarter ending 30th June '27.—Ed.]

RECENT NEWS.

The Cardamom Planters' Conference, Madura:—Under the auspices of the Travancore Cardamom Planters' Association, the Cardamom Planters of the Madura District met at a special Conference held on 27th

A teacher was giving his class a lecture on charity.

“Willie!” he said, “if I saw a boy beating a donkey and stopped him from doing so, what virtue should I be showing?”

Willie: (promptly): “Brotherly love!”

November '27 at the Bungalow of the Zemindar of Bodu Cardamom at Madura where the Zemindar, Mr. T. V. K. Kamaraja Pandya, presided. The chief object of the organisers was to arrange for an effective sale of cardamom stock in profit and with profit. It was resolved that the above Association should take the work of controlling and auctioning of cardamom stocks and to take the old stocks at a rate of Rs. 3 less than the usual rate, that merchants buying the auctioned goods should pay in cash within 15 or 30 days after the auction and that the sale of the stocks will be in future through the above Company itself and not the Bodi Cardamom Bank as before. Every cardamom planter was required to come under the control of the Company and its branches and bind himself not to sell his stocks to outsiders.

Rural Reconstruction Problem in Mysore:—In the terminal meeting of the Standing Committee of the Mysore Economic Conference held on the 28th November last under the presidency of Mr. Mirza Ismail, the Dewan, the first question discussed after the presentation of the economic development report was ‘Rural Reconstruction’, its nature, significance and scope. Opinion was varied in regard to the causes for the emigration of the ryot population to towns and cities. Some were of the view that the emigration was not due so much to the town and city attractions but to the depletion of the productivity of the soil owing to the age-long and continuous pressure on the land without the introduction of improved methods of cultivation. There however seemed to be a consensus of opinion favouring the above view and the efficacy of sending out educated young men to villages who could demonstrate the new scientific methods was recognised. The ryot's view was also, we hear, represented that the educated young man, if sent to the village, would be a mere addition to the burden on the land. We understand that Dr. Kunhiraman's scheme of establishing a colony of agriculturists trained in modern methods would be investigated by the Board of Agriculture and the results of the investigation published shortly.

Agricultural Co-operation:—At the first anniversary of the Tanjore Agricultural Co-operative Society held at Tanjore on 6th December last under the distinguished presidency of Mr. S. V. Ramamurti, M.A., I.C.S., Collector of Tanjore, Mr. Anstead, Director of Agriculture, Madras, delivered a very interesting and impressive lecture on ‘Agricultural Co-operation’. One of the chief reasons for the unpopularity of agriculture as a profession according to him was that the people, especially young educated men, very rarely realised the dignity of labour. There was a general disinclination on the part of the

General: “Confound you, sir, why don't you be careful?”

Army Clerk: “What do you mean sir?”

General: “Why instead of addressing this letter to the Intelligence Officer, you have addressed it to the Intelligent Officer. You should know there is no such person in the Army.”

Indians to undertake physical labour and unless and until they got rid of this habit of thinking, Mr. Anstead did not think agriculture will have any chance. He then congratulated the Agricultural Society on its splendid work and dwelt on the duties of this type of society. Such societies, he said, should take up the work of supplying seeds, manure and implements to the ryots and the Department was prepared to help the societies in their work to the extent they could. He advocated the reduction of seed rate which, if done, would enormously increase the profit and the yield. He exhorted all those present to preach this reduction all over the presidency and also to hold an annual show at the headquarters so that people from various parts could have a chance of going there and seeing how things were being done for improving the yield of the land.

Mr. Ramamurthi could not agree with Mr. Anstead in regard to his statement that the Indians in general were disinclined towards physical labour. He said that only the young educated man was so disinclined owing to the defective educational system of the present day which gave no opportunity to the young man to do any physical work. Hence he advocated modification of the system suitably. He endorsed Mr. Anstead's view regarding the reduction in the seed rate which, as the Collector said, if adopted effectively, would give tremendous results as it would mean an additional income of 10 crores to the District and 50 lakhs to Tanjore alone.

Co-operation in Nation-Building:—Under the auspices of the National League of Youth, the Hon. Mr. V. Ramadas Pantulu, the President of the M.C.U.B. and the P.C.U., delivered an instructive lecture on 'Co-operation as a factor of Nation-Building' at the Mylapore Girls' School on the 15th December last when the Hon. Mr. Justice V.V. Srinivasa Iyengar presided. He deplored that the old village organisation had vanished wherein all the people in the village, the landlord, his farm servants etc. all considered themselves as members of one family and co-operated in every way contributing their mite to the growth of national wealth. The spirit of Co-operation, he said, must be brought into our national life. He hoped that the youths of India would develop a sense of responsibility and help the movement by taking up the work of spreading Co-operation among the poor, illiterate peasants in the land. The Chairman endorsed all that was said by the lecturer and exhorted the youths to respond to the call of the country and to do their best to educate the villagers in rural parts.

Crop Production in India:—In a paper read by Mr. D. Ananda Rao, Deputy Director of Agriculture, on 15th December last under the auspices of the Y.M.C.A. at its Auditorium under the presidency of the Rajah of Panagal, the

"How long is it since you have been in a police-court?"

"Twenty years, your worship."

"And where have you been since then?"

"In prison."

lecturer pointed out that the chief causes which kept down the yield of crops in this country were absentee landlordism, uncertainty of seasons, want of systematic rotation of crops, the possession by the ryots of poor and emaciated cattle and above all, want of business methods and fear due to want of education which resulted in great wastage in the methods of cultivation, and in the non-pursuance of new improved methods.

Coming News.

It has been decided to hold the Seventh Annual Session of the Salem District Co-operative Conference on Sunday the 26th February 1928 at Namakkal under the presidency of Dewan Bahadur R. Ramachandra Rao, B. A., C.S.I. The Hon'ble Mr. A. Ranganatha Mudaliyar, B.A., B.L., M.L.C., has kindly consented to open the Conference.

EXTRACTS FROM FOREIGN PERIODICALS.

I. A Commonwealth within a Commonwealth.

Co-operation, said Mr. Snowden, is more than a mere trading concern. It is a movement with a great ideal. Nay, it is more than that. "It is a Commonwealth within a Commonwealth." Lord Rosebery nearly 30 years ago uttered a similar phrase at one of our annual congresses. He then described the Co-operative Movement as "a State within a State"; and that phrase had its own significance and value. Mr. Snowden quoted it last week before he coined his own, but immediately his own was uttered all who heard him speak could realise that his thought was moving in a wider realm than that envisaged by the liberal statesman.

"A State within a State" is a pretty phrase but it never did express the fundamental truth of Co-operation. Co-operation is not and never can become a State within a State. It is a society growing and expanding within the State; a society which, as it grows, transcends the State and transforms it into a nobler form. Co-operation is a movement governed by its own laws, animated by its own spirit, seeking to achieve its own destiny. Never can its force and energising spirit be imprisoned within the cold, non-human State. Always it must strive towards a larger freedom, towards a Universal Commonwealth.

The State is changing, and is to-day more human than it was. No longer do men view it as a policeman only. It has become the defender, protector, guardian, and helper of us all; and it will, as time passes, be humanised more and more, as it is made to serve the democratic spirit and promote the common weal. But even now the State remains a thing apart from the daily life of common men.

In its essence it is still the "cold monster" it was once said to be. Still, even in its most democratic form, it seems to rest on force. Not yet, does the

"Thought your dad wasn't going to send you back to College?"

"Well, dad did kick at the expense, but I threatened to stay at home and help run the business, and he decided college would be cheaper."

notion of the State awaken the same emotions as a vision of the coming Commonwealth.

When Mr. Snowden called our movement "A Commonwealth within a Commonwealth", he struck a nobler note and declared a larger truth. At once he gave expression to our most lovely dreams and named the directions along which our movement must for ever move. Our pathway leads from the old order of capitalism and competition towards the new order of co-operation and good will. We have left the old system in which "every man for himself" is the common rule, and we make for a new system wherein "all for each and each for all" will be the unwritten law. We obey the State; we use the State; we mean to make it serve our general will. But never the co-operative movement looks beyond the State, beyond its war of classes and its party strife, and seeks not another State, but a world-wide Commonwealth.

That Commonwealth has not yet fully come. Has it already dawned? Mr. Snowden says it has. He tells the world that the Co-operative Movement is now "A Commonwealth within a Commonwealth"; and he knows that it is a Commonwealth that grows. And what Mr. Snowden says is true. The Co-operative Movement is no local or sectarian organisation. It is confined to no one class, limited to no one party, circumscribed by no one field. Universality is its principle, unity its aim, and ever within its borders all sorts and conditions of men and women can find a welcome and a home.

The Movement is a Commonwealth in its policy of comprehending all and excluding none, and in being fully democratic, as every true commonwealth must be. In Co-operation, all class divisions disappear. Equal rights and power belong to all, each has full equality of opportunity, and not one is handicapped by lack of wealth or title, rank or class. Nowhere else upon this planet can greater equality be found. Co-operation puts man and woman on the same level, makes the worker the social equal of those for whom he works, gives the poor man the same franchise as it gives the rich. And at no point in its operations, at no stage of its growth, is this movement more powerful than its free members. In it, there is no power to coerce. The only power that holds this commonwealth together is the power of individual freedom. (Co-operative News, dated 17th Dec. 1927, Manchester)

* * *

II. Co-operation and War.

Sir William Robertson, Field-Marshal and lately Chief of the Imperial Staff, said in a recent speech that he has realised after a military career covering 50 years that war is a wholly detestable thing and its futility should be more

Daughter: "There is only one thing more astonishing than the readiness with which Ned gave up tobacco when we became engaged."

Mother: "And what is that?"

Daughter: "The rapidity with which he took it up again as soon as we were married."

insistently emphasised by political leaders. Sir Ian Hamilton is also of the same opinion and many leading newspapers echo the same view.

"We rejoice that men whose words can reach the public ear now use this language and say these things. But we know that words are not sufficient. It is not enough to denounce war and pray for peace. Before war can be ended, its causes must be destroyed. The world must be organised for Peace. In fact, Peace alone is not enough if it only represents the absence of war. What is needed is world organisation, good will that springs from action, human co-operation that makes warfare a folly, peace founded in the common interest of humanity, a unified and conscious purpose that will make all war impossible in the years to come.

Once man fought in the name of Religion, to regain the Holy Sepulchre, for the Cross against the Crescent. Later on they battled for political dominion, for thrones and crowns. Now war has become a branch of business, the natural child of capitalism and competition. Behind fine phrases, flags and high ideals, nations war for markets, the power to control supplies, the property of capitalists, the profits of investors. Financiers stand behind the fighting line. The heroism of brave men is exploited by the capitalists of the world. The battles in which the heroes die are in reality part of the economic struggle waged by combines seeking profit and power to monopolise the treasures of the world.

Before war can end, the world must be organised for peace. Individualism must give place to humanity, co-operation must replace competition, and industry and trade be organised not to produce money profit, but to satisfy human needs. These are the essential changes that must be made. Few of those who now denounce war as bestial folly yet perceive the relation between capitalism and the worst of crimes. What they do not perceive we know, and what they do not say co-operators must now tell the world. This is the hour when our propaganda will tell, the day when the principles of co-operation must be proclaimed, its methods explained in the hearing of the people.

Co-operation is organisation. It begins in the retail store, where consumers unite to organise a supply of goods to satisfy their daily needs. It proceeds to the workshop and the factory, the mill and the farm, and there organises the production of goods for human use. It spreads to other countries and organises importation, exportation and exchange; and as it grows and develops, ends competition, eliminates profit, replaces individual by common ownership, and casts out the devil of self-interest that drives modern nations into war. In a word, co-operation organises the world for peace, and creates goodwill as it spreads. It is the task of co-operators to make the meaning of our movement clear. Those who would end war must extend co-operation. (Co-operative News of Manchester.)

Wife: "Oh, George, that little thief of a servant we discharged yesterday has stolen our best towels!"

Hubby: "Which ones were they, dear?"

Wife: "The ones we took from that hotel in London we stopped at."

III. Co-operation, a practical Ideal.

From Plato to H. G. Wells the world's library has catalogued an ever-increasing number of Utopias; some gossamer figments of the creative mind; others inspiring the efforts of our manhood as the fairy tale appealed to our imagination in childhood. But none of these creative works have found their fulfilment in practical human experience.

It was left to a few lay minds of the nineteenth century to record the most vital departure from established ways and, through co-operation to open up the franchise of our imagination, and once for all find a way of escape from the thralldom of negative ideals.

Our co-operative appeal has universal application, because it first touches the common life of all peoples—our daily bread, our homes, our labour. It touches these and makes them sacred. In every department of thought, advance is only made when men and nations will make experiments and put forward suggestions, and for industrial effort in this direction we are grateful.

Marcus Aurelius, 2000 years ago, said: 'Men are born to be serviceable to each other; therefore reform the world or bear with it.' That reform is no one man's job, not the task of a class, not the responsibility of governments alone, but each must lend a hand.

As a citizen-maker, our co-operative practice has bred a high sense of corporate responsibility, toleration, and justice. As a business institution, it has shown the way to a higher standard of industrial existence and a true interpretation of business morality. As an instrument of thrift, it has discovered for the humblest wage-earner, the simplest, the sanest, the most practical road to individual self-reliance and mutual well-being.

We are builders—builders of reality, improving our industrial and national life and status, not by any method of violence or dispossession, not by taking away what is another's, not by laws and leagues merely, but by keeping ourselves through mutuality in service. Trained economists, business magnates, trade union leaders, and governments can neither show nor offer us any sounder method of advance.

Co-operation, as we know it in practice, is the only system as yet which gives its adherents the definite right not only to participate in control, but also in the reward—the profit of its own industry.

Its principle is capable of the widest application in every form of social and industrial service. It is the most practical of ideals for social betterment. (Manchester Co-operative News, 10th December '27.)

IV. Progress of Co-operation in Great Britain.

The following figures and a short comment thereupon will give our readers an idea of the growth of the Co-operative Movement in Great Britain:—

"How are you getting along at school, Alec?"

"Fine! We're learning words of four cylinders now."

The figures which are the official statistics compiled by the British Co-operative Union, showed that there were 1,407 co-operative societies in Britain at the end of 1926. These societies then had 5,229,703 members, share capital amounting to £100,046,945, and reserve funds which reached a total of £17,594,305. During the year their cash turnover amounted to £294,302,814, their trading surplus totalled £23,709,671, and together they provided employment, under good conditions, for 209,616 workers whose wages for the year totalled £26,739,327. In the twelve months 268,820 new members were added to the membership roll, and almost all the societies extended their co-operation in new directions.

It is almost impossible for the mind to grasp the real significance of these wonderful figures. Not many men and women can think in millions. Wage-earners who receive only two or three pounds each week, and working women who have to keep house on a few shillings weekly cannot possibly comprehend the meaning of an annual trade of three hundred million pounds. Yet these figures are tremendously important. They prove that at least a third of the total population of Great Britain is now attached, more or less closely to the co-operative movement, and that one person in every three now belongs to a co-operative household. Gladstone, in his great days, never handled so much money on behalf of the nation as co-operators now turn over in their stores each year. Many States have smaller revenues than British co-operators, and among great trusts and combines few own as much as one hundred million pounds.

* * *

V. Copy of the Address by the International Co-operative Alliance to its President, Mr. G. J. D. C. Goedhart.

The world-wide circle of colleagues and friends, representing the co-operators of 35 countries, desire to record their appreciation of the great contribution which Mr. Goedhart had made to the progress of Co-operation, National and International, by his life-long devotion to his ideals; their admiration of his brilliant gifts; and their affectionate esteem for his high character and charming personality.

Mr. Goedhart entered into the work of the International Co-operative Alliance at its inception. The first Congress Report, 1895, contains a contribution from his pen. He was appointed member of its Central Committee in 1900, and unanimously elected President of the I. C. A. at the Basle Congress in 1921. His monumental work for Co-operation in Holland is well-known throughout the International Co-operative Movement.

Now that he has decided to lay aside his armour, his colleagues and friends unite in the fervent hope that he may long be spared to see the fruit of

The dear old lady was late at church, and entered as the congregation was rising to sing.

"Dear me," she said with a smile, "don't get up on my account!"

his labours in the advancement of co-operation towards the realisation of a new civilisation based upon the principles of Fraternity, Peace, and Social Justice, which constitute the elements of the Co-operative Commonwealth.

*On behalf of the
International Co-operative Alliance,
VAINO TANNER, President
HENRY J. MAY, General Secretary*

THE 1st MADRAS ADI-DRAVIDA CO-OPERATORS' CONFERENCE.

The First Adi-Dravida Co-operators' Conference, Madras City, was held under the presidency of the Honourable Mr. V. Ramadas Pantulu, Member, Council of State, at Thousand Lights, Madras, on 21st January 1928 at 5 p.m. The following brief survey of the present position of the co-operative movement among the depressed classes of the City was presented to the Conference by Mr. R. Chettie, the Chairman of the Reception Committee :—

I am extremely thankful to you all for the honour you have done me in electing me as your spokesman to declare boldly the reasons for the moribund condition of most of our societies and also the causes for the inefficiency of the supervising unions mainly intended for us, and to remove the prejudices against us from the minds of unbiassed critics, that have been created by the interested persons.

Brother co-operators, you all know that the main reasons for our meeting here this day in conference, is the extreme measure taken against some of our societies. A few months back the Financing Bank deputed its accountant to inspect our societies, and he has brought to light the grave defects in the administration of our societies. But at the same time, I may assure you, it was never the intention of the bank to close our societies. It wanted to revive and expand its transaction with us by putting us on a sound footing. The present Assistant Registrar of co-operative societies who has been with us for an unusually long period of over 10 years, and who is personally responsible for the existence of those defects and for the continuance of them, not knowing how to rectify and revive them and fearing further criticisms by the continuance of their existence, has taken the extreme course of recklessly recommending the liquidation of some of our societies without consulting the financing bank or the unions and without giving to the members of these unlimited liability societies an opportunity to set matters right. The present Assistant Registrar has been responsible for keeping us in ignorance, and for not educating either the members or the panchayat, as to the right methods of keeping books. I am told that he has been responsible for the creation of factions and illegal startings like that of Karim Mohideen Saheb St., C. S., at Narasingapuram. He

Parson : "It was disgraceful the way that Lars snored in church!"
Peter : "It was! He woke us all up!"

himself is ignorant of the proper keeping of accounts. This is apparent from the way which accounts have been maintained in the handwriting of the Assistant Registrar himself in Adyar Narayanaswamy Gardens, a society now recommended for liquidation. He is also responsible for the incorrect audit reviews, e. g., the audit review of Pudupet Union for 1924-25 which remains uncorrected in spite of the reminders from that union.

His present attitude towards the Adi-Dravidas is highly reprehensible. It seems he abused Adi-Dravidas in the presence of Avati Mutgesan of Wellington C. S. and now stands in the way of proper organisations by honorary workers lest such organisations might reflect very badly on his previous work of multiplication of societies while he was the chief inspector presumably with a view to be made the Assistant Registrar. Gentlemen, you all know that he has achieved his object of becoming the Assistant Registrar and to the regret of the depressed class societies he has been placed over us as our Assistant Registrar. He now turns round and finds critics attacking him for his maladministration and tries to save himself by demolishing the institutions intended for us. Nor is this all. He did several improper things, such as handing over the society's books forcibly to a man who was neither the president nor the secretary, and the convening of meetings without the consent or the knowledge of the secretary and president, and passing resolutions to his taste. We have borne all these in silence and without raising our voice against him till he has driven us to protest against his doings by his adoption of extreme measures. The liquidation proceedings now passed against some of our unlimited liability societies will ruin some of the well-to-do among the depressed classes and let free the penniless. Most of the societies against whom liquidation proceedings have been passed have appealed against those proceedings and we trust the benevolent Government will consider them favourably and give a chance to their members to rectify, revive and work them up.

Coming to the inefficient supervision of the unions for the depressed class societies, I can boldly say that the present Assistant Registrar is primarily responsible. There was a time when there was only one union for the whole City and it was found by Rao Bahadur Mr. Venkatachariar to be unworkable on account of its extensive jurisdiction; and he in consultation with the present Assistant Registrar started three unions for the depressed classes and promised help to strengthen them and even instructed the present Assistant Registrar to strengthen them. But in spite of the advice of Mr. Venkatachari, the present Assistant Registrar never cared to do so evidently feeling that effective supervision of the societies by non-officials would expose his defective methods. He has allowed and advised the well-to-do societies to get themselves disaffiliated from the unions and he is responsible also for the passing of dis-affiliation

"Herbert, why are you wearing your glasses in bed?"

"I am getting so short-sighted that I can't recognise the people I dream about."

resolutions and for refusal to pay supervision fund when asked by the unions and he even omitted to mention supervision fund in the audit certificates of the affiliated societies. During the time of Mr. Venka'achari a trifling amount of one rupee per each depressed class society used to be paid to unions for the maintenance of its staff, which the present Assistant Registrar has stopped. When the unions try to strengthen themselves by the organisation of fresh societies, he stands in the way of the registration of societies organised by them. By all these means, he has been trying to starve the unions and make them inefficient for want of funds to employ efficient supervisors. The resolution No. 11 passed at the 2nd Madras District Conference requesting financial assistance from the Government till the union stands on their own legs was not given effect to by the Government.

Before I finish, I would like to refer to the difficulties under which the depressed class tenants are now labouring and how the City Tenants Protection Act passed for their benefit is a dead letter to them when ejectment proceedings are taken against the tenants as in Chintadripet Mettucheri. For want of loan accommodation from the labour department, the poor tenants have been ejected and driven to the streets and are residing on the roadside. What a pitiable sight it is? Prompt measures should be taken to check such mishaps.

In fine, I request to bring to your notice that the resolutions which have been considered by the subjects committee will be placed for your consideration and acceptance. Thank you once more, Gentlemen, for your kind and patient hearing and you, Sir, for the sympathy you have shown towards us by your readily consenting to preside over this conference and I trust that you will fight for our cause and see that we are freed from our troubles and are educated properly in right principles of co-operation by securing for us from various co-operative institutions and from Government the necessary money for the necessary propaganda and education of the depressed classes in the City.

Resolutions.

1. (a) That this conference of Adi-Dravida Co-operators of the Madras City takes the attitude of the present Assistant Registrar of Co-operative Societies, Madras City, in recklessly recommending the liquidation of depressed class Co-operative Societies without consulting the Unions or the Financing Bank as a token of his non-sympathy towards depressed classes and strongly protests against such liquidations and requests the appellate authority to view favourably the appeals from the members of the affected societies and to give them an opportunity to revive and work up their institutions without being put to the burden of bearing the unlimited liability of their societies.

(b) That this conference notes with disfavour and resentment his views against the depressed classes and records its deep regret that the present

Manager of Hotel: "Now, then, my lad, it's taking you a long time to black those boots, isn't it?"

Boot Boy: "Yes, sir; but you see, some of them were brown when I started."

Assistant Registrar having been permitted to stay in this city for an unusually long period of over 10 years in his capacity as Chief Inspector and as Assistant Registrar, Madras City, has allowed the depressed class societies to become moribund on account of his incompetency to revive and work them up.

(c) This conference requests the Hon'ble Minister for Development to have the present Assistant Registrar of Madras City transferred from here at once.

2. (i) That this conference appoints a committee consisting of Messrs. the Hon'ble Mr. V. Ramadoss Pantulu B.A., B.L., Rao Bahadur M. C. Raja, M.L.A., Rao Sahib R. Srinivasan M.L.C., Rao Sahib L. C. Guruswami M.L.C., G. Sriram Baba Naidu Esq., B.A., B.L., Dip. Econ., N. Sivaraj Esq., B.A., B.L., M.L.C., and the Secretary of the Christian Central Co-operative Bank, Ltd., to enquire into the reasons for the moribund condition of the depressed class societies, for the inefficient supervision of the depressed class supervising unions, for the sufferings of the depressed classes from the Landlords and Sowcars and also to enquire into the administration of the present Assistant Registrar of Co-operative Societies of this City and to suggest the remedies therefor.

(b) This conference requests the Committee to submit their report within three months from this date.

3. (a) That this conference protests against the formation of a Federation having under its control the Government Employees' Co-operative Societies and the Depressed Class Co-operative Societies combined but requests the strengthening of the existing Unions.

(b) That this conference favours the idea of the formation of a temporary RECTIFICATION COMMITTEE consisting of an Assistant Registrar of co-operative societies other than Mr. K. Narayanaswami Mudaliar, to be nominated by the Registrar; two members from the Financing Bank elected by its Directors from among themselves; one representative from each Union elected by itself; and Honorary Members from practical co-operators not exceeding two who may be co-opted by the elected representatives of the committee.

(c) That this conference requests the Financing Bank to make the appointments of probationary supervisors of the Bank permanent and to make them attend only to collection of dues and disbursements of loans to societies.

4. That this conference requests the Government to render financial aid to all depressed class co-operative societies for payment of remuneration to persons for clerical work done by them to such societies.

5. That this conference requests the Government to give a subsidy of one thousand rupees to the Rectification Committee as is now done to District Federations for their doing educative and propaganda work.

"What made him so annoyed?"

"Well, he told his wife she had no judgment, and she just looked him over from head to foot and said she was beginning to realise it."

6. That this conference requests the Labour Commissioner to acquire the sites for depressed classes when they are threatened with eviction by landlords from their cheries where they have been residing for generations together or in the alternative to grant loans freely to them through their co-operative societies for the purchase of their house sites.

7. Resolved to request the following gentlemen to take action on the resolutions passed at this Conference :—Messrs. Rao Bahadur M. C. Raja, M. L. A., Rao Sahib R. Srinivasan, M. L. C., and Rao Sahib L. C. Guruswami, M. L. C.; and if it is not convenient for them to attend to these resolutions throughout, they shall be at liberty to depute any person for carrying out these resolutions into effect.

Observations of Rao Bahadur M. C. Raja, M.L.A., on the Resolutions.

As the resolutions required a brief exposition of facts, I give below the following observations for the proper understanding of them.

Res. No. 1. A cursory glance at the speech of Mr. R. Chettie made at the time of the conference will show the different disadvantages and difficulties under which the depressed class Co-operative Societies laboured and who is primarily responsible for such state of things and how that person has been trying to end matters in order to escape censure. The following societies are under orders of liquidation. Koyatope Co-operative Society, Teynampet Cathedral Co-operative Society, Adyar Narayanaswamy Gardens Co-operative Society and Thousand Lights Co-operative Society.

In the interests of the Adi-Dravidas, it is but desirable that liquidation orders against these and other depressed class Co-operative Societies of which I might not have been aware be stopped in view of the recent awakening among the depressed classes for a period of at least six months pending the report of the Committee of Enquiry appointed as per resolution No. 2. I trust the Minister for Development will give effect to other parts of this resolution also having regard to the widespread discontent against the present Assistant Registrar of Co-operative Societies, Madras.

Res. No. 2. The Adi-Dravida Co-operators as a whole having felt the need for a Committee of Enquiry have appointed the gentlemen mentioned in this resolution. I am sure that the Minister for Development will see his way to have the necessary instructions issued to assist the committee in its work.

Res. No. 3. It has been brought to my notice that the Deputy Registrar (vide his communication No. B. 1795/27 dated 30-12-27 to the Secretary, the Christian Central Bank Ltd.) has issued a circular to some persons chosen at random as he liked, to form a provisional Council of Supervision for the City, which in the opinion of Adi-Dravida co-operators was found to be hastily conceived. That proposed council consists of a Majority of Government Servants belonging to Government Employees Societies. This combination of Government servants and depressed classes as in the matter of supervision will lead to an unhealthy

growth of the movement, resulting in the perpetual subordination of the depressed classes. It is already felt that the interference of Government servants in the depressed class societies is leading to lamentable results. I therefore request the Minister for Development to see that this formation is stopped and to give effect to part II of this resolution which contemplates a purely representative body from all persons interested in the proper development of the movement.

The strengthening of the unions is quite necessary. If for any reason it is found that there is not at present sufficient human material in any depressed class union to work it up, permission may be granted to such unions to admit honorary workers whom this City has in abundance. The main reason for the inefficient supervision of the unions is one of finance. The resolution No. 11, passed as early as 5th July 1925 at the 2nd Madras District Conference of Co-operators, was not given effect to. I am further told that the Registrar stopped the clerical allowance paid to depressed class unions for employing the necessary staff (vide Assistant Registrar's letter No. A 833/26 dated 7th April 1927). Without a proper supervisor it is idle to expect effective supervision. The honorary workers cannot be expected to be out of pocket for going about in this city of distances. They can spend their energy and their leisure hours for the service of humanity. Without finance nothing can be done. I therefore request the Honourable Minister for Development to see to the strengthening of the existing unions by all means before pronouncing them to be unworkable in this city.

Res. No. 4. The unions were paid the allowance till it was stopped by the Registrar of Co-operative Societies for no fault of the unions. This allowance is quite necessary for the following among other reasons. (1) In some societies, there are no literate persons to attend to this work. (2) In others, there are some but overworked being engaged from 8 A.M. till 10 P.M. and it is nothing but injustice to expect this kind of work from them. (3) In some others people expect some sort of initiative by way of remuneration to attend to this kind of arduous task. It is therefore quite necessary that the benevolent Government should be pleased to sanction clerical allowance at a rate of not less than Rs. 5 per society to all depressed class societies as is now done in the case of corporation menials societies. Resolutions of similar nature were passed at the last Provincial Conference held at Madura and at the last Adi-Dravida Provincial Conference held at Madras. I therefore appeal to the Minister for Development to see that this is sanctioned at a very early date.

Res. No. 5. This kind of grant is not peculiar to Madras. A sum of one thousand rupees is paid to most of the District Federations for educative and propaganda work. In this City there are only four unions as compared to twenty and thirty unions in other districts. This state of affairs do not warrant the formation of a District Council or Federation which formation involves contribution from unions also which are now started for want of funds. The **Rectification Committee** is a body akin to the executive of the District Council of Supervision, being purely representative in character. I am told also that the **Committee on Co-operation** recommended the payment of Rs.20,000

to the Madras Provincial Co-operative Union and some smaller amounts to each District Federation. As the business of the proposed rectification committee is also the same, I find no reason why it should not receive assistance from Government.

Res. No. 6. This resolution pertains to the Labour Department. I have already made certain references. I trust that the Government would come to the rescue of the depressed classes and see that this unfortunate community is not driven from their huts by rendering timely assistance to them.

DISTRICT NEWS AND CORRESPONDENCE.

I

Co-operation and Cyclone Relief in Nellore Dt.

Soon after the cyclone, the Executive Committee of the Bank adopted the following resolution on 5-11-27.

Subject. Allotment of work to the Inspectors:—

Resolution:—“Resolved that the Inspector, Mr. V. Raghaviah, shall visit each village in Indukurpet and Nellore Unions and P. Sundariah visit each village in Kovur and Allur Unions, inspect the books, verify the cash balance and send a report as to the condition of the members of the society and indicate the steps that should be taken for their relief. The unions concerned are requested to send their supervisors along with the Inspectors to assist them in this work. The Federation is requested to send their supervisors to Kavali, Kandukur, and Atmakur Taluk societies, to do similar work. Gudur and Kota unions are requested to send a report as to the condition of the societies affected by the cyclone and if any village requires help, they are advised to ask for relief from the cyclone relief committee as expeditiously as possible. Its secretary is M. R. K. B. Annaswami Iyer, Pleader, Nellore.”

2. Unfortunately, one Inspector Mr. Sundarayya fell ill and only Mr. V. Raghaviah could go and visit societies. The union supervisors also visited societies. The reports received by them go to show that there was no loss of account books or bonds in the societies visited by them. Instructions were given to these supervisors and inspectors to prepare a statement of loss of various kinds among the villagers in the places which they visited. Reports were received for 54 societies giving details of loss of men, cattle, property, homes and also requesting relief for building houses and for cloth. A number of societies have applied for loans to be distributed among their members to help them to get over the effects of the cyclone. So far, Rs 35,000 were granted as loans. The cyclone has afforded an opportunity to rectify some bad societies.

3. The weather continued to be rainy for nearly 12 days after the cyclone and consequently the villages had all become very insanitary. The

dead men and cattle could not even be removed outside and buried. In the wake of the cyclone followed the cholera in a rather virulent form. The poor people had little or no food the first few days after the cyclone. The water was all contaminated. There was putrefaction of the dead animals in the villages. The fallen trees and debris of houses could not be removed. The means of communication to the villages was cut off owing to the roads having been strewn thick with the fall of avenue and other trees. The plight of the villagers, especially the poor, was simply miserable. The outbreak of cholera added to the suffering of the villagers. The Central Relief Committee, the Government and the District Board were all engaged in the work of prevention and cure of cholera. A band of selfless Congress volunteers were brought by Desabhakta Konda Venkatappayya Garu who toured round in the villages administering medicine to the cholera-stricken patients, nursing them and attending upon. Remarkable service was rendered by these Congress volunteers who carried corpses of people that died of cholera on their shoulders to bury them. The people in the villages were too terribly afraid even to go to these cholera-stricken patients, much more were they to carry the corpses. Out of superstition, they would not even lend a spade to dig graves. In spite of these difficulties, the volunteers had to carry the corpses and bury them. In these circumstances, the entire Co-operative organisation of the District felt it their duty to do their best.

4. *Burial of Carcasses and Corpses:—*A sum of Rs. 100 were placed in the hands of the President of the Bank by the Nellore Central Cyclone Relief Committee for enabling him through the co-operative agency to look to the burying of carcasses in the villages. It was reported to the Committee from the workers in the villages that a large number of cattle died in the villages, that their carcasses were thrown in and about the villages and that this was causing unbearable stench and was one of the causes of cholera that broke out in those villages soon after the cyclone. This amount was distributed among the workers and the unspent balance was returned to the Relief Committee.

5. *Rice distribution:—*The Departmental Inspectors and Union Supervisors and the President and the Secretary of the Bank were entrusted with the distribution of provisions for 3 days by the Central Relief Committee. The President was put in charge of the Central Stores and the Secretary went to the few villages in the Virur Supervising union area. The Inspector, Mr. V. Raghaviah, has been doing very useful work in looking after the sanitary condition of villages and in Nellore town, besides his duty as Inspector. He helped the Congress Volunteers a great deal and was chiefly instrumental in making out a good case for the starting of an orphanage in Nellore.

6. *Common Good Fund:—*The Bank placed all the Common Good Fund at its disposal in the hands of the supervising unions for purchasing cholera medicines for using the same in the affected areas. In many of the villages, the primary societies also used their Common Good Fund to fight cholera and to remove carcasses and debris.

7. *Stores*.—Besides this, the Bank induced some of the societies to open stores for the sale of rice in retail to the villagers. Thus stores were opened at Mypad, Indukurpet, Muthukur, Virur, each of these societies borrowing money from the Bank for the purpose of running the stores. The Central Relief Committee resolved to make good the loss, if any, that may be sustained by these stores by their selling foodstuffs at cost price subject to a maximum of 5 per cent.

8. The Bank hopes to take further and more interest in the matter of granting loans to societies and thus help the sufferers in the village.

K. V. RAGHAVACHARIAR,
*President, Nellore District Co-operative
Banking Union,*

18-12-27.

II

Rural Reconstruction Fund.

Report from 1st October 1927 to 31st December 1927.

The first Report of the above Fund gave an account of its activities till the end of September 1927. Since then the work has been steadily consolidated in the different lines and much progress made, a summary of which is given here.

1. *Scouting*. The 3 Divisional Organising Secretaries for Scouting, who have been placed under the Boys' Scout Association Provincial Secretary, Madras, report increasing activity in their respective areas.

2. *Rural Reconstruction Centres*.—All the Centres have sent in reports of steady work. *The Ullagaram Centre* reports that an economic enquiry is being held by Mr. Ramakrishnan, lecturer in Economics, Madras University. The Co-operative Society has purchased an improved plough both for purposes of demonstration and letting it out, and its members have handed over their dividend for construction of a school hut. Instructions are also being given in improved methods of cultivation by demonstrating in a ryot's plot the following :—

1. Ploughing with konkon plough *vs* country plough
2. Sowing thin nursery *vs* thick nursery.
3. Economic planting *vs* bunch planting.
4. CoZ variety (Departmental seed) *vs* Chinna Semba.

These demonstrations are being carried out directly under Departmental supervision. In addition Mr. Parthasarathi Iyengar, the local landowner, is carrying out demonstrations of improvements recommended in 3 plots of his own. The village Panchayat has been registered; a census has been taken of the poultry kept in Puludiwakkam Village. Further, a grant of Rs. 100 has been obtained from Miss Florence Nightingale Village Sanitation Fund.

The Alamuru Centre reports the starting of a night school, and lectures on Co-operative Societies, Civics and Library Movements. A Reading Room with a paid Librarian to read the papers to the ryots and to deliver lectures on subjects like prohibition, untouchability, was started. Magic lantern lectures on agricultural subjects were delivered, and a stipend of Rs. 2-8-0 a month was granted to a poor student. 2 village Panchayats have been started an economic survey of Alamuru is being carried out; a monthly journal in Telugu "Grama Punar Nirmanamu" to promote welfare is being started, and Ayurvedic medicines are being distributed free to the poor.

The Mayavaram Centre reports the starting of 3 new night schools at Nallathumidi, Ramapuram and Kalanivaral, bringing the total number managed by the Fund to 5.

Anakkavur Centre. This centre is being looked after by Rao Bahadur A. Vedachala Iyer, retired Officer, Co-operation, who submits that a spring channel in the village which has been neglected for the last 10 years, and which is capable of irrigating 200 acres of wet land, has been revived and is being maintained by voluntary organisation. Investigation is also being made to revive the working of a river flood channel to augment the supply to the tank which irrigates 800 acres. Enquiries are being made to secure habitation for field labourers on co-operative lines, and an economic enquiry has been started. Investigation is also made about the condition of the Panchamas.

Scholarships. Rs. 300 per month that was set aside for scholarships is being utilised to help the poor students all over the Presidency, and a statement will be published at the end of May.

Miscellaneous. The Fund gave a donation of Rs. 500 for the Nellore Relief Fund.

Adyar, Madras.
23-1-28.

Secretary, R. R. Fund.

ACKNOWLEDGMENTS.

We acknowledge with thanks the receipt of the annual reports of the following institutions. We are sorry we are unable to review them in detail :

1. Sarada Co-operative Stores, East Rangoon.
2. The Nellore District Co-operative Banking Union, Ltd.
3. The Trichinopoly District Urban Bank, Ltd.
4. The Pudukkottah Co-operative Central Bank, Ltd.

We have also received the following administration reports which, though rather late, we hope we would be able to review shortly in the pages of the Bulletin.

1. Pudukkottah—1926.
2. H.E.H. The Nizam's Dominions—July 1924.

3. Mysore—1926.
4. Federated Malay States—1926.
5. United Provinces—1926.
6. Travancore—1101 M E. (August 1926)
7. Assam—March 1927.
8. Bombay—1926 and 1927.

**CERTIFICATE OF REGISTRATION OF THE AMENDMENTS
TO THE BYE-LAWS OF THE MADRAS PROVINCIAL
CO-OPERATIVE UNION.**

OFFICE OF THE
DEPUTY REGISTRAR OF CO-OPERATIVE SOCIETIES,
V CIRCLE, MADRAS
Dated, 20th January, 1928.

No C.1956-27

From

M.R.RY C D. NAYAGAM AVL.
Deputy Registrar.

To

THE HONORARY JOINT SECRETARY,
The Madras Provincial Co-operative Union Ltd., No 1130.

Sir,

Subject : Amendments to Bye-laws—Certificate of Registration (Reference—Your letter No. R. C. 174/26—27 dated 13-9-27 communicating the proceedings of the meeting of the General Body members held on 10th July 1927).

I hereby certify that I have registered under clause 2 of section 11 of Act II of 1912, the amendments noted below to the bye-laws of your society.

The bye-laws are herewith attached.

(Sd). C.D.NAYAGAM,
Deputy Registrar.

(True copy)

(N.B The bye laws as amended and as now registered have been published in pages 169—175 of the November—December issue of the English Bulletin.)

NOTES AND NEWS.

We have rung out the old and rung in the New. 1927 is gone and 1928 is come. On such an occasion, it behoves us as thinking men to have some definite plan of action for the year. Our stock-taking is generally done early in July. That is with regard to the business aspect. Along with the rest of the world, we shall make resolutions at the beginning of the New Year and try to the best of our abilities to convert them into practical realities. What shall we do in 1928? 'Rectification and Consolidation' says the Department. 'Rectification and Consolidation' echoes the cautious Co-operator. 'Expansion at all cost, expansion in spite of setbacks, expansion irrespective of consequences' cries the enthusiast. As practical men inspired by a healthy dose of idealism, let us take *festina lente* as our watchword. Mere rectification and consolidation of existing societies only without starting new societies will ultimately lead to stagnation. Rushing ahead with new schemes without taking stock of available strength in men and money, sinning hastily and repenting leisurely, is the monopoly of fools. While devoting a good deal of attention for rectification and consolidation, let us expand and rectify and consolidate by expansion. If the affairs of a society are unsatisfactory, very often the best way of testifying the state of affairs is the vigorous policy of expansion i.e., bringing in a large number of fresh members inspired by high ideals and enthusiasm and replacing the old degenerates by them. Some years back, the policy of expansion at any cost was started and we are now paying the penalty. There is however no reason for panic and while every step should be taken to rectify existing societies, we shall carry on a healthy expansion propaganda at the same time. Our ultimate ideal on the credit side is a net work of co-operative banks throughout the length and breadth of the country where the rich men may deposit the superfluous cash and the poor men of character borrow as often as there is need. There should be no village without a co-operative society and no man who has not been connected with it either as lender or borrower. That is our ideal and we shall not rest satisfied till that ideal is reached.

Watchword for the
New Year.

In recent times, a tendency has set in especially in high official quarters to look upon co-operation as business first. **Co-operation and Business.** The evidence given by Mr. Hood before the 'Committee on Co-operation' (as reported in the Dailies) emphasised this aspect of the problem.

Mr. Hood is not alone in holding this view. He is merely the mouthpiece of a new school of Co-operators in India, officials and non-officials, who look upon Co-operation as a business and who want that others should do so. We have no quarrel with them. A concern in which crores of rupees are involved is certainly a piece of business of a very complicated kind and unless from beginning to end business principles are observed, it may not be all right with the movement.

This new enthusiasm for business principles is quite necessary, if it denotes merely a healthy reaction against the notion prevalent that Co-operation was a form of social service, (that, in the words of a distinguished countryman of ours, it was a religion) which perhaps implied that it was altogether independent of or at least not so dependent on the business principles of every day life. If however the apostles of the new cult were to believe that it is business pure and simple, that it is business first, business second and business last, having no place in it for enthusiasm of any kind (using the word in its original literal sense), we beg to assert that they are mistaken. Unless actuated by a belief in certain ultimate ideals, a certain amount of altruism which transcends petty calculation, the movement will not thrive nor be able to command an unending stream of fresh recruits.

We are not at all certain that we are wrong when we hold that the movement is not in recent times attracting as many enthusiastic workers in the ranks of non-officials as it was lucky enough to do at its inception in this country, twenty and odd years ago. Then co-operation was hailed as an easy way for economic salvation and perhaps the preliminary discipline that is necessary, the *Sadhana* as our religious men would call it, was not so much insisted upon by the preachers of this new Gospel who like some mercenary missionaries care more for numbers than for quality. Our experience of these 20 years has disclosed the defects of mere enthusiasm but that does not mean that enthusiasm and idealism are bad in themselves, only that they must be tempered by contact with realities.

We would therefore say that they alone are true co-operators who look upon co-operation as a new economic device for better distribution of the good things in life among all the people of the world, better than the present arrangement based on capitalism and competition. Inspired

by this ideal, they must go out into the world and preach this new Gospel appealing to the higher instincts of man to his altruism and not to his love of money and such lower instincts. We again repeat this belief in the ultimate efficiency of co-operation to improve the economic condition of the world is not inconsistent with business principles, but co-operation, let us conclude, is not business and business only. As a great writer defined religion as morality touched with emotion, we would define co-operation as business sublimated by altruism and when appeal is made to the masses at large, it is a higher aspect that should be emphasised upon. Our complaint against the advocates of business principles is not that they go too far but that they do not go far enough. Co-operation is business *plus* something and its superiority to other forms of business lies in that extra something which should on no account be neglected.

* * *

The principles of co-operation, though fundamentally the same, is being applied in different countries to different new **New Co-operative Ventures and Our Policy.** forms of business. Co-operative Hotels and Co-operative Laundries are springing up in many places. In Italy before the Fascist Government began to discourage co-operative activities, large industries were in the hands of co-operators. We are glad to learn that in Tasmania a mine is to be taken over by the workers who would conduct it on a co-operative basis. In this country, however, the soil seems to be congenial to the growth of credit societies only. All the provinces over, the non-credit societies are at a discount.

We intend setting apart a form in our bulletin, if necessary, for giving publicity to the non-credit activities of our co-operators and we request such of our brethren as are engaged in non-credit co-operation to keep us informed of their activities. We hope this gesture on our part would be responded to enthusiastically and would result in the progress of non-credit activities in the country.

* * *

Those who have worked in the field of co-operation in this country have often realised what a stupendous obstacle is presented to the progress of the movement by the illiteracy of the masses. At the very slow rate at which the Government is advancing the cause of education in this country, it will be nearly a century before even the rudiments of education are imparted to the masses. It is therefore necessary that some other method should be devised to combat this

devil of illiteracy, and adult education is one of the effective ways accomplishing that purpose.

Recently a new movement has been set on foot in this country (new with reference to the Tamil Districts only because our Andhra brethren are in advance of us in this respect) i.e., the Library Movement. It is intended to prevent the lapsing back into illiteracy which is one of the most tragic phenomena confronting the education reformer. The Government have come forward with a promise to help rural and urban libraries maintained by co-operative societies, village panchayats, Municipalities, Taluk and District Boards, by a cent per cent grant.

The available funds of co-operative organisations, whether of rich Urban Banks or District Central Banks, nay even the small amounts saved as common good fund in the rural co-operative societies, cannot be better employed than in being spent to further the cause of education among the illiterate masses of the country.

It is inspiring to note in this connection that the famous adult educational organisation in England known as the W. E. A. (Workers' Educational Association) has been maintaining a very cordial and intimate relationship with co-operative organisations throughout England.

True, our problems are different. We have no literate proletariat which needs only further facilities for study and self-improvement as in England. We have in the first place to remove mass illiteracy and in the second place to prevent the lapsing back into illiteracy by means of libraries, extension classes and so on.

It is very often said that the co-operative movement which began in this country with so much of idealism has degenerated into a very worldly calculating business and that there is very little in it capable of appealing to the generous, altruistic tendencies of the young. The proceedings of various conferences form dreary reading unrelieved by any inspiring idea. Will it be too much if we place as a definite proposition before the co-operators of the land that the major portion of the money available within the movement should be utilised for the spread of education among the co-operators wherever there is such a need?

If social service organisations and co-operative societies pool their resources in men and money together, the pace of progress towards literacy may to a certain extent be accelerated.

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Last month we referred to a tendency on the part of retail traders in Great Britain to combine themselves into bigger organisations. The *Manchester Guardian* announces the possible formation of a huge Food Trust contemplated to push prices down and not up. The same paper threatens that these multiple companies are going in for reprisals because their ultimate aim is a prices war against the C.W.S. The British Co-operators, far from being frightened from such threats, welcome this new venture and the *Co-operative News* has got the following pertinent remarks about this business:—

“What answer shall we make to the multiples? If they want war, it would be a pity to disappoint them now. If it is knowledge they require, we must do what we can to teach them. Perhaps we shall answer them most effectively if we keep on growing and spreading and do our best to show them how well we can attract new trade and manage big business. If they reduce their prices, all their customers will be glad, but we are able to prove that no trust can organise retail distribution more efficiently and economically than a co-operative society. If they co-operate, we must co-operate more completely than they ever can. Always we must make it plain that consumers can organise better and supply their own needs best without the aid of any profit-seeking capitalist, and demonstrate that co-operative democracy is as much superior to a trust as political democracy is superior to the dictatorships that now exist in Moscow and Madrid.

The multiple companies may combine and imagine vain things; they have no power to injure co-operation as long as co-operators are true to themselves and loyal to their own institutions. As long as co-operation is broadly based on the support of organised consumers, it will stand as firmly as the greatest pyramid. The essential thing is that co-operators shall purchase all they can from their own stores, consume their own productions, and be active workers for their own movement. Co-operators who know their store belongs to them will never strengthen a rival anxious to attack it. If this new trust makes war upon the Co-operative Wholesale Society, all co-operators must demand C. W. S. productions more determinedly. And if these newly-awakened capitalists try to destroy the co-operative movement, every co-operator must be a co-operative propagandist. The true strength of co-operation is in its active members who constitute a standing army that no combine can ever overcome. Never while they serve with the colours will the movement not advance. The multiples have begun this war. They will not formulate the terms of peace.”

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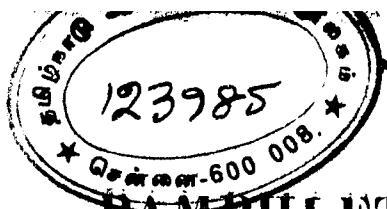
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