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The Madras Bulletin of Co-operation

In two languages—English and Tamil.

ISSUED ON THE 30th OF EVERY MONTH.

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

Vol. XIX.] MAY 1928 [No. 11

PRINCIPAL CONTENTS.

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The Madras Provincial Co-operative Union,
ROYAPETTAH, MADRAS.

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THE MADRAS BULLETIN OF CO-OPERATION

P.C.U.

ALL FOR EACH and EACH FOR ALL

OFFICE OF THE REGISTRAR OF BOOKS
14 JUL 1928
MADRAS

VOL. XIX.] MAY 1928

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THE CO-OPERATIVE COMMONWEALTH.

"I don't think any two people would have the same conception of the Co-operative Commonwealth. To my mind, however, it is not something stationary, but something always improving and moving forward to better things. It is much more an attitude of mind of individuals towards their fellowmen than anything else. It is a world in which there is recognition of a community of interest, in which people are desirous of living together on good terms with one another, being concerned with the welfare of their fellowmen as well as with their own welfare—a State in which there is toleration for other people, and kindness and goodwill; in which there is no desire on the part of one individual to get something belonging to another, but where each is willing to work with all for the common good." Prof. Hall.

(Manchester Co-operative News).

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LOANS IN RURAL PRIMARY SOCIETIES*

BY RAO BAHADUR A. VEDACHALA IYER, B.A.

In attempting the work of reconstruction and rectification of the existing rural credit societies, it will be advantageous to the movement if the Government agency, central bank and the non-official supervising agencies viz., local unions and district federations, act in a co-operative and co-ordinated spirit, agreeing among themselves as to the procedure and practice referred to on certain points noted below :—

(1) When there are overdues in rural primaries and the debts are secured by the mortgage of immovable property, the society should invariably investigate and find out whether, by giving suitable and deserved extension of time, the borrower can clear the dues within a *specified period* of time. Such extension could and should be given by the society and the amount involved should be allowed to be repaid in the period of time fixed. Overdues by the society to the central bank will be given extension calculated according to the above method. The central bank should allow such extension for the amount involved, on the recommendation of the local union which can satisfy itself that the extension of time allowed in the society was proper. The Assistant Registrar, as auditor, has to accept such extensions in calculating overdues.

(2) Where extension of time has not been allowed as above indicated and the overdues have to be collected by taking legal steps, the society should start arbitration proceedings without delay and the matter reported to the Assistant Registrar through the local union. The Assistant Registrar should be expected to appoint the arbitrator without delay and within a fortnight and the arbitration proceedings should be pushed through without delay. Whenever arbitration proceedings are started by the society, it should apply for encumbrance certificates in advance of the arbitrator being appointed by the Assistant Registrar and the matter kept ready. As soon as the arbitrator decides the cases of overdues disputes, he should give a copy of his decision or decree to the society on the spot, sending a copy to the Assistant Registrar, and the arbitrator should pass a decree after enquiry, call it final and also empower in the decree, the recovery of the dues from the mortgaged property and other property, if any, as *also by the arrest of the defaulter* which is now invariably omitted from the decrees of arbitrators. This omission forms a real handicap in cases where the property mortgaged to the society has been previously mortgaged. It also operates as a hardship where there have been subsequent alienations and where there are no bidders. Arbitrators and the Assistant

*A memorandum to the Registrar of Co-operative Societies, Madras.

Registrar should treat the claim under each bond as separate and a separate decree should be passed in each case. Clubbing of such cases is illegal and inconvenient.

When the society gets decrees from the arbitrator, it should send them for execution within a fortnight at the latest either to the Civil Court or for execution by the Revenue Department to the Assistant Registrar. The latter alternative is not readily available as the Revenue Department will only take charge of 40 cases for execution in a union. There is not much use in waiting for the turn with the Revenue Department. The society may as well as go to the Civil Court. All the societies in a local union area or in a taluk can entrust such cases to one pleader in the Munsiff's Court to be selected for each year by the district federation or by the local union.

The society will tabulate such cases every month where arbitration decrees have been passed and where execution proceedings are pending in the Civil Court or with the Tahsildar and will send a copy to the district bank through the local union. The amount involved in all decreed cases will be given extension of time by the district bank for a year to be extended where necessary and it will be treated as overdues by reason of which further credit accommodation is denied to the society. If there are prior mortgages, the society has to find purchases at court action and if there are subsequent alienations, the purchasers are few as they will have to start litigation against those in actual possession of the property. In cases of surety loans, courts insist on the mention of the kind of movables to be attached and the society's efforts are multiplied when the borrowers make the property mentioned not available at the time of attachment by the court agency. Hence it is clear that the collection of overdues through Civil Courts takes at least 1½ years and sometimes works up to 2 years. These items should be treated as recoverable ones and should get extension year after year, after a close watch over the proceedings by the local unions and the central bank. The societies which have such overdues and where the required action had been taken regularly, should not be penalised by the central bank or the Assistant Registrar by refusing to grant further loans to deserving persons and for agricultural industry. The societies deserve to be penalised if such action had not been taken by them.

(3) When societies do send up applications for additional loans and for additional maximum borrowing power, the property statement should be revised excluding the net assets of the members against whom decrees have been passed and ⅛ of such net assets should thereafter be treated as the borrowing power of

the society and credit accommodation allowed by the central bank up to that limit and the Department should accept this standard for fixing the borrowing power in the societies except when they have special reasons for refusing to fixing the limit applied for. The amendment of bylaws in fixing the maximum borrowing power by the society has to be accepted by the Assistant Registrar according to this convention. Where however the society feels that credit accommodation is required for a larger amount than what the net assets, calculated as aforesaid, can allow as its borrowing power, it should put forward special reasons for exceeding the convention limit, which should be considered by the local union and accepted by the central bank. If these institutions accept the proposal in such cases, the Department can alter the borrowing power automatically unless the registering officer has special reasons for rejecting the amendment proposed, in which case he should promptly state his reasons and communicate the order of his refusal in at least a fortnight to the central bank and the society. Such special loans in excess of the convention limit can be restricted to short term loans repayable in one or two years. Refusal on general grounds, such as "overdues of principal" or "interest" or "share capital", to alter the borrowing limit of a society even though accepted by the central bank is not a desirable step to be taken by the registering officer and produces friction in the working of the movement.

(4) In some cases, societies apply for increased borrowing power in the grant of loans to members. This has to be secured by the amendment of the bylaws and the registering officer has to exercise his discretion. It will be advisable to adopt a convention under which the society, the central bank and the Department can regulate this item. It is not wise on the part of any outside agency, the local union, district council or district federation, to interfere with the internal administration of a society or with the amount of loan proposed to be given by the society to its members. The primary society alone is responsible for such distribution as also for fixing the period of repayment. The Assistant Registrar should not, as is urged by some, refuse to register the amendment on the ground that the Panchayatdars propose to take away a large slice of the loan amount. In the first place, the Panchayatdars should not be penalised. How do they become eligible for such loans if they resign the office of panchayat member? Are their services and usefulness to be discarded on this account especially when lending to such men is financially safe? The principle to be followed is that everyone who is a member should be given credit accommodation to the *desired and deserved* extent for all purposes at the appointed time. Obstacles by the Department or by the central

bank in the free exercise of financially responsible discretion of the general body of a society should not creep in at any stage. If the society wants individual borrowing power to be raised, it should be automatically accepted unless the Assistant Registrar or the financing bank has very good reasons to urge against the proposal, and such agencies should forthwith and within a fortnight communicate their decision to the society to enable it to reconsider its position. Business principles of banking require prompt action at all stages. Hence the growth of agreed conventions among the parties concerned, the society, the local union, the central bank and the Assistant Registrar will avoid unnecessary delay. There should be absolutely no delay in the grant of short loans to advance the agricultural and other allied rural industries or in the grant of loans on the pledge of harvested crops—

(5) *Forecast system of loans* should be introduced in July of each year by the local unions and it should be insisted on by the district federation and the central bank as well as by the Assistant Registrar. The central bank should arrange for sanction of loans under the forecast system by the end of August at the latest. The union annual meeting should deal with the forecast problem invariably in July and take all steps in this direction. The annual conference of a local union should be a regular business meeting when the transactions of the affiliated societies for the previous year should be reviewed and the plan of action laid for the coming year considered as far as may be practicable.

(6) The district federation should be laying down such policies as it thinks best and tender them for action by local unions and primary societies, and the Assistant Registrar has to tender his advice in such matters to the non-official bodies.

(7) Every society must have some one to do the clerical work especially where arbitration proceedings have to be undertaken. The fact that a society can spare only a small sum prevented the entertainment of a full-timed clerk on adequate salary and Panchayatdars were allowed to take some remuneration for their services. But the remuneration recently fixed by the Department from 1922 onwards is said to be proportioned to the profits. In rural societies, this formula will not work satisfactorily as accrued interest on overdue loans and on loans generally is not included in "profits". Moreover, clerical work is very heavy in societies with heavy overdues. The society can maintain a clerk even though there are no profits as business working involves clerical work and maintenance of proper staff leads to proper management. Panchayatdars are under the unlimited liability system and might advantageously be asked to do the clerical work as they are responsible while non-member paid clerks are not. The society at its

general body meeting can fix the scale of pay to be allowed and any outside agency, official and non-official, should not disallow it but the latter may advise the institution if the scale fixed is found high. After all the borrowers are to get the profits and they may well lose a portion by meeting as current expenses the expenditure involved in the maintenance of a clerk, manager or paid panchayatdar.

CO-OPERATIVE CREDIT

BY RAO BAHADUR A VEDACHALA IYER, B.A.

Loans given by primary societies on the security of the immovable property, especially for long term purposes repayable in annual instalments for a series of years, have to be given by exercising due care and caution and after a careful examination of the title deeds to the property mortgaged. The primary societies, in the hurry to grant such loans, grant long term loans without attending to 4 important considerations :—

(1) They do not insist on securing encumbrance certificates before the actual grant of loans.

(2) They are helpless when the loans given to members for discharging their prior mortgage debts are not utilised for the same purpose.

(3) They regulate the loans at 50 per cent of the value of the property mortgaged without a responsible certificate as to the value of the property.

(4) They do not examine the title of the borrowers to pledge the property and secure all the title deeds in respect of the property pledged.

It is therefore necessary and desirable that the executives of the primaries should be educated as to how to deal with loans granted on the pledge of immovable property.

One important consideration in the grant of long term loans is that such loans should be regulated with reference to the repaying power of each borrower, carefully calculated, making due provision for the agricultural cycle of depressions in the yield and for sickness etc. in the case of labourers and wage earners. The regulation of loans purely with reference to the mere value of the property is a mistake and should be avoided. The repaying power is the real security for the loan and the pledge of immmovable property is the subsidiary or collateral security to provide against loss to the society by the death of the borrower or by his incapacity to earn

his income anticipated in the ordinary course of circumstances especially when causes beyond his control operate. Such repaying power should be determined by the Panchayat seriously and a record should be made of the various details of calculation made by them in determining such power for each borrower. The inspecting agency should likewise make detailed enquiries, and satisfy itself that the panchayat have loyally discharged this important duty. Even in regard to the acceptance of the immovable property as collateral security, considerable precautions should be taken to ensure that the property pledged to the society is correctly valued at double the amount of the loan to be advanced, that the borrower has good title to the property and that the loan given by the society is on the pledge of unencumbered immovable property.

The Encumbrance certificate. The primary societies grant loans without an encumbrance certificate because (1) of the delay in obtaining such encumbrance certificates from the Sub-Registrar, (2) of the fact that the panchayatdars are expected to have local knowledge of such previous alienations, and (3) of the fact that the Sub-Registrars refused to entertain more than one application at a time and until the borrowers execute their mortgage bonds to the society. The application for encumbrance certificates should be made to the Sub-Registrar when the loans are sanctioned by the primary even prior to the submission of loan application by the primary to the Central Bank. If there is still delay securing in the encumbrance certificate, the loan may be given on a surety bond to be cancelled soon after mortgage bonds are completed by the observance of all rules on the subject. The panchayats have no doubt local knowledge but still the matter should be placed beyond all doubt and the securing of an encumbrance certificate should not be dispensed with under any circumstances. The Department should be addressed by the non-official agencies to address Government to offer expeditious facilities in the Registration Department.

Long term loans for redemption of prior debts on property pledged to the society should not be disbursed to the borrowers on their promise to clear the prior debt, for, if they should fail, the security to the society is lowered. Either the society should pay direct to the creditor if he is available, or retain the money, give notice to the creditor to receive the amount and arrange for getting the discharged mortgage bonds. The danger of the security being lowered if such precautions are not observed is similar to that accruing from the grant of loan without obtaining an encumbrance certificate. These dangers are not theoretical ones suggested but have been experienced in a very large number of cases in primary societies.

The panchayatdars should invariably ascertain how the borrower acquired his title and how far he has the right to raise credit on its security. No relaxation from a strict examination of the title is permissible. Rapidity in the granting of loans should not have preference to a close examination of the title of the borrower to raise credit on the property mortgaged. If the title is defective, the entire sum lent will be lost and the panchayatdars will be personally liable for all losses arising from such carelessness in examining the documents of title or in the valuation of the property mortgaged.

The panchayatdars should be educated in the careful manner in which such enquiry should be conducted and a record of their investigation should be made and kept with each loan case.

Co-operative borrowers of long term loans on the pledge of immovable property are bound to discharge the instalments and interest punctually and pave the way for the redemption of the debt. If at any time they sell off such mortgaged properties and do not clear the dues of the society, the panchayatdars have an inherent right to close the loan account and take steps to recover the dues by resorting to legal processes where necessary. Similar steps will have to be taken without delay even in cases where the borrowers pledge their property, raise a loan subsequently and outside the society on the security of property already pledged to the society. Any delay on the part of the panchayatdars, hoping that the purchasers of the subsequent mortgages will pay the dues to the society in instalments is impolitic and should not be tolerated. The society has no legal hold on the purchasers or subsequent alienees and has to meet with many legal difficulties in the execution of decrees in such cases by procrastination. The borrower member forfeits his privilege of paying the loan in instalments the moment he sells the land or raises further credit from outside and has certainly no right to transfer such a privilege to any one else whether the latter is a member of a co-operative society or not. The panchayatdars must be educated in their duties in this respect. The inspecting staff should also make enquiries in the direction of finding out if there are such cases.

Peculiarly, mortgaged properties when brought to sale through a Court of Law at the instance of a co-operative society sometimes do not get bidders. In such cases the society should exercise its discretion to purchase the property provided it will not involve financial loss and provided it can find a member competent to acquire the property by securing adequate credit accommodation from the society. This may be useful as a method of securing the ownership of cultivable lands to field tenants or labourers provided they have sufficient solvency

to undertake such purchase even with the help of the needed credit being given by the society. This process can also be employed on behalf of a member or members under the joint loan system and thereby ownership of land can be secured to a number of people by such conjoint action.

PROSPECTUS OF THE MADRAS VITAMINS CO-OPERATIVE STORES, Ltd.

RAO BAHADUR M. K. VENKATACHARIAR, B.A.

I. *Vitamins.* Every educated person should be now familiar with this new word. It is defined as an unknown but essential factor of diet, the absence of which leads to certain diseases as rickets, scurvy, beri-beri pellagra. Several great men interested in the welfare of our nation have been directing their attention to this vital subject, urging people to see that foodstuffs containing vitamins are used by them in preference to others. In the All-India Exhibition which was open to the public in the Spur Tank, Egmore, some articles containing vitamins in different proportions had been put up in the stalls of the Madras Agricultural Department with explanatory charts in order to educate people in the importance of the subject and spur them to immediate activities.

II. *Researches, Experiment, Demonstration and Propaganda.* As the theory of vitamins appears to be fairly well established, it has become urgently and indispensably necessary to safeguard against the deterioration of our nation by failure to bestow sufficient attention to this subject. Firstly, researches have to be made to determine the exact quantity or proportion of vitamins in the various articles of diet consumed by our Indian community; secondly, such articles have to be secured from time to time from the best localities and issued to bona fide consumers and reliable reports got from them as to their actual experiences in using them; thirdly, after making such researches and experiments, demonstrations have to be held in suitable centres to the right class of people who will readily and intelligently follow the examples; fourthly, vigorous propaganda should be carried out by oral and lantern lectures by enthusiastic and philanthropic gentlemen who actually adopt in practice what they preach.

III. *Stock of Articles.* Even for the mere initiation of any of these activities, a stock of various foodstuffs containing vitamins should be kept at hand. As the very essence of the Vitamins Theory is the freshness of the materials, it is necessary that articles stocked should be systematically and expeditiously replaced by fresh ones. Those replaced should be issued, if the work is to be both useful and successful, only to those who know and appreciate the theory and have full faith in the experiments made. In other words, they should be persons who will loyally help in the researches, taking at the same time advantage of the articles for consumption on payment ungrudgingly of the actual cost of the articles.

IV. *Co-operative Methods.* The various conditions above detailed can be best secured by recourse to co-operative methods and application of co-operative principles. Therefore a co-operative organisation is proposed to be created with two-fold aims. The first is to stock, for issue only to members, articles of food containing vitamins, carefully prepared on scientific basis from raw stuffs purchased at suitable markets, and the second is to carry on propaganda on the Vitamins Theory with the necessary demonstrations.

V. *Co-operative Stores.* As a co-operative store registered under the Co-operative Societies' Act II of 1912 (India) cannot be a mere philanthropic or propagandist concern but a regular business institution run on sound business lines though philanthropic motive and object may be underlying the business, its membership is thrown open practically only to those who can purchase from the stores the articles of foodstuffs supplied by it. Those who sympathise with the objects of the institution, but have not the facilities or the need to purchase from it the articles it tenders for sale, cannot become members. They may be subscribers to the Common Good Fund provided for in by-law 37 (3). They can thus help in the researches, demonstrations and propaganda without being purchasers.

The value of each share is fixed at Rs. 5. A member need take only one share compulsorily. He may enjoy with it all the privileges of a member including service on the Board of Management. His liability will be limited only to the value of the shares taken by him. Such a low value of Rs. 5 for a share and such a low qualification of only one share for a director's place are provided to place the stores within the reach of the poorest of us. According to strict co-operative principles of stores, no provision is made in the by-laws for any sort of borrowing by the society from non-members. Even from members only trade advances can be taken. All transactions either for purchase or sale or labour have to be in cash. All this means that much more capital than what can be got by every member taking the minimum of only one share will be required. To raise enough capital, provision is made for any gentleman who can afford to do so, taking shares up to a maximum of 200, that is, to invest as much as thousand rupees in share capital. This is the maximum allowed in the Act. As the

chief object of the Stores is to encourage purchases of foodstuffs containing vitamins, no maximum is allowed for bonus payable on purchases, while the maximum dividend on share capital is fixed at 5 per cent per annum. In order to provide an artificial stimulus to members to be loyal to the Stores in purchases, a provision is made for the forfeiture of a sum equivalent to the balance of Rs. 5 out of his share capital in any month in which a member fails to purchase articles to the minimum value of Rs. 5. This is only a precautionary provision and it is hoped that it will be altogether inoperative as surely no member who voluntarily joins the association will really need such stimulus. Provision is also made to excuse any delinquent for good causes for default in making purchases.

VI. *Common Good Fund.* The business aspect of the stores has been summarised above. No less important and in fact the larger part of its functions are research, propaganda etc. They are proposed to be dealt with under by-law 37 (3). Indeed a stores to be run on business lines, even for such a new venture, should be started only after scientists and propagandists have played their part and demonstrated to the public that their results are so unrefutable that any one in the street may easily and blindly follow it. But in the peculiar circumstances of this concern and our conditions, it is obvious that without a stock and store of the type proposed, no research or propaganda can be carried out. Thus the present problem for solution is somewhat of the old question, which is earlier, the seed or the plant. Though the proposed stores will begin as a business concern on its legal side, it will nurse under its care a propagandist concern, with the facilities given to it in by-law 37 (3), in order to experiment and spread the gospel far and wide till the theory is well established and demonstrated. When this is done, several questions may have to be decided for the future, firstly whether this propagandist concern should be separated from the stores and put under separate management including in it persons not being directly members of such a regular business institution; secondly, whether more stores of this sort should be started all over the town and the country to meet the demands of residents outside the suburb of Mylapore; thirdly, where this store is now proposed to be situated or whether branches should be created of it for the purpose as has been done by our old T. U. C. S.

VII. *Conclusion.* Yogi Sri Vaishnava Dasa, Agent of H. H. Jagatguru Ananthachariya, Swamigal of Conjeevaram of the Prathivada Bhayankaram Mutt, has been residing at Madras for some time past and devoting considerable attention to naturopathy and vitamins and such other kindred questions. His chief motto is that every man should be his own doctor. He is the chief moving spirit in the organisation of this institution. The public cannot be adequately thankful for the selfless efforts he is making in the matter. It is hoped that he will be able to bring into our fold all right men who will help us in the success of our stores.

ALARMING OVERDUES AND HEAVY SURPLUSES

By Mr. V. Saranathachariar, B.A., B.L.

It is a fact admitted by all co-operators both the official as evidenced in the Annual Report of 1926-27 and the non-official as seen from the figures supplied by the Central banks to the questionnaire sent to them by the Committee on Co-operation, that the primary societies have failed to keep up their engagements with the financing banks promptly. Hence overdues are growing enormously so that if its progress is not arrested now, there may be a danger to the movement itself. To use the words of the Committee, "Anxiety is however felt on some matters especially the increasing overdues and immediate steps should, we most strongly urge, be taken to remove it". There have been many cases of embezzlement, fraud, misfeasance and other serious irregularities. Such is the financial condition of societies. The reasons for this state of things have been manifold. The most prominent of them is that societies have been organised and started in feverish haste without proper enquiry, preparation and education as detailed by the late Hemingway in his Manual, part III, chapter II.

Causes for heavy overdues in Societies.

The members joining such societies have had no ideas as to what is meant by the term 'co-operation,' as to the implications involved in unlimited liability, or as to the source wherefrom the money they borrow comes. They are under the impression that these societies are alms-houses created by the Government in order to help the poor. Panchayatdars are in most cases completely ignorant of the ordinary principles regarding the grant of loans to members and the proper methods of collection. It has not been pointed out to the borrowers that if they did not keep up their engagements, not only will they be deprived of the advantages of borrowing but it will affect the borrowing capacity of the regular payee and it will not enable the central banks to repay their depositors in time, nay their default will seriously affect the financial condition of the movement as a whole.

Loans granted to members must be governed by the most ordinary principles viz., they should be granted with reference to the capacity of the members to repay, and with reference to the purpose of the loan being productive or otherwise. The period of repayment ought to be determined with reference to the time when they can sell their produce most economically and the amount of net saving they can effect each year.

If the causes for the bad working of so many societies are examined, one should find it in the initial mistake of the panchayat in sanctioning the loan. When a member requires a loan for a longer period and the society is unable to sanction on such terms, the loan is taken under a false pretext that he would pay within the time fixed by the society. As a matter of fact, a careful estimate of his budget will reveal the fact that he would not be able to discharge the debt in time.

It is to the interest of both the borrower and lender that the loans sanctioned are only borrowed and utilised for proper business which will be sufficient to pay the interest and also leave a margin sufficient for his labour to enable him to clear the principal also in due course.

In an agricultural country like India, in order to carry on his ordinary cultivation the ryot wants money first to purchase a pair of bulls and to provide himself with ploughs. Next he has to purchase manure and seed grain. Then he has to find money for transplantation, weeding and harvesting. Further, he has to find money for the payment of Sirkar kist. The permanent improvement on lands, such as sinking of wells, digging of tanks, and the general improvement of irrigation facilities and the payment of prior debts which have swelled up owing to his religious, social and economic conditions are other items of demand. Above all, he wants money for maintaining him and his family during the period of cultivation and after. In the grant of loans for such purposes, the panchayat should see that the money borrowed is for a useful purpose, the security offered is good and sufficient and the amount of loan is sufficient for the purpose asked for and above all that it is utilised for the very purpose for which it is taken. It is to the non-observance of these things the chief causes for overdues are to be traced.

Having been very careful in the sanction of loans as detailed above, the panchayat should be strict in enforcing the conditions of each contract. They should take disciplinary action promptly and efficiently without partiality in cases where the default is due to the wilful neglect of the borrower to pay when he was in a position to do so. In cases where the defaults occur owing to causes beyond his control such as failure of crops, wholesale or partial, unexpected accidents, careless estimation of the income of the borrower, they should be quick to notice such cases and grant extensions so as to enable them to keep up their engagements at least by such an extension.

We also hear of loans sanctioned by the panchayat in the name of one member so as to really accommodate some other. These kinds of benami loans can be traced only after careful scrutiny and enquiry. In some cases it so happens that the interest charged by the society is lower than the market rate and hence members put off paying societies' debts as long as possible. In such cases the panchayat should take prompt steps for the recovery of loans. In many societies the panchayatdars themselves are in heavy arrears and hence societies' overdues have swelled up for want of proper agency for collection.

One other reason for such heavy overdues is due to the fact that there is no regular and proper supervision of rural societies owing to ill-paid and ill-equipped non-official staff. The supervising unions are expected to see that the by-laws are strictly observed in the grant of the loans. Either because the supervisor is not bold enough to point out the defects for fear of his dismissal owing to the influence they command or because of the influence they have with the office-bearers of supervising unions, such deviations pass unnoticed and no steps taken to rectify them. Where an officer of a rural society has 20 shares and the capacity for his standing is surety as Rs. 50 per share, and where he has already stood surety for Rs. 500, and the society accepts his suretyship for the whole Rs. 1,000 without demur, and the loan is recommended by some of the governing body members but is checked by another governing body member, if such action is resented by the executive officer of the union as undue exercise of powers, is it not due to partiality and indifference that such mistakes are allowed to be perpetrated. Even the executive officers of central banks sanction loans to societies when they have not supplied them with property statements simply on the strength of the assurance of one of their members who happens to be the executive officer of the union responsible for the recommendation of the loan.

Remedies Suggested.

The remedy for this state of things is to be found in the fact that members of rural societies and governing body members of unions ought to be thoroughly ingrained in all details in the principles governing the sanction of loans, by means of rural training classes undertaken either by the federation or the Provincial Co-operative Union. A better personale in the management of rural societies and the supervisory organisation ought to be secured. Prompt methods of collection ought to be adopted by both the societies and the central banks and the latter must undertake the work of consolidation and rectification. It must grant extensions in proper cases to societies and see that such extensions are passed on to the members of rural societies in turn. Central Banks must provide large facilities for the grant of loans on crops grown and harvested and stored by members in order to enable members to secure a real saving at a time when there is a demand for money from all sides. In cases of loans where both the surety and the borrower are dead and in cases of time-barred debts, the panchayat should be made personally responsible if they do not take immediate action. Overdue loans must be separately classified and periodical reports must be got by the central bank, both from the societies and from the unions as to the progress in collection. As the basis of credit allowed to societies depends upon the net assets of members, it is the prime duty of central banks to insist on true property statements being prepared and revised annually by societies and loans sanctioned only on receipt of such statements. Many cases of fraud and embezzlement can be detected if the central banks would have a register known as the general information register which will give information on various points such as the names of office-bearers of societies, their signatures etc., enable them to verify the bonds, and as such give the progress and history of the society up to date.

Further, if the central banks, with the help of the unions or their own special staff in case the unions are unable to do the work, prepare a forecast of the needs of the society sufficiently early so that money may be readily available for the borrower at a time when he wants it and so that there may be no undue pressure on the central banks to supply their needs, and grant loans whenever the necessity arises, a good deal of progress can be achieved. Unless this is done, it is impossible to meet the demands and expectations of the societies in time so as to enable them to keep up their engagements with the financing bank.

In the matter of long term loans, there is an immediate necessity for the establishment of a central land mortgage bank which alone can command the confidence of the public and secure purchasers for the debentures issued. It is also essential that not only the existing land mortgage banks should form its clientele but the primary societies also should be allowed such credit societies. It will not be sufficient if merely the areas of operations of the existing land mortgage banks are extended.

Utilisation of Surpluses in Central Banks.

Side by side with the above question of overdues, we also hear of large surpluses at the disposal of the financing banks, lying idle and earning no interest and not properly invested on remunerative transactions. Does this fact mean that all possible outlets have been exhausted so that there is really no need to borrow? To quote the words of the Committee, "the movement has not yet touched even nominally the lives of more than ten per cent of the people". There is a crying need for money everywhere.

Central Banks have been feeling for some time past that their monies have not been properly invested owing to the heavy overdues in societies.

The major portion of the funds of the central banks have been due to the inflow of large deposits from public bodies like Corporations, Local Boards and Municipalities, Trust Funds and short term Deposits from individuals. Hence the question that has been engaging the attention of central banks is whether such deposits can be safely lent out for periods longer than the deposits themselves. After a prolonged deliberation, the Conference of Banks have come to the decision that these deposits may safely be given out as loans extending up to a period of ten years. Till now the period has in no case exceeded five years.

The question of outlet may be considered from 2 aspects—the needs of the villagers and those of the urban areas. So far as the villagers are concerned, there is a wide scope for development of short term loans. It is a thing known to all that the ryot is pressed for money at the time of harvest both for payment of kist and for meeting the society's demand. Hence he is forced to gather the produce sufficiently early and sell them at an unfavourable rate or borrow loans on their pledge agreeing to sell them at very low prices as soon as they are harvested. This state of things can be prevented only if loans on the pledge of the crops and produce are freely given. An amendment to model bye-law No. 44 in the shape of another para which enables the grant of loans, without reference to the general borrowing power of members under bye-law 42, on the pledge of crops and produce so as to enable them to be disposed of at a favourable season and at a favourable market, have been introduced. Further, bye-law No. 53 has been recast so as to provide for joint loans in a number of cases unprovided for till now. Central Banks must realise the immense advantages of the introduction of these bye-laws, so that the ryot may be enabled to sell his produce at a favourable price and obtain joint loans for cultivation expenses such as purchase of seeds, cattle and manures, and trade purposes, so that he may be enabled to get greater income at a lesser cost than before. In order to reduce the heavy expenditure in the purchase of household articles and cultivation necessaries, joint loans for such purposes must be freely encouraged so that a

real saving can be secured for the ryot because of the fact that he loses far more on his purchases than what he gains by way of reduced interest in a credit society, pure and simple. All these can only be done by an efficient staff. The central banks must advise the primary societies by means of propaganda work and make them prepare a statement showing the loans required under each head sufficiently earlier so that there may not be any undue delay for the borrowers or an undue pressure on the central banks in one and the same time. In cases where the rural societies are not sufficiently educated so as to prepare these forecasts, the supervising unions must be asked to help them. If the unions too are lacking in energy, the central bank must depute a special staff of its own. Further, it would be more advantageous and easy for the quick disposal of such loans if a network of branches are spread throughout the area of the Bank's operations as suggested by Sir Lallubai in his able presidential address delivered at the XV Madras Provincial Co-operative Conference.

As for the needs of the urban areas, it is evident that Nattukottai Chetties, marwaries and other usurious moneylenders give small loans to the middle and poor classes on the pledge of jewels and valuable vessels. In the case of such loans, the rate of interest charged is very exorbitant and is very often deducted at the time of the disbursement of the loan. Because of the smallness of the loan, its effects are not clearly seen but it is such loans that make their position still worse. In order to relieve such a situation, the system advocated by Mr. S. Krishnaswamy Iyengar, Manager, Christian Central Co-operative Bank, in the 1927 July issue of the Bulletin, will be the true solution. He suggests a very small nominal amount of admission fees, distribution of loans by a clerk so that loans may be distributed without the least delay and the opening of a Savings Bank account in which will be credited the difference between the local rate and the rate charged by the society.

Towns are growing in population and the supply of provisions and clothing is a most prominent item. Real savings can be secured to the urban inhabitants if store societies will undertake the supply of all kinds of domestic requirements in motor lorries at the door of the people in places where it is possible or in country carts, taking indents from them every week and the money for such supplies advanced through Co-operative Credit Societies started for such definite purposes. In these and other ways, the problem of large surpluses can be solved and the people benefited.

Mr. WOLFF ON THE TOWNSEND COMMITTEE'S REPORT.*

I have read the Report of the Committee on Co-operation which you were good enough to send me, with the greatest interest and I may say, with equal pleasure. For it affords unmistakable evidence that in the whilom "Sleepy Presidency", the cause of co-operation is in good hands and is making good progress, promising eventually realisation of its object. I may claim to take something of a special interest in co-operation in Madras, because it was my friend the late Lord Wenlock—who sponsored my Thrift and Credit Societies' Bill in the House of Lords and was also the first President of our Agricultural Organisation Society—who as Governor of Madras first set the co-operation ball rolling in India despatching Nicholson to Europe to study the subject of co-operative credit. Nicholson's report is altogether out of date now, but for me it was a veritable wonder of minute inquiry and correct description. (I was also delighted with Nicholson's excellent little Report on Chinese Agriculture). Unfortunately his draft proposal for legislation submitted to the India Office was altogether impracticable. But his advice "Find Reiffeisen" was wholly to the point.

The Committee's Report tempts to suggestion on points numerous that even if I knew that they were desired their very number must be deterrant to a worked out old man. You are still in the period of construction and unfortunately you have a mass of people to deal with, the majority of whom do not understand their own interests and the principle of the scheme at the execution of which they are asked to co-operate. Had they the understanding required, the present curse of Indian Co-operative Credit, the execrable accumulation of those overdues, would cease. It is only education and long practice with careful and continual rubbing in of the duty to be not only honest but prompt in repayment which can remedy this evil. It was disappointing to me to see that Lalubhai Samaldas' sensible remarks at the last Madras Conference were so little appreciated. I found them on the whole every good.

What can't help delighting one in Christian England is the good progress that you are making in the help rendered to the untouchables. Dragging these poor people out of their slough of despond in itself is an achievement to congratulate onself upon.

Touching other points, I am in hearty sympathy with the remarks of Messrs. Townsend, Ellis and Stocker, and I would also endorse—so

* Copy of a letter dated 3rd April addressed to Mr. H. M. Hood, Registrar of C.S., Madras.

far as it is practicable.—Mr. Townsend's recommendation (Committee's Report, page 134)—to seek to secure the aid of "businessmen" to teach the young the idea how to trade.

Trading, buying and selling co-operatively is the next service after credit that co-operation will, in natural sequence, be able to render to humble Indians alike in the matter of agriculture and of that small household industry to which India will have for many a year yet to look for the maintenance and progress of its rural population. Men like Devadhar of Bombay have been blinded by the wonderful success of our Stores and have led Indians to burn their fingers with attempts to emulate those flights into riches. Looking at the tool used, they quite ignored the fact of a radical difference in the material to be worked upon which in Great Britain is an overflowing wealthy population of well-paid artisans used to a high standard of living. Success of stores will come in India when you have the same opulent material to work with. In that direction progress will have to be slow and gradual, sporadic. Trading and production will want pushing whenever opportunity offers.

I see that the same as elsewhere you are busy on schemes for introducing co-operative mortgage credit, unquestionably a great desideratum. I do not know what your Madras schemes are like. Strickland's scheme would not do at all. None of the schemes thus far put to the test appears to have proved successful. I myself know too little about practical conditions in India to be able to judge at all with confidence. Sir Lalubhai Samaldas writes me that my difficulty about title does not really stand seriously in the way. Unquestionably you will have to begin with some good fairy assisting at the outset with a guarantee and I should say an organisation for placing the bonds methodically. But so far as I can judge I should prefer to see that good fairy taking the shape of some well-meaning association or company than the Government—some society that could take up the matter in a business-like way and qualified to organise the sale of bonds according to business-like usages. The matter is of distinct importance and I hope that in your attempt to square the circle you may be successful.

I am afraid that I have written at a greater length than you will care to read, so close, remaining

Yours very sincerely,

(Sd.) H. W. WOLFF.

A NOTE ON THE RECOMMENDATIONS OF THE COMMITTEE RE : UNIONS AND FEDERATIONS

BY MR. M. M. MASILAMANI,

(Vice-President, Salem District Urban Bank).

Federation, a White Elephant.

In the absence of the evidence, written and oral, which has not been published along with the Report of the Committee on Co-operation, one cannot glean from it the standpoints of different Central Banks, Unions, Federations, the Department and expert co-operators on the various questions at issue. It is unfortunate that no village society members (pure and simple) were given an opportunity to put before the Committee their views on several matters affecting them. After all, it is the *ignorant* ryot that stakes his all in the society whose welfare everybody or every institution connected with the Co-operative movement professes he or it is promoting or safe-guarding. It looks as if the recommendations of the Committee have provided the society with four guardian angels and have placed it under double (dyed) diarchy. It is perhaps likely to be smothered with overwhelming attention, in different degrees, on all sides. The object of this note is to show how a certain "part of the superstructure" which the Committee recommends is superfluous, as it will only stable a white elephant.

The spectacular increase in the number of societies.

2. "The agricultural primary credit society is the foundation on which the co-operative edifice is built: if these societies are generally in a good condition, confidence may be felt that the structure is generally sound. But if they are generally unsound, nothing can prevent the ultimate collapse of the edifice, however good the parts of the superstructure may be" [1]. "The first purely co-operative society in the presidency was registered on August 30th., 1904" [2].

On 30th June 1907 the number of societies was		roughly 63.
1912	...	1,000
1915	...	1,400
1916	...	1,700
1917	...	2,000
1918	...	2,300
1918-19	...	3,100

1. p—8 of the Report of the Committee on Co-operation.

2. p—3 " " "

1920-20	...	4,900
1920-21	...	6,100
1923-24	...	9,500
1924-25	...	10,000
1925-26	...	10,100
1926-27	...	11,000

"In 1919-20 as the result of a resolution moved in the Legislative Council advocating 'the formation of new societies on an ampler scale' so as to extend the movement to all parts of the presidency, a great expansion took place. The scheme sanctioned by Government to give effect to the resolution contemplated the formation of 4,500 societies in 2 years". [2]

Which of the guardian angels has been responsible for the elevenfold increase in the number of societies within 15 years?

The hurried growth of Unions.

3. "The first supervising union of societies was registered in 1910. Its membership was confined to co-operative societies within a radius of 7 miles and its object was the supervision of its affiliated societies." [3] "Two more unions followed in 1911" [4] "On June 30th 1915 there were (13) supervising unions." [5] "Unions have largely developed during the last 10 years". [6] "On June 30th 1927 there were 356 unions in the presidency to which 10618 societies were affiliated". [7] "Many unions unfortunately are now too large." [8]

Forgetting the first principles (page 4), which of the angels casually manufactured, within 12 years, 27 times the number of unions that existed in 1915?

Supervision by Unions.

4. "The supervisors employed by unions are in a large number of cases inefficient". [9] "The functions of a union are generally the development and supervision of its affiliated societies". [10] "An important function of a union is to recommend loans applied for by the affiliated societies to Central Banks". [11] "Supervision involves constant administrative assistance in routine work, advice in financial matters and general guidance both from the business and co-operative aspects". [12] "Supervision involves putting right defects in primary societies". [13] "Unions formed and controlled by the societies themselves provide the ideal

1 pp 6, 7, 29, 30
2 p 29
3 p 4
4 p 5
5 p 5
6 p 25
7 p 25
8 p 25
9 p 71
10 p 25
11 p 26
12 p 70
13 p 135

organization for this purpose" (supervision).[1] *(The Dictum of the Commiitee)*. "In some provinces this function (supervision) is performed by the Banks, but we do not consider this to be the ideal arrangement".[2] *(The ex-cathedra opinion of the Committee)* "But some banks, at any rate maintain that the supervision of primary societies is amongst their functions".[3] "The evidence we received including that from most of the Banks themselves was strongly in favour of vesting the duty in unions as at present".[4] And yet the Committee recommends something quite *contrary to well-informed public opinion.* Why so? even after realising that the Federation too is weak, if not still-born!—cf.—"until the Federations and Unions have attained a propei degree of efficiency".[5]

Income of Unions.

5. "The income of a union therefore develops *pari passu* with its activities".[6] "A very large number of unions are not now functioning efficiently but we consider this is largely due to a question of funds".[7] A contradiction in terms! If the union had functioned efficiently, the societies' transactions with the Central Bank would have been normal and satisfactory and there would have been no dearth of funds whatsoever for the unions. According to the Committee's own test of dormancy of societies (page 38), I give below figures of several unions in my district showing how they in general require immediate reinforcement. The Committee instead of buttressing the weakest part of the edifice goes wrong when it curiously enough proposes the putting up of a superfluous wing at the expense of societies, unions and the central banks. The number of societies, indebted to, but which have *not* taken loans from, the Central Bank for a series of years are as under on 30—6—27, and come to nearly 300.

Number of Unions .... 12.
Societies *indebted* to the Central Bank....... 367.

1	2	3	4	5	6	7	Years.
28	37	54	49	77	13	69	Societies

The repairing of the crack in the edifice is the immediate remedy.

The bungle of the department.

6. "In G. O. No. 1670—Development, dated November 14th 1923, the standard laid down for the audit staff is one Audit Inspector for every 100 societies"[8]. "The result of the organization of 1925.............. Assistant Registrars have...... ......lost effective touch with the primary societies in these districts while the Duputy Registrars................non-credit societies".[9] We are not impressed with the *personnel* of the present Assistant

1 p 70
2 p 70
3 p 18
4 p 70
5 p 75
6 p 25
7 p 75
8 p 74
9 p 73

Registrars"[1]. "We also think that the present audit staff is not in general competent".[2] "This standard (one-Inspector for 60 societies) has indeed already been accepted by Government in G. O. Mis. No. 1917 dated November 18th, 1927. We consider there will be ample employment for these men until the federations and the unions have attained a proper degree of efficiency. Till then their duties will be to *stimulate unions* to greater activity, to visit . . . . of the Act . . . . . . very many primary societies require attention".[3] "A withdrawal from supervision on the part of Government took place in 1925—26, before adequate provision has been made for non-official agencies to take over the work. This has, we consider, been responsible for much of the confusion which exists at present in the movement"[4]. "Much of the present unsatisfactory state of affairs is due to the formation of too many societies in recent years without adequate preparation".[5] "*Arbitration and Liquidation*". "Over 43,000 decrees covering Rs. 32½ lakhs given in such cases were awaiting execution on 30-6-27"[6]. "The following table shows the percentage that the number of societies ordered to be liquidated bears to the total number of societies in existence for each of the last 5 years:—

The staff overworked or incompetent.

Unsystematic work.

* * * *

			Non-credit societies.
1923—24	...	...	5·07 (10,000).
1926—27	...	...	1·45" (11,000).[7]

The work has been muddled even when the department armed with statutory powers has been guiding the unions. How are unions guided by the Federation with no statutory powers going to cleanse the Aegean stables?

The forced evolution of the Federation. 'A'

First, co-ordination.

7. "In 1918-19 another form of supervising agency appeared... ......their chief functions were to *co-ordinate the activities of the unions* and to *supervise the few societies not yet affiliated to any union*".[8] "Federations were worked entirely by union representatives".[9] "In March 1925 it was decided the District Federation being the organization for *propaganda* as well as for the co-ordination of the work of the local unions should be opened to central banks and urban banks".[10] "The duties of a Federation are the co-ordination of the

1 p 74
2 p 77
3 p 75
4 p 69
5 p 27
6 & 7 p 35
8 p 26
9 p 26
10 p 27

A' see my note on page 54 in Notes and Papers (Rajahmundry Conference).

work of local unions, *supervision*, training, education and general propaganda "[1].

Next, supervision.

It is patent, between March 1925 and March 1927 supervision was slowly and imperceptibly thrust in (by whom ?)

"At a departmental conference held in March 1927, the opinion was accepted (by whom ?) that the supervision fund of each district should be pooled in the District Federation and that the control of the supervising staff of unions should also be vested in it ; federations also require a higher supervising staff to check the work of union supervisors". [2] The Federation was delegated by the department with "various powers, such as the sanction of the budgets of unions............the compilation of the annual statistics of the co-operative department in their (three) districts" [3].

Delegation of some departmental powers.

So, the Federation was patted on the back and magnified by the Department !

8. "the *adequate supervision* of societies to which office-bearers of unions belong : a difficulty" proposed to be met by "the formation of district cadres of supervisors".[4] The responsibilities of federations should include the exercise of *general* supervision over the work of unions and union supervisors with special attention to the societies of office-bearers of unions "[5]. But who are to exercise supervision over the societies and unions whose members or office-bearers are also office-bearers of Federations ? The gradual transition from "*co-ordination* of the activities of the unions" in 1919 to "*General Supervision* over the work of unions" in 1927 is very striking. "Inspection" and "Supervision" have now been defined very meticulously by the Committee but "supervision", "adequate supervision" and "general supervision" have yet to be marked out by the next Committee on Co-operation.

From supervision to general supervision.

9. "Federations (and unions) should be definitely responsible for co-operative propaganda in the villages, the responsibility for the organization of new societies should also be laid on them "[6]. "Federations should have made definite responsibilities for co-operative education for non-official workers"[7] What has been the result when the department has been responsible for the organization of new societies and Unions ? . . . . . . "CHAOS "[8].

Propaganda, Education and Organization.

1 p 27
2 p 27
3 p 27
4 p 71
5 p 72
6 p 72
7 p 72
8 p 120

10. "The Central Bank should make over the fund (supervision fund) thus collected to the District Federation " [1]. The Committee too seem to have blessed the Federation ! But what are the facts ? Who are the members of the federation ? Have all unions accepted the overlordship of the federation ? In my district, 7 out of the 12 unions refuse to submit to the yoke of the Federation !

Funds for the Federation.

11. What the future of the movement already "in an unsatisfactory condition "[2] will be, if, instead of the cream of the unions, their scum swamps or dominates the Federation, cannot even be imagined.

A lurkig dannger.

A CENTRAL LAND MORTGAGE BANK FOR MADRAS

By the Hon'ble V. Ramadas Pantulu,

(*President, the Madras Central Urban Bank, and the Madras Provincial Co-operative Union*).

There has never been a favourable atmosphere at any time in the past for the establishment of a system of land mortgage banking in this province. Neither Nicholson nor Dupernex, *the two officers who were deputed by the Government to investigate the possibilities of the inauguration of a system of co-operative credit in India, favoured land mortgage banks to finance the ryots. In his report regarding the possibilities of introducing land and agricultural banks (Vol. I. Preface, p. xiii), Mr. (now Sir) Nicholson wrote in 1895 that "banks devoted solely or chiefly to land mortgage credit do not appear to be either suited or needed by the ryots of the Madras Presidency. The clientele of the bank will consist of very small folk requiring very small loans ; no land bank can deal in such business, for the cost of enquiries, the risk of bad business, the worthlessness of petty parcels of land to a bank, prevent a land bank from dealing with such folk as the experience of Europe amply shows." There is therefore no cause for surprise that land mortgage banks were not thought of in connection with the co-operative movement. I do not know whether Sir Nicholson, when he reported in 1895 against land mortgage banks, contemplated the rural credit society of the Reiffeisen type itself functioning as a land mortgage credit institution. I rather fancy not, for his objection to land mortgage banks on the score of their cost of enquiry, risk of bad

1. p. 72. 2. p. 112.

*See for Dupernex's opinion, his 'Peoples Banks for Northern India' page 32.

business and worthlessness of securities and the like applies a hundred-fold more to the rural credit society. Nevertheless that is what actually happened. Business in loans for 10 and 12 years on the mortgage of agricultural land by the rural credit societies has been consciously encouraged with a genuine belief in thier propriety and efficiency and to-day fully 50 per cent of the loans of the primaries are mortgage loans and in some districts where co-operative principles are supposed to have been successfully propagated, the mortgage loans of rural societies mount up to 90 per cent of the total loan. But of late, official and non-official opinion regarding the need for and utility of land mortgage banks as agencies to afford long term credit to ryots has undergone some change and land banks ceased to be viewed with the same amount of disfavour with which they were looked upon by Nicholson and Dupernex. But the non-official opinion regarding the suitability of the village unlimited credit society to engage itself in land mortgage long term credit has not undergone any material change and the faith in the rural society's capacity to discharge that function seems to remain unshaken in the orthodox co-operators.

In such an atmosphere, a modest scheme for the establishment of a few primary land mortgage banks in this province was accepted in 1924—25 and two banks were constituted in that year. By the 30th June 1927, ten such banks were registered, but only 3 of them are actually working and only two carry on some appreciable business. The Bank at Gudlavalleru near Musulipatam, sold hitherto debentures to the value of Rs. 1,46,000, of which Rs. 50,000 was subscribed by the Government and the balance by the public. The Madras Central Urban Bank recently agreed to buy debentures to the value of Rs. 25,000. Thus, Gudavalleru has transactions in the neighbourhood of 2 lakhs. The volume of business in the other bank at Conjeevaram is roughly one-half of that of Guduvalleru. It sold debentures to the value of Rs. 71,000 of which Rs. 28,000 was subscribed by Government and loans issued by the bank total up to about Rs. 85,000. The plan on which these banks work is somewhat as follows: They are formed on a limited liability basis and the operations of each are restricted to a few villages situated within a radius of 7 miles ordinarily. Their borrowing power is limited to a multiple of the paid-up share capital. It is now fixed at 8 times, in other words the paid up share capital of a member represents 12½ per cent of the loan advanced to him. The individual maximum borrowing power stands at Rs. 2,000 and the rate of interest charged is 9 per cent. The principal and interest are repayable in instalments extending over a period of 20 years and the loans are unrecallable. These banks raise the necessary credit

by share capital and by the issue of bonds or debentures on the strength of agricultural landed property which the individual borrowing members mortgage to the banks. While the debentures sold by the bank to the public carry interest at 7 per cent, the Government have agreed to purchase debentures at 6½ per cent. The Government however restricted the purchase to an equal amount sold by the bank to the public subject to a limit of Rs. 50,000 for any one bank and 2½ lakhs for the whole presidency. The Registrar of Co-operative Societies or some one appointed by him is the trustee for these banks in order to see that they fulfil their obligations to the debenture holders, by regular payment of interest on due dates and the repayment of the principal amount on maturity and the like.

The scheme has not been popular and naturally made little progress. Various causes have contributed to its failure. Some co-operators of Mr. Strickland's school, who possess a pathetic faith in the omnipotence of the unlimited liability rural credit society to satisfy all the credit needs of a ryot, find little use for these banks and try to attribute their failure to their limited liability basis, to the expansion of their area of operation beyond a village and to the concomitant evil of the absence of mutual knowledge and the control over each other of the borrowers. Mr. Strickland put his case thus: "Its affairs will be in the hands of a small group of men at headquarters elected by members who are for most part are unknown to them and probably relying on official or semi-official help both in the issue and recovery of loans". This view is founded upon the assumption that the rural credit society is fitted to liberate both short and long term financial accommodation. I am emphatically of opinion that it is not. The non-recognition of this fundamental factor in the financial adjustment of the co-operative organisation, led in the past to almost all the schemes of land mortgage credit proceeding on the basis that the two kinds of credit should not be segregated in the rural credit society, but may have to be segregated in the central financing agencies. A Committee appointed by the XII Madras Provincial Co-operative Conference which helped to propagate this idea summed it up thus: "*The rural unlimited society has been so modelled as to supply the two kinds of credit needs.* But the financing banks have not been so fitted as to give the rural societies the required finance to meet the two kinds of agricultural credit needs." With all respect to the Committee and those who share its views, I venture to submit that the rural credit society is not so modelled as to supply land mortgage long term credit. It was modelled on the Reiffeisen type of society and the latter does not mix up short term personal banking with land mortgage banking. So far as my information goes, all the world over separate institutions exist for short term credit and long term mortgage credit. I am therefore unable to find any justification for the assumption of the all-pervasive character of the rural credit society. Its utter want of equipment to deal in land mortgage banking has been demonstrated conclusively. Nevertheless, two slogans which are very much over-worked, are repeated for a thousandth time to prop up the village society with land mortgage banking, namely, (1) the financial responsibility of the village society affording guarantee to the soundness of valuation and (2) the unlimited liability basis of the society securing co-operative control over borrowers. While these ideals are of undoubted application to the short term personal credit dispensed by the village society, they are thoroughly illusory in relation to land mortgage long term banking. There is no getting away from the fact that there is very little human and personal element in land mortgage banking where loans are advanced on sound, safe and legal security of land only to the extent of less than 50 per cent of its market value. However much we may lay the flattering unction to our souls that co-operative principles ought to regulate land mortgage banking, it is useless to forget that such banks are essentially and extremely impersonal and are as devoid of human element as possible. There is a fundamental divergence of principle and practice between the Reiffeisen society and the land mortgage bank.* Such element of co-operation as there is in a primary land mortgage bank is confined to "one man one vote," low share capital, low dividend and non-loaning to non-members, and scrutiny of purposes of the loan with a view to exclusion of unproductive purposes.

The reasons therefore for the failure of the existing primary land mortgage banks and the scheme on which they are worked must be sought elsewhere than in their limited liability basis and absence of personal and human element in their loan operations. The high proportion of share capital to borrowing, the low maximum of individual borrowing power, the rigidity in fixing the limits of operation, the high

*Mr. Wolff who is insistently quoted by ardent friends of rural co-operators in support of their anti-urban propaganda is not accepted by them as an authority in this matter, for the evident reason that the facilities for borrowing for as long a term as possible through the village society with as few formalities as possible are too valuable to be lost But let me quote Mr. Wolff, from Wealth of India, February 1916, page 82:—

"I dare say there is room for better organisation for mortgage credit in India and that will be a great boon to ryots, but it ought to be organised by means of distinct institutions which might very properly be of a co-operative order. And you can have no linking up of mortgage credit institutions and personal credit institutions for the purpose.........Mortgage credit is a question of the security of title, of valuation and of the power of recovery. You cannot divide the responsibility. The present co-operative banks ought to keep their hands off such business."

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lending rate of 9 per cent and the want of elasticity in the enforcement of the model bye-laws according to local conditions are undoubtedly some of the obstacles to the successful development of these banks. But by far the most important cause of their failure is their incapacity to command public confidence in the money market so as to raise the necessary credit by floating debentures at reasonably low rates of interest. Share capital being insufficient to afford the required finance, reserve fund being a resource of slow growth and 20 or 25 years' deposits being unobtainable, the main source of their finance must come from debenture money; and it does not come unless the agency that floats the debentures has assured financial stability and acquires a reputation for business capacity and good management. The State has done little to place these debentures on a sound marketable footing, declaring them trustee securities, guaranteeing their interest or the like. On the other hand, the Registrar practically destroyed the credit of these banks and the little fluidity which their bonds might have otherwise secured, by prohibiting the co-operative central banks from lending on the security of such debenteres for he considered them "insecure". (*Vide* his letter No. 595 of 1926 dated 6-3-1926.) The remedy therefore lies in establishing a strong business organisation in the metropolis to raise credit by floating debentures and to finance the primary land mortgage banks. The idea of a central land mortgage bank was accepted by the All-India Registrars' Conference in 1926 and was fully supported by the recommendations of the Townsend Committee. Mr. Wolff has also blessed the Townsend Commitee's scheme of a Central Land Morrgage Bank in his recent communication to the Madras Registrar reviewing the Committee's Report. The XV Madras Provincial Co-operative Conference held last year at Madura under the presidency of Sir Lallubhai Samaldas, also realised the importance of constituting a central land mortgage bank for the province and appointed a strong committee to prepare a scheme for it and to take steps to promote it. The XVI Madras Provincial Co-operative Conference accepted the principle and urged the necessity to expedite the completion of the scheme. The Committee appointed by the XV Conference has just reported and instead of formulating its recommendations in a report, embodied them in a concrete and useful form in the shape of a resolution and a set of bye-laws. The resolutions and the bye-laws which are printed from the next page may be examined by co-operators interested in the scheme and any suggestions that they may have may be communicated to the Madras Provincal Co-operative Union and the Madras Central Urban Bank as promptly as possible. The scheme is a far reaching one and if given effect to will usher in a new era in land mortgage banking in this province. The scheme contemplates the

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Madras Central Urban Bank acting as the Managing agents for the proposed Central Land Mortgage Bank for a period of five years. Whatever objections there may be to the Provincial Bank itself functioning as the Central Land Mortgage Bank, there can be no objection to its acting as the Agent of the latter. One obvious advantage of the arrangement is that not only the cost of running the central institution will be minimised, thus releasing a larger margin for the working expenses of the primary mortgage banks, but it will help to give immediate strength to the debenture of the Central Land Mortgage Banks, by reason of the assured financial position which the Provincial Bank has already secured among the investing public of the province.

PROCEEDINGS OF THE MEETING DATED 6th and 8th MAY 1928 OF THE COMMITTEE ON LAND MORTGAGE BANKS APPOINTED BY THE XV SESSION OF THE MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

Present :

1. The Hon'ble Mr. V. Ramadas Pantulu (Convener).
2. M. R. Ry. Dewan Bahadur R. Ramachandra Rao Avl.
3. Sir M. C. T. Muthiah Chettiar
4. Dr. B. Pattabhi Sitaramayya
5. Pandit Vidyasagar Pandya
6. M. R. Ry. Rao Bahadur A. Vedachala Iyer Avl.

The following resolutions were unanimously adopted regarding the constitution and establishment of a Central Mortgage Bank at Madras:

1. A Central Mortgage Bank with Land Mortgage Co-operative Institutions, other Co-operative Societies and Individuals as shareholding members shall be established at Madras.

2. The authorised share capital of the Bank shall be Rs. 10 lakhs and the value of a share shall be Rs. 100. No individual shareholder shall hold more than 100 shares.

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

4. The individual shareholders shall not be allotted more than 40 per cent of the share capital of the Bank and their representation on the Board of Management shall be proportionate to the share capital allotted to them.

5. The dividend paid to shareholders shall not exceed $7\frac{1}{2}$ per cent.

6. A Reserve Fund will be provided and should be built up as rapidly as possible.

7. The Bank shall have the sole power to float debentures on the mortgages transferred to it by the member Land Mortgage Banks. No society holding shares in the Bank shall float any debentures and such of them as have already floated debentures shall at the option of the Bank transfer them to it.

8. The total value of debentures so floated by the Bank shall not exceed 50 per cent of the total value of the properties mortgaged by the members of the member Land Mortgage Banks, or the total amount of loans advanced by those Land Mortgage Banks, whichever is less.

9. The rate of interest on debentures shall not exceed 6 per cent.

10. The maximum period of debentures shall be 30 years.

11. The debenture holders shall have power to elect two representatives to the Board of Management.

12. The Registrar of Co-operative Societies and one of the debenture holders' representatives on the Board of Management to be elected by the Board, shall be Joint Trustees who shall ensure that the Bank fulfils its obligations to the debenture holders.

13. Provision shall be made for redemption of debentures after giving 6 months' notice.

14. The Bank shall lend only to Land Mortgage Co-operative Banks holding shares in it and shall not lend to other member co-operative societies (except as short term investments of surplus money) nor to individuals holding shares in it nor to non-members.

15. The rate of interest on loans to Land Mortgage Co-operative Banks shall not exceed 7 per cent. (N. B. The rate of interest charged by the borrowing Land Mortgage Banks to their members shall not exceed 8 per cent and steps be also taken to rectify the constitution of such borrowing banks where it is found defective or faulty.)

16. The Madras Central Urban Bank shall be the Managing Agents of the Central Land Mortgage Bank for a period of five years, with an option to renew the agency if the Central Land Mortgage Bank so desires and the Madras Central Urban Bank agrees.

17, The Government be requested to

(i) guarantee the interest on debentures for a period of five years,

(ii) make debentures trustee securities,

(iii) exempt interest on debentures of the Bank from Income Tax.

(iv) purchase debentures to the extent of 50 per cent of the value of those floated at 1/2 per cent less than the rate of interest offered to the public.

(N. B. The Bank will be registered pending negotiations with the Government in the matter of giving these concessions).

THE MADRAS PROVINCIAL LAND MORTGAGE BANK LTD.

BYE-LAWS.

I. Preliminary.

1. The Bank shall be registered under the Co-operative Societies Act, 1912, and shall be called "The Madras Provincial Land Mortgage Bank Ltd." It shall hereafter be referred to in these bye-laws as "The Bank."

2. Its registered office shall be at Madras. Its area of operations shall be confined to the Governor's Province of Madras.

3. The objects of the Bank are—

(1) to finance Land Mortgage Co-operative Societies, and generally to carry on banking business with such societies;

(2) to supervise, inspect and develop the work of the above societies.

II. Membership.

4. Any person over 18 years of age who is competent to contract residing within the limits of the Province of Madras and any Society registered under the Co-operative Societies Act, 1912, shall be eligible for admission as a member but no one can claim admission as a matter of right.

5. (*a*) A Co-operative Society desiring to become a member of the Bank shall lodge with the Board of the Bank a written application in which must be stated—

(i) The number of shares which the Society wishes to subscribe for;

(ii) The consent to observe all the provisions of these bye-laws and all the rules and instructions issued on the basis thereof;

(iii) An undertaking to bear responsibility in regard to the business of the Bank according to these bye-laws.

The application must be accompanied by two copies of the bye-laws of the applicant Societies, a copy of the resolution of the General Body signifying willingness to become a member of the Bank, and the last reported data about its activities.

(*b*) Individuals shall lodge their applications for membership in such form as may be prescribed by the Board.

6. All persons and Co-operative Societies who have subscribed to the application for registration shall be the original members. Other members may be admitted by the Board of Directors.

7. Membership will cease on death, dissolution, expulsion, bankruptcy or transfer of all the shares or permanent removal from the Province, provided that no person's or Society's obligations as a member to the Bank shall cease until all his or its liabilities to the Bank have been discharged.

8. (*a*) The Board of Directors may suspend or expel a member Society for

(1) persistent mismanagement of its affairs;

(2) deliberate disobedience of these bye-laws or any rule which may from time to time be drawn up by the Bank for the guidance of member Societies;

(3) default or any act likely to damage the credit of the Bank.

During the period of suspension, no dividend on shares shall be allowed to the holder.

(*b*) Individual members may also be expelled by the Board for acting adversely to the interests of the Bank.

III. Share Capital.

9. The Share Capital of the Bank shall be Rs. 10,00,000 (Ten lakhs) divided into 10,000 shares of Rs. 100 each. Not more than 4000 shares shall be allotted to persons other than Co-operative Societies. The amount of capital may be increased by a resolution of the General Meeting.

10. For every share applied for, the full amount shall be paid with the application for membership.

11. Every member shall hold at least one share but no individual member shall hold more than 100 shares.

12. Shares are not withdrawable but can be transferred with the approval of the Board of Directors.

Transfers of shares must be registered in the Bank's Books. Transfers not so registered will not be recognised.

13. The liability of the Shareholders for the debts of the Bank shall be limited.

IV. General Meeting.

14. The rights and duties of membership shall be exercised on behalf of a Share-holding Society by a representative duly elected by such Society.

15. The supreme authority of the Bank shall be vested in the General Meeting consisting of the representatives of member Societies and of individual members.

16. General Meetings shall be of two kinds—ordinary and extraordinary.

17. An ordinary General Meeting shall be convened in each year not later than the month of October. The business of such meeting shall ordinarily be—

(1) to receive and consider the annual report and the statement of accounts;

(2) to elect the Board of Directors;

(3) to consider the Audit Order of the Registrar and any business referred to it by the Registrar;

(4) the amendment or repeal of any existing bye-laws or the enactment of a new bye-law;

(5) to appoint persons to audit the accounts of the Bank and to fix their remuneration;

(6) to transact any other business that may be brought up.

18. Fifteen days' notice shall ordinarily be given of a meeting of the general body.

Such notice shall specify the day, the place and the hour of the meeting and shall be accompanied by an agenda paper showing the business to be brought up before the meeting; and in regard to amendment to bye-laws or any other resolution the language in full of the amendment or resolution. No resolution or amendment to any bye-law of which notice has not been thus given shall be moved at any ordinary meeting or extraordinary general meeting.

Any member wishing to move an amendment to a resolution on the agenda paper or to propose a resolution on any matter contained in the Report of the Board shall forward the same so as to reach the office of the Bank not less than 3 clear days before the date of the meeting.

19. The quorum for a General Meeting shall be 15.

20. Every member present at a General Meeting shall have one vote, for every one shareholder. Voting by proxy shall not be permitted.

21. The President, when present, shall preside at the meetings of the General Body. In his absence, the meeting may choose a Chairman from their number to preside at the meeting. The Chairman of the meeting shall also have a casting vote.

22. The Board of Directors may, whenever it thinks fit and shall upon a requisition in writing made by 25 members, convene an extraordinary general meeting. Such requisitions shall express the object for which the meeting is proposed to be called and shall be left at the office of the Bank. The meeting shall be called within 4 weeks from the date of the receipt of such requisition.

23. The proceedings of the General Meeting shall be recorded in a Minute Book to be kept for the purpose and shall be signed by the President or the Chairman of the meeting. Such proceedings shall be printed within a month after the meeting and a copy furnished to every member.

V. Board of Directors.

24. The management of the business and the affairs of the Bank shall vest in a Board of Directors consisting of 12 persons of whom 2 shall be elected by the Debenture Holders, and the remaining 10 seats shall be distributed between the individual shareholders and the society shareholders to the proportion 4 : 6. Members of the Board of Directors shall hold office for a period of 3 years.

25. If a member of the Board ceases to be either a representative of a member society or a shareholder, or fails to attend meetings for 4 consecutive months, the other members of the Board shall co-opt another person to take his place till the next General Meeting.

26. The Board of Directors shall elect from among themselves a President. He shall preside at all meetings of the Board. In his absence, the members of the Board present may elect a Chairman from among themselves.

27. The Board shall meet as often as is necessary. Five members thereof shall constitute a quorum. The proceedings of the Board shall be recorded in a minute book to be kept for the purpose and shall be signed by the President or the Chairman of the Meeting.

28. The Board of Directors shall

(1) deal with applications for membership and allot shares;

(2) raise funds subject to these bye-laws;

(3) deal with applications for loans;

(4) receive and distribute money through the Managing Agents (hereafter to be defined);

(5) grant powers of attorney concerning the business of the Bank;

(6) make arrangements for the inspection of the accounts and transactions of the debtor societies;

(7) draw up rules of procedure for the guidance of debtor societies and for the periodical submission of accounts and returns by them;

(8) deal with all cases of arrears and defaults;

(9) institute, prosecute, defend, abandon or compromise legal proceedings;

(10) examine and check the accounts and prepare annual Balance Sheets;

(11) frame and determine the regulations for the internal management of the Bank;

(12) transfer by sale, mortgage, lease, hypothecation or otherwise by registration or endorsement any property belonging to the bank;

(13) determine from time to time who shall sign on the Bank's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts, debentures and other documents, and to give the necessary authority for such purpose;

(14) sanctioning the working expenses; and

(15) transact all other business incidental to the management of the Bank, not expressly reserved by these bye-laws for the General Meeting.

VI. Inspection of Debtor Societies.

29. Every debtor society may be inspected whenever the Directors think fit.

Inspections may be conducted by one of the Bank's officers or by any person or persons specially authorised by the Board of Directors for the purpose. The Officers of Societies shall afford every facility and assistance for such inspection.

The result of the inspection shall be communicated to such Societies in such manner as may be determined by the Board of Directors. The Board of Directors shall have power to revise the valuation of or revalue the mortgaged proprerty and such revision or revaluation shall be binding on the society.

30. If the Board of Directors is of opinion that the working of a debtor society is unsatisfactory and requires remedial measures, it may call on such society to convene a general meeting of its members to take such steps for the removal of the defects as may be considered necessary.

VII. Management of the business of the Bank.

31. The Madras Central Urban Bank Ltd., hereafter to be called "The Managing Agents," shall, subject to the control and directions of the Board of Directors, manage the business and the affairs of the Bank. The Board shall pay the Managing Agents, such sum or sums as are agreed upon towards working expenses, subject to the approval of the General Body. The term of the Managing Agency shall in the first instance be for 5 years but may thereafter be renewed by the General Body.

VIII. Funds.

32. To carry on its work, the Bank may raise debentures. The Bank may raise special loans if and when necessary. The borrowings of the Bank shall not exceed 25 times the paid up share capital and reserve fund.

33. The Debentures shall be secured by a floating charge upon the undertaking and general assets of the Bank so that the Bank is not to be at liberty to create any mortgage or charge in priority to the debentures. The rate of interest to be paid by the Bank shall not exceed 6 per cent. per annum. Each debenture issued by the Bank shall be paid off or redeemed on the expiration of 30 years from the date of issue, provided always that the Bank shall have the option to pay off or redeem any such debenture at any earlier date on giving 6 calendar months' notice.

34. All debentures issued by the Bank shall be secured by a Trust deed to be executed by the Bank in such form and containing such covenants and provisions as the Board of Directors consider necessary.

35. The Registrar of the Province and one of the Debenture holder representatives on the Board of Directors elected by the Board for being a trustee shall be the joint trustees.

36. Debentures may be issued in one or more series. Debentures, whether original or not, irrespective of the particular series to which they belong, shall all rank *pari passu* in point of charge, without preference or priority over one another.

37. Debentures may be issued to registered holder or bearer (with or without interest coupons attached). While the former shall be transferred by an instrument in writing, the latter are negotiable by endorsement or delivery as the case may be.

38. It shall be open to the Bank by giving previous notice to close the Transfer Registers for a period of 14 days once in every half-year.

39. The Board of Directors shall have power to frame detailed subsidiary bye-laws for the conduct of the work of the Debentures and the Loan Departments. Such bye-laws shall be entered in the Minute Book and intimated to the Registrar of Co-operative Societies and the Trustees to the Debenture Holders.

IX. Loans.

40. The funds of the Bank shall be utilised for the purpose of financing Land Mortgage Co-operative Societies registered under the Co-operative Societies Act, 1912.

41. Every Society desiring to borrow from the Bank shall comply with the following conditions :—

(1) Such a society shall not issue its own debentures;

(2) Such a society shall not lend money otherwise than on mortgage of agricultural lands;

(3) Such a society shall not lend more than 50 per cent. of the value of the properties mortgaged by its members.

42. The Bank shall not charge more than 7 per cent. interest on the loans to Land Mortgage Co-operative Societies.

X. Profit.

43. The business year of the Bank shall close on 30th June. At the close of the year's work, the net profit shall be distributed as follows :—

(*a*) at least 25 per cent shall go to the Reserve Fund;

(*b*) a dividend on the Shares shall be paid at the rate to be determined by the General Body meeting, but in no case shall it exceed 7½ per cent.

(*c*) a sum not exceeding 15 per cent, shall go to the "Contingency Fund;"

(*d*) the balance, if any, shall be added to the Reserve Fund.

XI. Reserve and Contingency Funds.

44. The Reserve Fund shall be one and indivisible. It shall not be drawn upon except to make good the losses and with the previous sanction of the Registrar.

45. The Contingency Fund may be drawn upon for equalising dividends, reducing the costs of land, building, furniture, securities or for any other purposes of the Bank as the Board of Directors may deem expedient.

XII. Miscellaneous.

46. Should any doubt arise either in the construction of India Act X of 1904 or II of 1912 or of these bye-laws or in regard to any other matter, it shall be the duty of the Board of Directors or of the General Body of Shareholders to obtain the advice of the Registrar and to abide by it.

47. All Notices for Meetings and all other notices shall be deemed sufficient and proper if left at or posted to the address given by the shareholders and other constituents of the Bank, it being their duty to keep the Bank informed of any change of address.

48. No addition to, alteration in, or amendment of these bye-laws shall be made unless the same shall have been passed by a majority of the votes recorded in person at a General Meeting convened for the purpose.

49. In the case of a dispute touching the business of the Bank, between the members or past members of the Bank, or persons claiming through a member or past member or between a member or past member or persons so claiming and the Board of Directors, a reference in writing may be made by any party to the Registrar of the Province. Similarly in the case of a dispute relating to a debt due to the Bank, by a member or past member or persons claiming through a member or past member, a reference in writing may be made by either party to the Registrar of the Province. The Registrar shall have power, on receipt of such reference, either to decide the dispute himself, or refer it to an arbitrator appointed by him, or to several arbitrators of whom one shall be appointed by him, and one other by each of the parties to the dispute.

The decision or award of the Registrar or of the arbitrator or arbitrators as the case may be shall be final and it may be enforced in either of the following ways :—

(*a*) by an application made to the Collector of the District through the Registrar of Co-operative Societies requesting that the amounts due under the decision or award may be recovered in the manner as arrears of land revenue, or

(*b*) by an application to the Civil Court having jurisdiction over the subject matter of the decision or award, requesting the Court may enforce the decision or award as if it were a decree of the Court, or

(*c*) by an application to or initiation of proceedings before such other authority as may under the law for the time being be empowered to effect recoveries of monies due to land mortgage banks in the Province of Madras.

QUESTIONNAIRE ON AGRICULTURAL MARKETING

By Mr. K. C. Ramakrishnan, M.A.,

University Lecturer in Economics, Senate House, Madras.

Crops for Sale :

1. What are the important crops in your locality and the conditions favouring their production ?

2. Estimate the costs of production of the crop in question. Quote any farm accounts maintained.

3. Of the produce harvested, what are the proportions (i) available for immediate sale, (ii) stored for consumption and (iii) stored for sale at top prices later on?

4. How much of the produce is sold in the village to dealers? How much is taken to markets?

Transport.

5. Give the distance between producing, marketing and consuming centres by land or water.

6. What is the condition of the roads in and out of the village up to the market? Is there any traffic by motor lorries?

7. Is there any river or canal or coastal traffic? If so, what are the limitations?

8. How far is the village from the railway? Is the railway routing to market centres inconvenient?

9. Sum up the complaints *re* inadequate supplies of vans, absence of special vans for perishables, mishandling, delay, misappropriation, annoyance and corruption.

10. How do the rates for carriage of produce by the several agencies mentioned above compare?

11. How are the rates determined as far as you can see? Are unfair preferences and concessions shown?

12. Is any special attention paid to the packing of perishable goods? Is any other precaution taken?

Warehousing.

13. Are there any warehousing facilities at railway, shipping and market centres? If so, what are the charges?

14. Are advances on produce stored in godowns of banks given to producers and traders? If so, on what terms?

Market Charges

15. Estimate the time and money spent by producers in going to market and returning, in selling at market or hawking outside.

16. What is the amount of money spent in boarding, lodging and indulgence if any in market centres?

17. Give an account of the market charges borne by producers and dealers on items such as: gate fee, stall fee, fees for cleaning, bagging, weighing, measuring and loading, religious and charitable cesses authorised and unauthorised, payments for the police, market servants, beggars etc.

"So you want to marry my daughter, eh?"
"Yes, Sir."
"Do you know much about business?"
"Not much, Sir."
"Do you know the difference between an asset and a liability?"
"No, Sir."
"Well, you will after you marry my daughter."

Weights and Measures.

18. Mention the variety of weights and measures used in and around the market. Are different ones used for buying and for selling?

19. Are false weights and measures used? Is any precaution taken by police or other authorities?

Adulteration.

20. Are there complaints of mixing and damping by producers or middlemen? How far is adulteration due to carelessness and how far is it deliberate? Describe the existing methods of adulteration.

21. Are any standards recognised in markets and are premiums offered, or is there any other encouragement shown by the trade for superior qualities? Do consumers show a distinct preference for better goods?

The Middlemen.

22. Give an idea of the number and series of middlemen between producers and consumers and the services they render.

23. Are the Middlemen brokers, commission agents or paid servants of merchants?

24. What are the castes and general occupations of middlemen—their principal and subsidiary ones?

25. For how long are they in the trade? What do they do the rest of the year?

26. What are the rates of remuneration or profits received by each one of them roughly? Quote actual cases, if possible.

27. Sketch the organisation of big firms manufacturing or exporting agricultural produce and employing agents.

Financing.

28. How far are cultivators financed by merchants and smaller dealers and by others unconnected with trade?

29. Distinguish between advances made for cultivation expenses, for sustenance of the family and other expenditure.

30. What are the rates of interest? Are there any other stipulations? Is the produce pledged?

31. Are forward sales effected? If so, on what terms? What are the penalties attaching to non-fulfilment of contract?

32 What is the stage at which advances are solicited or given, and forward sales effected?

Dad: "You're behind with your studies, son."
Son: "Well, how could I pursue them if I weren't?"

33. Are there other reasons than financial needs that force sale immediately after harvest?

Prices.

34. Note and account for the degree of difference in prices between those of: free and pledged produce, village and bazaar, wholesale and retail, and harvest and top prices.

35. How far can you discover the working of price-fixing factors and agencies in your market? How far does the producer understand this and utilise any such knowledge?

Market News.

36. Do ryots, at least the bigger ones, get any information *re:* crop forecasts and returns, state of markets of the country and of the world, and complaints about produce? Do they take any action on that?

37. Do merchants and traders make any use of crop forecasts and returns and telegrams of prices in markets at home and abroad?

38. Is there any trade association which organises the supply of information concerning markets which is not supplied by the Government?

Co-operative Sale.

39. Has any co-operative sale society been started in or near your place? Or has the credit society undertaken to help to sell produce directly or indirectly through a union?

40. In either case, ascertain the volume of transactions, the regularity of sales, and the benefits conferred by joint sale.

41. If the attempt has been successful, is there any scope for the enlargement of the enterprise? What are the limitations to expansion?

42. If co-operative sale has been a failure, point out the causes of failure citing facts and figures.

43. Apart from difficulties common to all agricultural marketing, how far is failure of co-operative marketing due to: paucity of members, lack of loyalty, wrangling over quality, lack of business ability on the part of the management, dishonesty, struggle with organised middlemen, want of financial resources?

44. Has there been any linking of producers' sale societies with consumers' stores? If any such effort has failed, why has it? Where and how do the stores generally purchase their requirements?

45. Has co-operative production or conversion of produce helped sale? What are the prospects of societies of this type in your area?

46. Have central banks refused any help in finance reasonably sought? Has the Imperial Bank helped?

Wilma: "Why does she always close her eyes when she sings?"
Dolores: "She's very sensitive, and can't see people suffer."

47. Is any help rendered by the Government to sale societies through its Agricultural Department—by way of distribution of: improved seeds for members, demonstration, inspection and certification of produce?

48. Does the Government help by way of loans and grants for building of granaries and for purchase and installation of machinery or otherwise? Has Government help been solicited and refused at any time?

49. Do big manufacturing and exporting firms show any special favour to sale societies or exhibit any prejudice against them under the influence of the organised middlemen?

50. Do railways show any market concession to the societies?

CO-OPERATIVE PROPAGANDA IN EAST GODAVERI

Training for Rural Reconstruction Workers.

The classes arranged for rural reconstruction workers by the Rural Reconstruction centre at Alamuru, East Godaveri District, began on the 20th January at Alamuru. Youths from several districts enlisted for attendance. Arrangements for free boarding and lodging were made by Mr. N Satyanarayana, Secretary, East Godaveri District Co-operative Federation.

The classes were opened by Mr. Maganti Bapineedu who spoke of attempts at reconstruction in all countries and dealt with agricultural conditions in America, and asked the youths to study their village conditions. He pointed out the necessity for ryot associations and said that ryots had to be organised both for agricultural improvement and for guarding their interest in local bodies and legislative councils. Mr. N. Satyanarayana then exhorted the workers to live in the villages and work for them in a spirit of service and spoke of the necessity of the thorough study of village conditions. Mr. Pattabhiram of Salem gave a lucid speech on money, credit and the several forms of co-operative work for the benefit of the agriculturists. He opined that better facilities for irrigation and welfare work as in the Punjab and subsidiary home industries were of more use to the agriculturists than mere credit or banking work. Mr. Ranga Row of Tenali spoke of Co-operation and its value to society.

The day's work was closed by Mr. Bapineedu showing the parts of a magic lantern to the students. Exhibition of Magic Lantern on American conditions was held in the night, a large number of villagers attending.

Particulars regarding the progress of the classes are given below:—

Date.	Lecturer.	Subject lectured on
21—1—28	Mr. Maganti Bapineedu ...	Methods in extension work.
	" Josyula Appalaramamurti.	Cottage Industries as supplementary occupation.

Visitor: "Have you any camel-hair brushes?"
Village Storekeeper: "Lor, no, Sir; it wouldn't be no use—none of my customers keeps camels."

	„ N. Satyanarayana ...	Co-operation, an indispensable factor in Rural Reconstruction.
	„ M. K. Pattabhiram of Salem.	Several aspects of the co-operative movement.
	„ Ranga Rao of Tenali ...	Methods of Co-operative propaganda.
22-1—28	„ N. Satyanarayana ...	Ancient village administration compared with modern.
	„ Vemuri Viswanatha Sarma.	Qualities necessary for a rural worker.
	Dr. Y. Sreeramamurthi ...	Child mortality in villages and how to prevent it.
	Mr. Kona Sitaramiah ...	Illiteracy in villages and how to remedy it.
	„ Bhamidipati Satyanarayana.	Character and capacity, the necessary qualifications for village workers.
	„ Chaganti Seshayya ...	Ryots and Government officials in the Delta.
	„ P. Gurumurthi ...	Village sanitation.
23—1—28	„ N. Satyanarayana ...	Village administration in Ancient India.
	„ K. Somayajulu ...	A Rural Reconstruction worker's mission is to educate the masses.
	„ M. K. Pattabhiram ...	Advantages of the Co-operative Land Mortgage Banks and the ineffectiveness of Government Takkavi loans.
24—1—28	Mr. N. Satyanarayana ...	Effective methods of Rural Reconstruction.
	„ M. Jagganna Sastri ...	Prosperity and contentment in villages in ancient times.
	„ M. K. Pattabhiram ...	Improved methods in Agriculture and the Cottage Industries.
25—1—28	„ N. Satyanarayana ...	Ideals of Rural Reconstruction worked out by Dr. Tagore at Santiniketan.
	„ M. K. Pattabhiram ...	Agricultural Co-operation.
26—1—28	„ N. Satyanarayana ...	Formation of Village Panchayats and ideals to be kept in view by a worker.

"I never had a chance," complained the tramp. "No matter what I do my unlucky number pops up and gets me into trouble."

"What is your unlucky number?"

"Thirteen—twelve jurors and one judge."

	Mr. B. Kameswara Sastri (Chairman of the meeting).	Ancient Arya Dharma—exemplary lives to be led by workers in villages.
	„ D. Venkataratnam ...	Co-operative accounts—irregularities in their maintenance.
	„ M. K. Pattabhiram ...	The place of Cottage Industries in India's Industrial Awakening.
27—1—28	„ N. Satyanarayana ...	The constitution, finance and functions of a village panchayat.
	„ D. Venkataratnam ...	Irregularities in Co-operative accounts.
28-1—28	„ N. Satyanarayana ...	The village panchayat a unit of democratic government, and the drink problem in villages.

The students with their lecturers paid visits on the 25th to Pedapalla, Santipudi and Chintaluru, on the 26th to Jonnada and Mulasthanam and on the 27th to Tatapudi and Kapileswarapuram to study the methods adopted by the several organisations already doing reconstruction work in those villages.

The classes were concluded on the 29th January under the Presidentship of Mr. B. Venkataratnam Choudary, M.L.C.

Mr. Raghavachari of Nellore read a thoughtful essay indicating the ways and methods in which co-operative societies should take up the task of Rural Reconstruction. He also narrated the distress at Nellore due to the storm, and spoke of relief afforded to fishermen and other classes on co-operative lines.

Mr. Venkataratnam Choudary said that the most essential thing was to restore morality in the people and suggested that training may be given to the workers in spinning and other processes of khadi manufacture.

It is perhaps only true to say that this is the first organised attempt at training young men for the much needed work of village reconstruction. Judging by its effect, it must be said to have been remarkably successful. The variety of subjects treated, the earnest appeal of different speakers all pointing to the urgency of the problem, the clear and systematic handling of the subject and the practical work of Mr. N. Satyanarayana instructed the workers in the methods and at the same time it convinced them of the necessity of undertaking the work in a spirit of selfless service.

Training for Panchayatdars.

Co-operative panchayatdar's classes were held at Palivela on the 17th and 18th March under the auspices of the East Godaveri District Co-operative Federation. Nearly eighty panchayatdars of the societies in Palivela Union and several others interested in the co-operative movement attended the classes.

Woman (to tramp): "Go away or I'll call my husband."

Tramp: "Oh! I know him. 'E's the little feller who told me to go away yesterday or he'd call his wife."

Mr. Akella Subbarayudu, Secretary of the Co-operative Ayurvedic Dispensarv, Amalapuram, spoke on the development of the movement in the district frrom initial stages. With the experience extending over a long period Mr. Subbayudu narrated the defects in the business methods of the primary sccieties. He suggested remedies therefor and urged on the members of the societies a cautious selection of panchayatdars on whom the success of the societies largely depends.

Mr. M. Thirumala Rao traced the beginnings of real co-operation to the ancient historical institutions of "Varnashramadharma", the village communities and trade guilds. Hindu culture, he said, survived the onslaughts of alien invasions mainly because of the co-operative basis on which social and political life of India was reared. He dwelt at length on the need for proper education of the adult population of India before we appreciate the real necessity of a proper education of our boys.

Mr. N. Satyanarayana, Secretary of the District Federation, showed statistically the economic advantages of the movement since its beginning. He said that the sowcar and the usurer were being eliminated gradually and the ryot is being rescued from the thraldom of the middleman Credit is as much the claim of the honest and the thrifty as that of the rich. Mr. N. Satyanarayana said that the co-operative society is one of the public utilities such as the village road and village tank and every honest man can use it for his improvement. He urged upon the panchayatdars to keep themselves in touch with the movement in the province and elsewhere.

The classes came to a close on the 18th evening after a successful two days' session.

SPECIAL TYPE SOCIETIES

23. THE SALEM TOWN SCAVENGERS AND SWEEPERS' CO-OPERATIVE SOCIETY, No. 987.

(BY MR. V. SEETHARAMA CHETTIAR, *Secretary.)*

1. Inception :—The Society, probably the first in this Presidency, was first formed in January 1913 with the object of redeeming the scavengers and sweepers from the clutches of money-lenders who advanced loans on Kanthu system at exhorbitant rates of interest. The society started work with great enthusiasm that year and continues to do yeoman service to its members, the poor menials, under its kind and benevolent Honorary Secretaries who have all along been taking keen interest in the promotion and welfare of the society.

2. Present Condition.—Very many difficulties were experienced in successfully steering the administration of the society at the beginning. They were however surmounted and the stability of the society has now been well secured. The working of the society for the past many years would show how a sort of discipline and a state of efficiency can be achieved even in the case of labouring classes such as sweepers and scavengers.

Uncle: "The modern girl does not know what needles are for".
Niece: "I do. They're for the gramphone."

3. Enterprises :—The society took up the contract for the supply of buffaloes for the night soil carts during 1919 with the Salem Municipality under the joint loan system and continue to run the contract successfully. In the year 1920 it took up another contract of the right of collecting tolls of the Salem Municipality for 2 years successively. An objection was raised by the Co-operative Department in respect of the toll gate contract that it was of a speculative nature and that a society of the kind should not venture to take up such enterprising contracts. However, the society having taken up the contract, managed the business successfully and made out an appreciable profit of Rs. 14,000. This strengthened its financial resources still more. The society successfully runs the buffalo contract.

4 Amenities :—There is a Mariamman festival held every year in this town and it attracts a large number of people from the muffassal. On this occasion, the society distributes cloths to its members at a cost of about Rs. 700 A small temple has also been erected by the society out of its funds in their colony at Gogai. In the famine of 1919 when ordinary foodstuffs were selling at high prices, the society purchased rice wholesale and distributed them to its members and thereby afforded a great relief.

5. The financial position :—There were 140 members on the rolls on 30th June 1927 according to the latest audit order with a paid up share capital of Rs. 946. The society has further invested a sum of Rs. 10,000 in Fixed Deposit in the Salem District Urban Bank besides having a Reserve Fund of Rs. 2,220. Further, a sum of Rs. 6,200 has been distributed among the members themselves as short period loans. The assets of the society will thus come to Rs. 18,420.

6. Bye-laws :—Recently an amendment was made to the existing bye-laws of the society thus giving it a free hand in taking up contracts of works consistent with the duties of its members under the local body. The amended bye-law runs as follows :—

"To accept under the Municipality of Salem such contracts of works as may be consistent with the duties of the members, such as removal of rubbish and nightsoil under scavenging or otherwise and disposal of the same; supply of bullocks therefor and the like; and to purchase and own machinery, implements and other necessaries in order to enable them to discharge such duties efficiently and with advantage to themselves."

This has given a further impetus to the society by which the usefulness of the society can be extended advantageously both to themselves and to the employer.

It is therefore highly necessary that the Government should extend their sympathy to the poor labouring classes of people by way of issuing instructions to the local bodies concerned to prefer such societies as do undertake contracts of works pertaining to their sphere of work to ordinary contractors and thus

"She works in a questionable place".
"You don't say ?"
"Yes, an information bureau."

encourage them. This would not only bring the employer and the employee in close touch but avoid the intervention of the middlemen knocking away the profit. This is a matter which requires, in my opinion, the greatest attention of co-operators and which will go a great way to improve the lot of the menials.

EXTRACTS.

CO-OPERATIVE PROPAGANDA AND EDUCATION IN BOMBAY.

(From the Annual Report of the Director of Agriculture for 1926-27)

The first Bombay Presidency Agricultural Show.

The first Presidency Agricultural Show was held at the suggestion of His Excellency Sir Leslie O. Wilson, Governor of Bombay, who called a meeting at Government House, Poona, towards the end of 1925, to consider the matter. The idea of such a show, on an unprecedented scale, was taken up with enthusiasm by the Chiefs, Sardars, and people of the country, by the merchants of Bombay, and by almost every other section of the population. An amount of Rs. 1,38,294 was subscribed, to which Government added Rs 50,000, thus ensuring an adequate representation of the crops, the agricultural activities and the livestock of the Presidency, and their possible improvement. The organisation was entrusted to a Committee with the Commissioner, Central Division (Mr. G. W. Hatch, I. C. S.) as Chairman and Mr. T. F. Main, B. Sc., Deputy Director of Agriculture, S.C.D., as Secretary. On this Committee worked officials and non-officials, Chiefs, Sardars, and other gentlemen, and the result was that the Agricultural College, Poona, and its grounds where the Show was held, were transformed for ten days into a centre where large bodies of people from almost every corner of the Presidency were found, and which has already excited an influence far beyond what was anticipated by the greater proportion of the promoters. The total attendance was 201,116, and though the labour it entailed on the members of the Department of Agriculture and other Co-operating Departments (Co-operative, Public Health, Veterinary, Industries etc.,) as well as on the very large number of non-official helpers was very great, the result was well worth while, and it is hoped that it will be only the first of a series of such shows on something like the same scale and exerting the same influence. It has been proposed to hold the next Show at Ahmedabad.

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Propaganda and Organisation.

In the matter of rural propaganda, the Agricultural Department works in close co-ordination with the Co-operative Department, as it is the recognised policy that wherever possible, any attempt to organise the rural community should be on co-operative lines This co-ordination is secured by the existence

First Loafer: " All the men at that factory have gone on strike."
Second Loafer: "What have they struck for ?"
" Shorter hours."
" Good luck to them, I always did say that sixty minutes was too long for an hour."

of Divisional Boards of Agriculture, which are predominantly non-official, meet once a quarter, and control the propaganda and organising work of both departments in various districts.

The various fields of co-operative organisation in the districts, so far as their activities other than credit are concerned, have developed to a very variable extent. The greatest success has been with co-operative sale, and to the previously recorded success of the Co-operative Sale Societies for cotton at Hubli and Gadag in the South, and in Gujarat, together with *gul* sale societies in the Deccan, may now be added societies for the sale of chillies in the Karnatak and of betel nuts in Kanara. Again implement hire societies are an established success in many places. Co-operative Supply Societies are still not extending to any great extent.

The Hubli and Gadag Co-operative Cotton Sale Societies have again been among the most valuable agencies in extending improved cotton seed in the Karnatak, as has been described in a previous section of this report. Considerable difficulties arose in the working of the latter society (Gadag) in the year and I was afraid that its utility as a means of multiplying and distributing this cotton seed would be injured if not destroyed. Arrangements have however been concluded during the year under report, by which I think it will serve as our agent for the multiplication and distribution of improved American cotton seed as hitherto.

* * *

Rural Organisation.

Very intense discussion has taken place during the year as to the steps which should be taken towards rural reconstruction, but little has been done. I would however reiterate that in attempting to consider the rural reconstruction required it is not one man or one department that is concerned. It involves the consolidation of holdings, the communal or co-operative holding of implements which are beyond the power of individual peasant cultivators, and the development of secondary occupations. It involves further the organisation of purchase of supplies and of sale of produce. It means the partial (and very possible) elimination of ill-health and malaria in the villages, and extension of education. The necessity is beginning to be realised and this is the first step towards that reconstruction which is needed, as a complement to the technical improvement with which I am more immediately concerned.

* * *

Conclusion.

This will be the last report I shall write as Director of Agriculture of the Bombay Presidency, as I retire during the coming year. On looking back during the years which have passed since 1918 when I first assumed the office

Co-operation has brought to the world a new sense of independence, of power and self-reliance, in the place of the crushing helplessness of a hundred years ago.

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of Director of Agriculture, it is wonderful to see how the Agricultural Department has developed, its activities in various directions. Perhaps the most striking development has been in connection with the research activities of the Department and the work now done is altogether of a higher class than it was nine years ago, and the method of approach to problems which it is necessary to solve is of much more scientific character than was formerly the case. It is exceedingly pleasant to see how the members of the Department have been able to adapt themselves to the types of research and the application of the results which are now in vogue.

Further, I may say that the problems now under investigation are in almost all cases definitely those which have been suggested by actual difficulties in the practice of cultivators, and we know, as a result, that as soon as methods to get rid of the difficulties have been found, the people will be ready to try them in their practice and, if they are found suitable, to adopt them.

Again, the methods of propaganda have been very largely altered and now-a-days non-official agency, chiefly in the form of Taluka Development Associations, have enabled propaganda to be conducted so as to reach at least ten times the number of people that would have been reached before such associations were formed. It is only recently that these have entered into the vigorous life which many of them now possess

There are many other changes to which I might refer, for instance the increased popularity of the Agricultural Schools of the Department, the establishment of Agricultural Bias Schools in many districts with popular appreciation, the attempt to attack the rural problem from the engineering side especially in the direction of small schemes of land improvement, and so on. But perhaps the biggest change is that the increasing conception of the rural problem as a whole, rather than as a series of different questions each to be dealt with by separate departments, is gradually becoming paramount in the eyes of many workers in connection with agricultural development. What this will lead to I cannot at present say, but it does not seem to me to be the only effective way of studying the situation and seeing the most important thing to be done at any moment. Hence I hope this conception will dominate the workers in future to a greater and greater extent, and if it does, taken in conjunction with the enthusiastic and devoted work which is now put into agricultural development, I look on the future as one great hopefulness.

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CO-OPERATION AND DEPRESSED CLASSES IN MYSORE.

(From the Report on Co-operative Societies, Mysore, for 1926-27)

Government also sanctioned a sum of Rs. 10,000 during the latter part of the year with a view to provide the depressed classes with sanitary houses through the House-Building Societies. During the year, a loan of Rs. 2,500 has been sanctioned by Government to the Tiptur Adikarnataka Co-operative Society for building sanitary houses for the members.

With a view to inculcate habits of thrift among these people, 400 Home Savings Boxes were distributed to them through Co-operative Societies. Improved agricultural implements and seeds worth about Rs. 350 were supplied to Adikarnatakas at half cost, the other half being borneby the Department. To provide them with work during leisure hours, charkas have also been distributed among them. They have become so popular that I have been getting requests for a free supply as the members are too poor to pay for them. Advantage was taken of the several District and Taluk Conferences and other public meetings to deliver magic lantern lectures specially for the benefit of the Depressed Classes.

The Depressed Classes have begun to appreciate the advantages of membership in societies and are coming in larger numbers to join them. Being very poor and hard up, they are unable to pay even small share amounts regularly, nor are they very regular in repaying their loans. Where they own some landed property, loans are being given through societies. Teaching them habits of thrift, weaning them from drink and other evils—all this takes some time to produce tangible results. But in all the societies, the members have considerably reduced the amount that they were spending on drink before.

During the year, I have received applications from several of the Depressed Class people for the grant of lands from Kavals, State forests, tank beds, etc., and I have recommended them all to the Deputy Commissioner also. I had informal discussions with the Conservator of Forests about the release of lands from the Forest Reserves. They have all been very sympathetic in considering my recommendation for the grant of such help as lay in their power.

In the course of my tours, I have impressed on the members of all Co-operative Societies to give all possible concessions to the Depressed Class people and to give them fair treatment and opportunities to rise high in the social scale.

The four Assistant Inspectors for Depressed Classes are in charge of about 12 to 15 societies each and are working as Secretaries. They write up the accounts of societies, convene meetings and do everything for the uplift of the Depressed Classes. Bonuses amounting to Rs. 1,000 were granted to the secretaries of Depressed Class Co-operative Societies with a view to encourage them in their work and for the proper supervision of societies.

Special mention has to be made of the Co-operative Colony Scheme sanctioned by Government in April 1927 with the object of helping 20 Adikarnataka families residing within easy reach of one another to take to agriculture and equipping them with land and other facilities for cultivating it.

Co-operation has demonstrated the workers' power to help themselves, and their ability to construct an enterprise as great as that of any of their employers.

There are over 3000 school societies now in France for the supply of school requisites.

Under the scheme, each family will be given 6 to 8 acres of arable dry land free, on the *Shraya tenure*, on condition that lands should not be alienated by the members for a period of 10 years from the date of grant, and will be supplied with a pair of bullocks at a cost of Rs 80 per pair and also agricultural implements, manure for the land and seeds at a cost not exceeding Rs. 20 for each family. Provision has also been made for maintaining the families for about 5 months till the harvest is reaped, at Rs. 10 for each family per month. Government have agreed to recover only half the cost of bullocks, seed, manure etc., supplied to members, as also half the cost of their maintenance charges, in easy instalments extending for a period of 5 to 8 years.

After inspecting 2 to 3 places in consultation with the Revenue Commissioner and the Director of Agriculture, a tract of land in the Pillaganalli village near Gottigere in the Bangalore Taluk consisting of 231 acres and 33 guntas was selected as suitable for starting the Colony during the year. After excluding all the Kharab land and the area required for forming a model village on the Colony, about 100 acres were considered suitable for cultivation purposes. After making detailed enquiries of 44 families of depressed classes that live in Gottigere and investigating their economic condition, 15 persons were selected for the Colony. A co-operative society was also started for them and they were all admitted as members. As the land had to be cleared of jungle, thick shrubs and roots, only 32 acres could be ploughed and made ready for sowing the crops during the year 1926-27. In July and August 1927, another 35 acres were made ready and the whole area has now been sown with ragi, horse-gram, groundnuts, sunflower etc., according to the suggestion and advice of the Agricultural Department. Scientific manure has also been used for raising the crops.

So far, the work done in the Colony is very satisfactory and it has got advertised in several of the Districts with the result that I have been getting applications from several other places for the formation of such Co-operative Colonies. As the Colony is still in the experimental state, the question of starting similar Colonies in other places has been deferred.

Mahatma Gandhi visited the Gottigere Colony and was very much pleased with the work that had been done there for the amelioration of the depressed class members.

EXTRACTS FROM FOREIGN PERIODICALS.

A World's Grain Show.

Under the chairmanship of John A. Mooney of Regina, the man who conceived the idea originally of such a world's grain exhibition and conference, the delegates, at the end of a five hours' conference at Regina on Saturday last, made the first move to attain the object sought, by the passing of the following resolution :

" Whereas the Dominion of Canada is the world's largest exporter of wheat and wheat products ; and

" Whereas plans have for some time been under consideration to hold a world's Grain Exhibition and Conference in the year 1932 ; and

" Whereas we are assured that ample accommodation for the holding of a world's Grain Exhibition and Conference will be provided in the City of Regina, which is in the centre of Canada's wheat fields ; and

" Whereas the year 1932 will afford an opportunity of celebrating the coming of transportation facilities with the advent of the Canadian Pacific Railway a half century previously and the arrival of the agricultural pioneers who proved the productive possibilities of the Canadian Prairies and laid the foundation of our agricultural development ; and

" Whereas we are of the opinion that it is very desirable that such an Exhibition and Conference be held for the consideration of matters relating to production, processing and marketing of cereals ;

" Therefore be it resolved that this Conference unanimously recommends the holding of a world's Grain Exhibition and Conference in the City of Regina in 1932 ; and

" Be it further resolved that we appoint a provisional committee to interview the Dominion Government and request their support of the project that the organisation of the project be undertaken by the Dominion Department of Agriculture. " (Co-operation and Market news, Sask., Canada),

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Czechoslovakia—A Co-operative Publishing Society.

A Co operative Orgnisation of a special type has just celebrated its fifth anniversary in Prague. This is the Society known as " Co-operative Work" (I), the object of which is to publish books chosen by its members at a price approaching cost price.

This Society was founded in 1922, and has at present 5,200 members. Its capital is 2,40,000 crowns, divided into 6,000 shares of 40 crowns each. It has also received deposits from its members to the amount of 10,000 crowns. It is thus able to carry on operations with its own capital and that of its members without appealing to the banks for credit.

The members receive gratuitously an illustrated review which, in addition to other matter, announces the works which is proposed to publish. Each member receives a voting paper, and the programme of publications is decided in accordance with the result of the vote.

In Poland, a special organiser has been appointed by the Co-operative Union in 1924 with the approval of the Minister of Education for starting school societies.

The History of education reveals a painful tendency in the older generation in every age and calling, to toy and make the younger a mere repetition of itself.

The sale price of the books is less than half the current market price. Members undertake to purchase at least four books a year.

In this way, the Society has in five years published 80 works, 46 original and 34 translations. Some thirty painters and engravers have collaborated in these publications.

It employs twenty persons and has two branches, besides a book-binding workshop which has bound 60,000 volumes at an aggregate price of more than a million crowns. (From 'Co-operative Information'—International Labour Office, Geneva).

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The German Land Mortgage Banks.

The German Land Mortgage Bank, founded by the *Preussische Zentral Genossenschaftskasse* in the year 1921 as a limited company, provides agricultural mortgage credit. According to the constitution, its object is to grant mortgages on real estate, and to issue mortgage or so-called co-operative mortgage bonds on the security of mortgages acquired. Mortgage business generally is concerned with small building and real estate property in town and country. In practice, their activity is principally concentrated on those cases where agricultural credit is insufficiently provided for by the Landschaften, agricultural credit organisations and mortgage banks and in addition, small urban real estate business. A special attempt is made to satisfy the demand for long term investment capital of those interests which receive working capital from the country credit societies. The payment of mortgages is effected by the co-operative societies which assist the bank in investigating succession rights of mortgages and in ascertaining the value of the security of the mortgage. The capital, completely paid up, amounts to 5 million R.M. and this broad financial basis enables the bank to issue mortgage bonds. It can also satisfy the demand for real credit to a very large extent. The bank which was only able to enter effectively into business after the inflation period has issued bonds amounting to 20 million marks approximately up to 1926.

The Co-operative Mortgage Bank is in a certain sense the old Landschaft of the era of Frederick the Great applied to modern economic conditions and represents for the small farmer a consolidated co-operative credit system both for personal and for mortgage credit. (From the International Review of Agriculture, January).

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C.W.S. Sun Flour Mills, Old Trafford, Manchester.

The finest grain the world supplies comes to the eight flour mills of the C.W.S.

Seven million in England and Wales—more than one-seventh of the population—eat bread baked with C.W.S. Flour. An enormous family to feed!

The real aim of education should be to develop minds and personalities with new ideas and a fresh outlook and power of independent thought capable of carrying the world a stage further.

Some idea of the great work of the C.W.S. in providing millions of people with their daily bread is given by the figures opposite, which show the value of the output of the mills during 1927.

Dunston-on-Tyne Mill ...	...	...	£ 1,328,326
Silvertown (London) Mill ...	...	...	1,464,374
Sun Mill (Manchester) ...	...	...	3,140,647
Oldham Mill	...	...	583,130
Avonmouth Mill (Bristol) ...	...	...	1,961,233
Sowerby Bridge Mill ...	...	...	634,577
Slaithwaite Mill ...	...	...	290,156
Hull Mill	...	...	1,208,199
		Total Value............	£ 10,611,161

(Co-operative News, Manchester).

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The World's Dairy Congress.

For the first time in history, the world's Dairy Congress will be h ld this year in England, and early preparations are being made for the event It is an auspicious occasion; dairying in its varied phases represents an important part in the agriculture of the universe, and people from different lands, speaking various languages, will meet in the Old Country and see how milk is produced and handled in those Islands. The Congress will be representative of scientists, farmers, distributors of milk and its products and manufacturers of machinery and appliances associated with the dairying industry.

(Co-operation and Markets News, Sask)

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Co-operation in Latvian Schools.

A new kind of co-operative society has developed with great rapidity in Latvia during recent years, namely, school co-operative societies. This is partly due to the fact that the study of co-opera ion has been in the syllabus of the higher classes in elementary schools.

The economic activity of a school co operative society is chiefly concerned with providing its members with the necessary requirements for study, such as school books, notebooks, writing materials etc, and from this point of view a school co operative society may be compared to a distributive co-operative society in miniature

The main function of such a society, however, is that it serves as a practical demonstration of co-operative principles.

Membership of a school co-operative society is not compulsory. Sometimes teachers also belong, but the management is left entirely in the hands of the pupils. In many societies, the members of the Board of Directors and of the Auditing Committee are frequently changed in order that as many pupils as possible may have experience in this work.

At the suggestion of the University of Latvia Students' Union for the Advancement of Co-operation, the Council of the Co-operative Congress, which is the central propaganda

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Every influence that widens the life of a woman makes her at once a better and more intelligent citizen and more intelligent Co-operator.

body of Latvia, has given special attention to the development of school co-operative societies and has collected information on the subject.

The Council of the Co-operative Congress has on several occasions investigated the 200 school co-operative societies in Latvia. The last enquiry was concerned with their activities during the school year 1926-1927. The membership of the 83 school co-operative societies from which returns were obtained was composed of 1,457 boys, 3,414 girls and 130 teachers; that is to say, 40 per cent of the boys, and 30 per cent of the girls attending the 83 schools in question. During the school year 1926—27, the turnover of 82 of these co-operative societies amounted to 56,144 31 lats. The net proceeds amounted to 4,925 lats. The sum of 448 lats was divided among the members, the sum of 1,947 lats was put into the reserve fund and the remainder was devoted to educational purposes. (Communication to the International Labour Office).

(Industrial and Labour Information, 9th April).

RECENT UTTERANCES.

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

At the last session of the Legislative Council, Madras.

Mr. President, Sir, the Hon'ble Members who have preceded me have said enough to show that it is not at all well with the co-operative department as it is at present worked.

Some months back, when another ministry was in power, in this House, a resolution was brought to appoint a Committee to overhaul the department in this province. The fate of that unfortunate resolution is fresh in our minds. The then Hon'ble Minister instead of giving effect to the long cherished desire of the House for a Committee consisting of representative members of this House among others, which would have commanded the respect of the country, appointed a committee entirely different in composition from the one sought by this House. Some of the members of the Committee had also entirely no knowledge of co-operation; and as if local talent was not enough, they brought out an officer from outside as President, who confessedly had no knowledge of co-operation though he had other experience.

This Committee worked for 120 days and they have enriched their report with 240 recommendations. I do not want to take up the time of the House by dilating upon how the whole thing was hatched. The President stayed with the Registrar and the Roman hand of the Registrar is seen in almost every word of the questionnaire. It was one-sided and did not cover many of the important branches of the Co-operative movement.

Then, Sir, as regards the evidence taken by the Committee, my Hon'ble friend Mr. R. Srinivasa Iyengar has given notice of a motion; but he is not here. The whole country demands that the evidence ought to be published. But the Committee, in its wisdom which is not understood by the ordinary people, decided not to publish the evidence. There is a widespread belief that the recommendations of the Committee as finally emerged in the report are not borne out by the

The International Co-operative Women's Guild has got branches in 11 countries of the world.

consensus of evidence that was taken. Many impartial people were kept out or had to keep out. Circulars from the Registrar's office in Chepauk went in advance to the various bodies hinting that it was desirable to give evidence in a particular way. This was done not directly but insidiously.

Not content with drafting such a questionnaire and sending objectionable circulars, the Registrar himself in a most objectionable and shame-faced manner followed the Committee from place to place and from village to village. When honorary appointments are going to be made and people have relatives to be taken into the department, if the Registrar goes like this from place to place we can judge of the independent nature of some at least of the evidence tendered to the Committee.

It will take me very long to analyse 240 and odd recommendations of the Committee. But even a cursory glance will show that the effect will be to increase the powers of the Government and reduce even the existing scanty powers of the non-officials. While professing to train the people for Self-Government and pretending to non-officialise the movement, the recommendations have the effect of putting more and more powers—even extraordinary and dangerous powers—in the hands of the Registrar and his officers, and correspondingly reduce the powers of the non-official workers

It will be a long catalogue if I were to give an account of the new powers sought to be conferred upon the Registrar. He is to get some of the rule-making powers of this Government. He is to get some of the powers of the Government of India Act itself, because by one stroke of the pen he could say that such and such a society should only borrow up to a certain reduced limit and so on. The societies have to act to his dictation. These are only samples of the extraordinary powers which are sought to be taken by the Registrar. Public opinion in no civilised country could endorse such an attitude on the part of officialdom. It may no doubt be urged there are safeguards; but a close examination will reveal these are more imaginary than real.

Then coming to the Committee, the questionnaire and the string of questions which were repeated at every place shows that the Committee, or at any rate one section of it, wanted to see that the Imperial Bank subtly dominated the whole of the Co-operative finance in this province. At every stage, the Registrar was saying—though not in so many words—that the interest of the Imperial Bank was paramount. The Imperial Bank representative might be a financial expert; but it cannot at the same time be forgotten that the policy of the Imperial Bank is at variance with the growth of the real financial prosperity of the Co-operative movement. Sir, they say that the two eyes of the image in

One of the greatest contributions which the consumers' movement has made to the improvement of actual economic conditions has been the influence it has exerted in helping to bring down prices.

the temple of Jagannath are lustrous diamonds of rare value and beauty. To the devout worshipper, these diamonds are holy things; but to one who casts covetous eyes on these diamonds or to a greedy and profiteering jeweller from Hatten Garden they are perhaps only covetable treasures. In the same way the interest of the Imperial Bank in the financial prosperity of the Madras ryot is no more than that of the profiteering jeweller from London coming to esti. mate the market-value of the diamonds which form the eyes of the God, Lord of the Universe. The Imperial Bank view, as I said, dominates everywhere right from the beginning to the end.

Further, there is one other thing which is patent. The seeds of discord have been sown though not deliberately but none the less effectively among the groups of non-official workers. There seems to be a distinct policy pursued by the Registrar during the last two years or so. The means he adopted was to set up a pro-federation group against the Central Bank as if the objects of the Central Bank or its constitution are fundamentally different from those of the Federation. But the Registrar seems to make a fetish of it and has sown broadcast the seeds of internal and unhealthy rivalry.

Considering the unsatisfactory nature of several of the recommendations whereby dangerous powers are sought to be given to the officials and considering also the insignificant position to which the non-officials are going to be reduced under the regime, myself and many of the non-official workers are full of apprehensions as to the future of the Co-operative movement in this Province. I lay so much stress on this because I believe in co-operation. I believe that this is the only movement which can set the ryots on the road, if not to financial prosperity, at least to ensure his having one square meal a day. If that source is vitiated at the very fountain-head by an official-ridden committee whose qualifications are questionable and by a Registrar who is trying to deprive the non-officials of even the scanty powers they have got, I have reasons to fear for the success of the movement. I hope the Hon'ble the Minister who is unfortunately new to this work will go through the Committee's recommendations and also invite the opinions of responsible people and not be in a hurry to endorse the Committee's recommendations without a critical and searching examination. But if he does accept the Committee's recommendations as they are, I can assure him that he will set back the clock of progress not by a year or two but for a full quarter of a century.

In Great Britain alone, the surplus the consumer got back (which otherwise would have gone to swell the profits of capitalism) in 1925 was nearly £ 17,000,000 or Rs. 23 crores of rupees or nearly 1⅓ times the revenue of this Province.

MR. H. M. HOOD, THE REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS.

(On the occasion of the opening of the Co-operative Training Classes at Anantapur on 14th March 1928.)

I should like to say first that it gives me very great pleasure to come here to-day to open this, the first of the training classes run on these lines in the Ceded Districts.

As you are aware, gentlemen, we have been feeling for some time both in this department and out of it that, though the movement is steadily spreading its benevolent influence over the land and though the educational standard of recruits to the various posts to be filled has been improving, the necessity for more complete and more methodical training and tuition is strongly felt. To meet this demand, a number of courses have been started and within the last three days, classes have started work in Bezwada and Tanjore.

There are many people still who seem to think that Co-operation is a very simple matter and I am painfully aware that to many members of audit societies co-operation means putting Rs. 5 into a society as share capital and taking out Rs. 50 as a loan. They often do not realise that there is more in it than that. "Faulty organisation" you will say—I agree. Inadequate instruction in the first place is no doubt largely responsible for any ignorance there may be. It is not however my intention to dissect the work, the intentions and hopes of those who have so diligently carried the flag of Co-operation into so many villages, but rather to see what can be done to strengthen where we think there is a weakness and to improve what has already been organised.

The Co-operative principle demands a joint effort; it involves joint responsibilities just as it involves joint benefits. It is founded on mutual trust, honesty and common knowledge. Secret transaction and underhand dealings are its negation. It demands unstinted service in a common purpose and the subservience of the individual desire to the good of all members of this fellowship. This unit of purpose is the strength of Co-operation. It is not to be thought that Co-operation means grinding all down to one dead level nor does it mean the advancement and glorification of a few at the expense of the rest. It means that each can and must be helped in his way to greater prosperity and happiness by the strength that comes from united action.

This you will say is all very well, but how are we to set about it. There are a thousand ways in which by co-operation, by co-operative societies, improvements can be made in the villages and in the towns. By pooling the slender credit of each ryot, joint credit will bring in money to pay for an improvement or tide over a difficulty. Joint action brings cheaper manures and gets a better return from the crop. Joint action can clear a channel or improve a water supply, start a school, suppress intemperance or encourage more thrifty

The turnover of the Banking Department of the English C.W.S. in 1925 was over £588,000,000 or over Rs. 793 crores or over 6 years' revenue of India!

habits among the needy. But it cannot be done by the ignorant and the foolish. It demands instructed diligence. It requires organisation which is the foundation on which joint efforts must be based and if you look at the working of credit societies, the manner in which societies and unions are linked with banks and federations to provide credit, to see that the interests of depositors are safeguarded and to ensure that money is properly utilised and promptly repaid, you will see that this organisation is not a simple or small thing and the guidance of the movement on such lines as will provide the smallest ryot with the utmost possible benefit from the resources available requires a very high degree of skill, of knowledge, and of industry on the part of those whose duty it is to supervise and guide.

Whether it be a co-operative bank or any other kind of bank, if that bank is to be permanently sound and is to obtain for its constituents the maximum benefit on the lowest cost, it demands a knowledge of banking on the part of its management. It must recognise the facts of finance on which the theory and practice of banking is based, and cannot plead co-operation as any reason for taking risks or ignoring basic principles which are common to all forms of banking. And again looking at primary societies to advise and help them requires a close knowledge of co-operation and, in addition, of accountancy and business principles. Without this knowledge and business-like methods, co-operative societies cannot thrive.

I am confident that if the members of village societies understood more fully the limitation as well as the possibilities of the present Central Banks and realised the elementary principles which must necessarily govern their transactions, much of the friction which I have noticed between societies and banks in a few places would automatically vanish. Much of the criticism I have seen levelled at societies and banks is the child of ignorance and the scramble for office, mutual recrimination, the thirst for prominence and the desire to glorify this party or that party, this community or that, this person or that—these have no rightful place in co-operation.

We require more teachers, well-informed and diligent, to take up their posts under the Federation, the Bank and the Government and it is to provide the skilled assistant and adviser that this class has been brought together.

Those who go through this class and undertake the work required will find it no easy task, but I know of no more honourable duty required of a man in this country than that now, of giving his time and strength to the furtherance of this benevolent movement. But do not forget that it is a business movement, and that without sound business methods, benevolence will be starved.

I can only express my trust that it will fully come up to our high hopes and it only remains to me now to thank the Federation and all those who have co-operated in inaugurating this course and in giving me this opportunity of wishing it every success.

Co-operators have realised that the vital needs of education of workers are to secure their own emancipation.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

Circulars (dated 30th April 1928.)

IV

Dear Sir,

Many co-operators assembled at the last Provincial Co-operative Conference and at the Bankers' Conference, have expressed to us a desire to have a list of the chief workers in the field now. The P. C. U. would be glad to publish quarterly lists of workers if our constituents would enable us to keep ourselves up-to-date.

May I therefore request you to send me the name of the President, Vice-President if any, and the Secretary of your Bank / Federation as they were on the 1st April last? We hope to be able to publish our lists in May (this time in June), August, November and February of each year and we request you would co-operate with us in keeping the list up-to-date and reliable.

Yours Sincerely,

V. VENKATASUBBAYYA

Joint Secretary.

To

All District Banks and Federations.

V

Dear Sir,

The P. C. U. is often asked to recommend properly trained men for employment by Dt. Federations and other Co-operative bodies and in the absence of an up-to-date list of students trained under our auspices, we are not always able to oblige our constituents. It is therefore resolved to publish a quarterly list of all students who have been trained by us with their address so that employers may have that list to choose from. Such a list will be useful not only to enable a trained man without employment to get employed but would enable men of experience to get higher posts in other districts where experienced hands may be wanted. It is therefore requested that all students trained by the P. C. U. will fill in the form attached and send it to the P. C. U. and keep us informed of change of addresses as they occur.

It appears to be the case that Co-operative societies, very often owing to their refusal to act with the local master-bakers, keep down the prices of bread to the benefit not only of their own members but also of their rivals' customers."

Royal Commission on Food Prices (1925).

We are glad to announce that the P. C. U. has resolved to supply copies of the English Bulletin to all the old students at the concession rate of Rs. 2 per year and it is hoped that all our old students will avail themselves of this concession and thus establish a permanent bond of attachment between themselves and the P. C. U.

Yours Sincerely,
V. VENKATASUBBAYYA
Joint Secretary, P. C. U.

Form of Enrolment.

1. Name... ....
2. The year in which the student was trained.........................
3. His history of service after training......................................
4. His present occupation and address..
....
5. His permanent Home address..
6. Whether he likes to subscribe to the bulletin from July '28 at the concession rate..
....

GOVERNMENT ORDERS.

G. O. No 2001, Development, dated 26th November 1927.

Co-operative movement in the Madras Presidency—Progress of development of non-credit activities.—(June to September 1927.)

During the months of June to September 1927, 31 societies of varied types were organized. These were distributed among the several districts as follows: 3 cotton trading unions, a fishermen co-operative society, 2 irrigation societies, a silk weavers' society and a cattle breeding society in the Kistna district ; a loan and sale society in the Bellary district ; an arbitration society and a loan and sale society in the North Arcot district ; a weavers' purchase and sale society, 2 loan and sale societies and an irrigation society in the South Arcot district ; a loan and sale society in the Anantapur district ; a co-operative agricultural society in the Trichinopoly district ; 4 milk-supply societies and a cattle insurance society in the Chingleput district ; a khaddar spinning and weaving

The C.W.S. in association with the co-operative farmers of Canada, Russia and Australia controlled 1 million tons of wheat and flour out of 18 millions handled internationally. Has anybody taken statistics of rice consumed in one year in the City of Madras and found out what fraction of it is handled by the T. U. C. S, ?

co-operative society in the Vizagapatam district ; a weavers' production and sale society and an agricultural demonstration society in the Nellore district ; 2 societies for bell-metal makers and brass metal makers in the Cuddapah district ; a co-operative stores in the Tinnevelly district and a pepper vine growers' sale society and a basket makers' co-operative society in the district of South Kanara.

2. During the period under review, 8 societies were reorganized or revived ; a woodcutters' society in each of the two districts of Madura and Tinnevelly and the Bhavani carpet weavers' co-operative society in the district of Coimbatore were revived. The Rekalakunta Christian co-operative society in the Cuddapah district was reorganized as a forest coupe co-operative society. Among the other societies reorganized were the Uttiramerur co-operative trading union in the district of Chingleput, a fruit-growers' co-operative society, a labourers' society and a loan and sale society in the Tinnevelly district.

G. O. No. 436, Development, dated 9th March 1928.

Progress of development of non-credit activities. (*November and December 1927.*)

During the month of November 1927, eleven non-credit societies were organized : an agricultural demonstration society in the Ganjam district ; a building society in the Vizagapatam district, a weavers' purchase and sale society at Saidapet in the Chingleput district ; an irrigation society, a weavers' purchase and sale society and a loan and sale society in the South Arcot district ; a labour society in the Tanjore district ; a tenants' co-operative society in the Ramnad district ; a production and sale society and a poultry breeding society in the Tinnevelly district ; and a co-operative stores in the Malabar district. Besides these, the Udipi Agricultural and Industrial society factory in the district of South Kanara was reorganized.

Nine non-credit societies were organized during the month of December 1927 as follows: four house-building societies, two in the East Godavari district and one in each of the districts of Vizagapatam and Coimbatore ; a co-operative stores in the Chittoor district ; the Madras Co-operative Milk Supply union, Limited, at Madras ; a loan and sale society and an egg production and sale society in the Chingleput district ; and a well irrigation society in the South Arcot district. The Vellore loan and sale society in the North Arcot district was reorganized during the month. Several other items of non-credit work were also undertaken during the period as preliminary organization of a weavers' society at Gowada and an agricultural demonstration society at Chodavaram in the Vizagapatam district. In the district of Madura, arrangements were made to advance loans on the pledge of paddy in two of the well-conducted societies in the Melur Union area. The Tiruppattur Co-operative stores was

Co-operation is the most profoundly revolutionary of all the workers' movements.

inspected and its accounts checked. The Karaikudi Co-operative stores was also inspected and the question of developing the society's activities was discussed with the Directors. Steps were taken to set right the affairs of the Aruppukkottai weavers' society and the advantages of opening a central depot at Madras were explained.

THE CENTRAL CO-OPERATIVE PRINTING WORKS, LTD.

(1) Eighth Annual Report for the year 1926-27.

The Board of Directors have great pleasure in submitting for the consideration of the general body of the Press the following report on the working of the Press for the year that ended on the 30th June 1927.

2. There were 16 new admissions during the year under report and consequently the number of members rose from 153 to 169. The share capital which was Rs. 12,701 at the beginning of the year rose to Rs. 13,340 at its end.

3. The gross value of the different kinds of work executed during the year by the Press amounted to Rs. 25,436 as against Rs. 22,041 in the preceding year. Of this amount of Rs. 25, 436, a sum of Rs 7,142 represents the cost of materials and a sum of Rs, 8,259 represents the wages paid to workmen and printing, and other charges paid for work done by other presses. The total gross earnings amounted to Rs. 10,035 as against Rs. 8,455 in the previous year.

4. A sum of Rs. 1,727 was invested during the year in machinery and types, and a machine was sold for Rs. 60. The present market value of the machinery is Rs. 7,000 and that of the types is Rs. 3,000 aggregating to Rs. 10,000 though the total value of both as per audit is Rs 7,286 after allowing the depreciation.

5. The Press earned during the year net divisible profits amounting to Rs. 2,864-14-0 as against Rs. 2,401-0-11 in the previous year. According to by-law 24, one-fourth of this amount *viz.*, Rs. 716-4-0, should be carried to the Reserve Fund and the balance is available for the purpose of paying dividend, Common Good Fund, Plant Reinstallation Fund etc. With the addition of the sum of Rs. 716-4-0, the total Reserve Fund of the Press comes to Rs. 4,351-10-0. The Directors recommend that the maximum dividend of 9 per cent may be paid to the shareholders on the share capital and, that the distribution of net profits be effected as follows :—

	Rs.	A.	P.
Reserve Fund	716	4	0
Dividend at 9 per cent	1,200	4	11
Common Good Fund...	50	0	0
Rebate to customers at 9 pies in the rupee ...	407	6	0
Plant reinstallation fund	490	15	1
	2,864	14	0

The Co-operative stores of England minister to the needs of 140 millions of the world's population.

6. The increase in membership and share capital during the year under report is by no means very satisfactory. Whatever increase there was must be attributed to the personal exertions of the manager. It is in the contemplation of the Directors to take some special steps by way of popularising the Press and thereby adding to its membership. As is evident from the statement appended to this report, the Press shows on the whole considerable progress since it was started in 1921; but the Directors feel all the same that it is high time that definite steps were taken to further develop the Press and make it more useful than it is now. For this purpose, it is absolutely necessary that in addition to increasing the share capital of the Press, steps ahould also be taken to have a building of its own fitted with up-to-date machinery. It may be noted here that the directors are keeping this subject in their view and are making the ncessary preliminary investigations with regard to the same.

7. Four meetings of the Board of Management were held during the year for the transaction of business. The general body meeting of the Press was held in the Press premises on 14th April 1927 for the consideration of the report and for the election of the members of the Board of Management. There was also a Social on the occasion of the annual meeting. Representatives that attended the annual meeting evinced considerable interest in the proceedings of the meeting. The following gentlemen were elected as members of the Board of management.

M. R. Ry. P. Ramanathan Avl., President.
,, A. Sivarama Menon Avl., Secretary.
,, V. Manicka Mudaliyar Avl., Director.
,, V. Venkatasubbiah Garu, ,,
& ,, G. Sri Ram Babu Naidu Garu ,,

8. At the last annual meeting, a Sub-Committee consisting of Messrs. V. Manikka Mudaliyar, G. Sri Ram Babu Nayudu, V. Venkatasubbiah, C. L. Neelakanta Mudaliyar and N. S. Vencata Chariar (convener) was appointed to propose modifications to the by-laws of the Press. The report of the Sub-Committee has just been received and the same is printed as appendix A (not published in this Bulletin). The Sub-Committee has also investigated into the points raised regarding the last year's audit certificate.

9. During the year under report, the whole staff was given a legitimate increment to their salaries. Under the Provident Fund rules, the Press contributed a sum of Rs. 563-3-0 towards the Provident Fund. The Directors are glad to note that the work of the staff has been very satisfactory.

10. In conclusion, the Directors wish to thank the departmental officers and the customers for the continued encouragement shown towards the Press.

* * *

It is the consumers' movement that has given to Co-operators its universal basis.

(2) Audit Certificate of the Department for the year ending 30th June 1927.

The accounts of the Central Co-operative Printing Works Ltd., No. 4198, as audited by M. R. Ry. R. Kalyanasundara Iyer, City Auditor of Co operative Societies, Madras, are passed. Statements of (1) Receipts and Disbursements, (2) Profit and Loss, and (3) Assets and Liabilities as furnished by the auditor are appended to this certificate.

2. *Members and Share Capital*:—The number of members and their paid up share capital rose from 153 and Rs. 12,701-13 at the beginning of the year to 169 and Rs. 13,340-10-0 respectively at its end.

3. *Actual Press Work* :—During the year, the gross value of the work executed by the Press was Rs. 25.436 as against Rs. 22,041 in the preceding year. Out of this Rs. 7,142 represent cost of printing and binding materials used up while the sum of Rs. 8,259 was paid towards labour and work done in other presses. Deducting these items, the gross earning works at Rs. 10,035 as against Rs. 8,455 in the previous year. Deducting again another sum of Rs. 715 that may probably be found to be unrealisable on account of non-recovery of bills or superseded forms, the net gross profit works at Rs 9,320 as against Rs. 8,014 in the previous year.

4. *Machinery and types* :—During the year, machinery and types worth Rs. 1,727 were purchased while a machine was sold for Rs. 60. Allowing a depreciation of 1,286 for the current year, the net value of the stock on the last day of the year amounts to Rs. 7,286 as against Rs. 6,905 on the corresponding day of the previous year.

5. *Net Profits* :—The net divisible profit earned for the year is Rs. 2,864-14-0 as against Rs. 2,401-0-11 in the previous year. Under by-law 24, one-fourth of this amount or Rs 716-4-0 should be carried to Reserve fund. The balance is available for distribution as dividend, common good fund, plant reinstallation fund etc., subject to the maxima and limitations laid down in the by-laws.

6. *Reserve Fund* :—The amount to the credit of the Reserve fund as per the audit certificate of the previous year was Rs. 3,635-6. With the addition of Rs. 716-4 ordered in para 5 *supra*, the total amounts to Rs. 4,351-10-0.

THE INTERNATIONAL CO-OPERATORS' DAY.

The General Secretary, International Co-operators' Association of India writes :—

The International Co-operators' Day which is the first Saturday in July of every year is coming off on the 7th of July this year.

The day was celebrated last year with great enthusiasm by the co-operators of this country. We request the members in charge of co-operative

Every human being is a consumer, and to organise industry for the service of the consumer is to organise it for the benefit of the whole human race.

institutions and individual co-operators to kindly begin sufficiently early to organise for the celebration of the day this year, and make the general public understand the international aspect of the movement.

Even though the reasons as to why we should celebrate the day were published in the papers during the previous years, yet we feel it our duty to reiterate them and they are given below :—

(1) It makes co-operators of local societies understand how they and their societies are related to a bigger movement in the country and outside; (2) it makes the general public understand the international aspect of the movement; (3) knowledge in co-operation can reach the general mass of the public only by such concentrated demonstrations; (4) it makes the co-operative member realise his oneness with a big brotherhood; (5) it is the best form of advertising every local society; (6) it discovers new converts to the movement; (7) it steadies the loyalty of existing members; (8) it proclaims the democratic character of the movement; (9) it infuses new courage and hope among the poor and down-trodden; (10) it lifts you from the daily business and emphasises the social and moral aspects of co-operation; (11) it infuses hope and faith in the existing workers; and (12) it drives away isolation and preaches the message of World Brotherhood.

At a meeting of the City Co-operators held on the 9th May 1928 under the presidency of the Hon'ble Mr V. Ramadas Pantulu, Member, Council of State, and President of the Madras Provincial Co-operative Union, it was resolved to celebrate the Sixth International Co-operators' Day on the 7th of July. Arrangements are being made for the celebration of the "Day" as in previous years It is hoped that the proposal to put on board a co-operative drama in connection with the celebration will be supported by the City co-operators with finance and their personal services as far as these lie in their power.

OFFICE OF THE DEPUTY REGISTRAR OF CO-OPERATIVE SOCIETIES, CHEPAUK
Dated 19th April 1928.

Dis. A. 783/28.

From
M.R.Ry. S. P. Perumal Pillai Avl., B.A.
Deputy Registrar.

To
The President,
The Madras Provincial Co-operative Union, No. 1130

Sir,

SUBJECT.—Amendments to bye-laws—Certificate of registration.

Reference: Your letter No ....dated 7—4—1928 communicating the proceedings of the meeting of General Body Members held on 7—4—1928.

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

Add as By-law XXVIII :—"The Editor of the English Bulletin for the time being be an ex-officio member of the Board of Management and the Executive Committee of the Union".

S. P. PERUMAL PILLAI.
19—4—1928,
Deputy Registrar.

There can be no speculators in Co-operative shares as the door is open to every individual to join.

NOTES AND NEWS.

Mr. Wolff on the Townsend Committee's Report.

Our readers will peruse with great interest what the Grand Old Man of Co-operation in England has to say with regard to the report of the Townsend Committee. Mr. Wolff indulges only in a few general remarks; but one point raised by him requires particular attention. He seems to be of opinion that the national bend of the Indian mind is towards the credit side of co-operation only and that the Indian soil is not congenial to the growth of consumers' co-operation. That which made for the success of the movement in England according to Mr. Wolff is the existence of a comparatively large class of workmen with a high standard of living and with capacity to spend. So far as India is concerned, we are not at all sure whether we have not also a class of people corresponding to the English clientele of the Stores. The middle class men of this country are economically on a part with the workmen there and our own workmen are at a still lower stage. It is these middle class men that have taken enthusiastically to co-operation in this land and if all of them are 100 per cent loyal, the consumers' movement has a very good chance of success in this land as well.

That we all intellectually appreciate the advantages was well demonstrated at the last Provincial Conference at Rajahmundry where a resolution was passed condemning the recommendations of the Townsend Committee that stores need not be started in the villages. The delegates assembled realised in the abstract that every villager is a consumer and that co-operation is the most effective method securing for the consumer the maximum advantage and hence came to the irresistible conclusion that stores may be started even in the villages. As a piece of logic, this is absolutely unexceptionable. But what about the human materials?

This brings us to the real question why it is that stores do not thrive in India as well as they should. We extract below the views of the Townsend Committee on this matter :—

> Some stores are working well, but the condition of many is unsatisfactory. For this there are various reasons: the most important of them are the absence of competent management, a lack of loyalty to the stores on the part of members, and the fact that some stores are located in places which are unsuitable or too small. Nevertheless the success of the Triplicane Stores shows that, under suitable conditions, co-operative

> stores can be both useful and successful. But we emphasise certain points in connection with these institutions. Expert management is for them a necessity, and, to provide for this, a large turnover is required. It follows that there is a little likelihood of their being established successfully in villages or even small towns. The evidence we have obtained shows clearly that the ordinary villager finds no need to join an organisation of this kind, and that it has little chance of success except where a special potential clientele in the shape of a considerable population of Government servants, middle class families, or big individual customers, as devasthanams or colleges, exists. This factor also tends to confine the possibility of success to stores established in the large towns.

We may add to these reasons another very important one, the existence of the retail shopkeeper who claims shopping as his hereditary profession and who offers to his clients many advantages which a store may not. The first and foremost temptation he lures them with is credit. In the second place, he sells to his clients almost all the articles they require whereas the stores generally confine themselves to a few articles of grocery. Thirdly, the shop is the trader's house and all the members of the family are 'hands' working in the shop and at any hour of day or night one can get the thing he wants and fourthly, the shopkeeper is satisfied with a very small margin of profit which he is prepared to reduce to the utmost minimum possible in order to retain good customers. The retail trader in England is in all these respects different from his Indian brother and there is very little difference in England between the ways in which business is done with the clients by a store or by a retail shop. Our stores have copied the English stores as their model with fixed hours of business, sale for cash, a separate establishment of accountant, salesman, etc., and thus have gone very far from the ways of the retail shopkeeper whose methods are in perfect attunement with the present state of advance in business matters of our society. Therefore it is that the stores succeeds where we have a partially westernised clientele and does not succeed where the time-honoured methods of doing business are still in vogue. The real problem is therefore to adapt that stores to our social needs and environments and at the same time to educate our societies to better and more efficient methods of business. As it is, the blame is not entirely on the side of the people.

The C. C. P. Works.

The Central Co-operative Printing Works, Madras, whose annual report and audit certificate for the year 1926-27 are published elsewhere, is a co-operative institution which has not won as much popularity as it deserves. The Directors themselves feel that the progress though satisfactory in a way is not quite so. "It is in the contemplation of the Directors", the report says, "to take some special steps by way of popularising the Press and thereby adding to its membership. As is evident from the statement appended to this report, the Press shows on the whole considerable progress since in 1921; but the Directors feel all the same that it is high time that definite steps were taken to further develop the Press and to make it more useful than it is now." This institution is not sufficiently advertised. We have heard complaints that printing of forms, etc., could be done much cheaper in other presses and especially so in moffussil centres and that, according to some, is the reason why there is not steady patronage from outside the City. The Press while appealing to the loyalty of co-operators must also convince them how it is to their advantage to get their work done in that Press, a fact which many co-operators do not realise. In fact the Press is in the same predicament as many a store. It is the duty of the Press as well as the stores to see that the needs of co-operators are attended to in such a manner that their loyalty would automatically increase.

We may be permitted to make one suggestion with regard to the improvement of the Press. What we have said above about the stores and the ordinary retail merchant holds good here also. The Press is the property of shareholders who are all co-operative institutions. The employees in the Press have no direct interest. The management consisting of honorary officers and the paid manager cannot be expected to scrutinise the details of the work of every employee and see that the maximum work is got out of him for the wages given to him as an individual proprietor of a press does. Any step taken to give the the employees an idea that the Press is their own and that their interests are bound up inseparably with the interests of the Press would be quite welcome. The work should be attempted to be done more economically so that the rebate on work executed may be made a little more attractive. We are not so unco-operative as to suggest that 'divi-hunting' should be encouraged and that our workmen should be sweated to make attractive dividend possible. We are, however, of opinion that there are many ways in which the working of the Press can be made more efficient and economical and the Press itself more popular. To confine ourselves to one point, let the Press look upon the Bulletin as its best medium of advertisement and lavish all its art and skill upon it and make it far more beautiful and attractive than it is. It would thus be benefiting the Bulletin and benefiting itself considerably.

Time was when the Central Co-operative Printing Works had the distinction of being a unique institution serving the Province as a

whole; but we see that there are already 5 other similar institutions * and the Central Co-operative Printing Works has to be very careful about the laurels already won lest they should be snatched away by younger institutions.

A Complaint.

Our attention has been drawn to a complaint published in the dailies of Madras by "A Co-operator" (will the Co-operator be pleased to give up his anonymity?) that no action worth mentioning has been taken on the Report of the Townsend Committee and that one or two attempts made to ascertain the views of the non-officials have ended in failure. Reference is made to the Conference convened by the Registrar at Rajahmundry on 5th April 1928 previous to the XVI Provincial Co-operative Conference and to the Bankers' Conference held in the M.C.U.B. premises later.

We ask "A Co-operator" has "there been no satisfactory move from any quarter towards the discussion of these proposals and of giving effect to them either in whole or in part" as he bewails? May we request him to kindly peruse the resolutions passed at the last Provincial Co-operative Conference, resolutions which were accepted, many of them, after prolonged discussions both in the Subjects Committee and in the open Conference? If again "A Co-operator" be pleased to study carefully the notes and papers submitted to the Conference published by the P. C. U., he would find veterans like Mr. Vedachala Iyer, young enthusiasts like Messrs. Jayarama Iyer and E. S. Sunda and experienced workers like Messrs. K. G. Sivaswamy, M. M. Masilamani and Sivananda Mudaliar have given us the benefit of their views on the various recommendations of the Committee. This gathering of views and making them available to the eager student and practical worker, discussing them at length in committees and in the open conference and the passing of resolutions upon them, resolutions which would be communicated by the P. C. U. to the persons and authorities concerned with a view to take action upon them—do all these not form a 'satisfactory move'?

If there has not been more discussion, "A Co-operator" has to thank himself and people of that ilk who do not avail themselves of the Bulletin which is ever ready to publish views respective to all aspects of Co-operation. If, however, the gentleman means that the Government have not passed their orders upon the Report and given cut and dry instructions to Banks, Federations and other bodies, 'do this', 'do that' and so on, we sympathise with him. We have to be grateful to the previous Minister who was responsible for the formation of the

* See Registrar's Report for 1926-27, para 66.

Committee for ordering the Report to be published sufficiently in advance so that public discussion may be focussed upon it. His successor, we hope, will collect such criticisms as have been published and pass orders in the light of such constructive criticism. We would request "A Co-operator" and others like him inclined to murmur, to help the P.C.U. and the Government by coming out with their views and not remain satisfied with merely complaining that nothing has been done.

We have said nothing about 'a Co-operator's' remarks on our President who can well take care of himself and requires no defence at our hands; but this we can say from our personal knowledge; he does not spare himself in the discharge of his duties but subordinates his other avocations to co-operative work. The "co-operator's" reference to the visit of the representatives of the Madras Central Urban Bank to the contemplated Provincial Banks' Conference as a "jolly trip" to Simla and his statement that the attendance of our President at a conference of Co-operative Institutes is in conflict with his duties to co-operative work in this province disclose a regrettable mentality. A philosopher once divided the Human Race into two classes, "those who go ahead and do something and those who sit and ask why wasn't it done the other way." Our President belongs to the former class and the "Co-operator" who is at him, to the latter.

Co-operation in Schools.

We crave permission to draw the special attention of our readers to an extract appearing elsewhere* about Co-operation in the schools of Latvia. One of the most efficient methods of learning a subject is to get into living touch with it and not merely to develop a mere intellectual liking for it. This psychological truth is the basis of all modern developments in schools such as the School Parliament, the court of honour and other institutions where the young ones come into living touch with the bigger institutions of the wider world. If co-operation is a good thing for the grown up, the young should be trained to take interest in that great engine of social uplift. To prescribe 'co-operation' as a mere subject for examination is a sure way of creating in the young minds a permanent distaste for the subject. To make it a thing of living interest, to give opportunities to the young ones to run a small institution themselves with all the paraphernalia of a regularly constituted society is the most effective way of creating permanent interest in co-operation in the minds of the future citizens of our country. We therefore appeal to all heads of educational institutions to take some genuine interest in Co-operation and afford all facilities for the starting of school co-operative societies in the coming school year.

The Madras City Adi-Dravida Co-operative Societies.

With reference to the proceedings of the First Madras Adi-Dravida Co-operative Conference presided over by the Hon'ble Mr. V. Ramadas Pantulu†, we are glad to note that the Hon'ble the Minister for Development has given time till the end of June for rectification of the existing defects in the working of the City Adi-Dravida Societies and has set aside for the time being the orders of liquidation passed against them by the Registrar. We hope that the several members of the respective societies will rise equal to the occasion and show by the results of their earnest work that the previous orders need not have been passed. We hear that Departmental Officials in charge of the city societies and a few non-official workers, among whom may be mentioned Messrs. G. Sriram Babu Naidu, a Joint Secretary of the P. C. U., and Rajagopal, are making earnest endeavours to effect speedy collection of overdues and also that they have been so far partially successful. While we wish them Godspeed in their rectification programme, we trust the Hon'ble the Minister will grant the societies a further chance in case they showed good progress within the time already granted.

* See page 517 of this Bulletin.

† See pp 258—264, January Bulletin.

Co-operative Holiday Home.

Co-operation is a method of doing business and therefore can be applied to all activities of man. Any benefit or good can be enjoyed by a group co-operatively. Well-to-do consumers' societies in the West have been making use of the enormous amounts they have been able to accumulate as common good fund for giving their members more and more amenities of life. Co-operative coffeehouses and restaurants, Co-operative Clinics and Schools, Co-operative laundries and shaving saloons are some of the extended activities of those societies which began as humble grocery shops. Some of the bigger ones have organised Co-operative Holiday Homes. We extract below a personal impression about the Belfast Society's Holiday Home at Ardglass :—

> Co-operation is advancing on all lines. We have known societies that have taken over mansions of the rich and used them for co-operative democratic purposes. This is a sign of commonweal progress wrought by the principle of co-operation to life.
>
> King's Castle, Ardglass.—Now King's Castle is a beautiful mansion on the side of an old Norman Tower, on the coast of County Down, about 25 miles to the south of Belfast. It is a place where kings have been unseated by the march of democracy. It was, in fact, purchased by the Belfast Co-operative Society and is now being used as a holiday home. Nestling on a hill overlooking a blue bay, and beyond the bay the blue waters of the Irish Sea, and looking towards the Isle of Man, it is a particularly healthy and picturesque spot. There is also romance around it.
>
> We have been there and enjoyed the castellated domicile, with its superbly carved oak furniture (old and homely) and the hills and the sea and the slope on the Mountains of Mourne. And so on. Bathing, sailing, fishing, walking, golfing, reading, are all near at hand. It is a charming circle, away from the madding crowd.

Can we not in India learn a lesson from this? Most of us who are being baked in the plains during the hot months of April, May and June would welcome such a health rest at Kodaikanal, Shevaroys or at Ooty. If the starting of such a home be beyond the capacity of a single co-operative institution, some two or three may join together and pool their resources. We hope this suggestion of ours would be taken up and worked out successfully by some enterprising co-operators with a vision.

The International Co-operators' Day.

The first Saturday in July (this time it falls on the 7th of July) is set apart all over the world as the International Co-operators' Day. We appeal to all co-operative organisations in the Province to observe the great festival with due seriousness and solemnity and at the same time with justifiable mirth and gaiety. What generally happens is that very little attention is bestowed upon the matter till the eleventh hour and then some programme is got up hastily and got through in a slovenly manner. If on the other hand every co-operative institution were to bestow some thought upon it and devise methods of making the function a success, the amount of time, money, and energy spent upon it would be more than justified. On that sacred day, fresh recruits should be secured, waverers confirmed in their faith and the already converted strengthened in their conviction. Effective appeals should be made to the masses and the existence of within the movement and its vast potentialities for social uplift must be brought the easy comprehension of the man in the street. We draw the attention of our readers to appeals published elsewhere in this issue by the General Secretary of the Celebration at Madras.

A Great Anniversary.

May 14th was a great day. It was on that day in 1771 that Robert Owen was born, one of the Pioneers of Co-operation and Social Reform. He was an original and bold thinker and it is no discredit to him that some of his schemes did not work. He was a great pioneer. The one lesson that we have to learn from his life is that "nothing lasting can be achieved without sacrifice and without courage." May his example inspire us!

A Correction

Please read as follows the resolution No. 9, page 429, April issue :—

Constitution of Central Banks

9. "This Conference is of opinion that each Union should have one representative on the Board of Management of the Central Bank, that there is no necessity to increase the number of individual representatives in any Central Bank, and that wherever the number of such representatives exceeds one-third the total number of Directors in any Central Bank, steps should be taken immediately to reduce the number to that level."

The Central Banks' Conference, Madras.

We publish as a supplement to this issue, the proceedings of the Central Banks' Conference held at Madras on the 22nd April last and the notes submitted to the Conference by Rao Sahib T. Srinivasa Rao, Dr. B. Pattabhi Seetaramiah and the Hon'ble Mr. V. Ramadas Pantulu. We reserve our comment on these proceedings to our next issue.

THE MADRAS CENTRAL URBAN BANK Ltd.

Extracts from the Proceedings of the meeting of the Board of Management held at the Bank premises on Saturday the 21st April, 1928 at 11 a.m.

Thirty-two out of the 35 Directors were present besides Mr. H. M. Hood, Registrar of Co-operative Societies.

1. The meeting discussed the recommendation of the Townsend Committee in regard to the power of the Madras Central Urban Bank to inspect Central Banks financed by it. At the very inception of the discussion, Mr. D. Vishnu Rao (Bezwada) suggested that the matter may be adjourned in view of the fact that the Boards of Management of the several Central Banks have not considered the question of giving a mandate to their representatives. This point was discussed and the meeting was of opinion that there need be no mandate for the Madras Central Urban Bank taking power to inspect the Central Banks who are members of the Madras Central Urban Bank. It was also clearly brought out in the discussion that the gentlemen assembled in the House have come as the Directors of the Madras Central Urban Bank and have got to give their opinion as members of the Board of Management of that Body.

After this preliminary discussion, Dr. B. Pattabhi Sitaramayya proposed:—

"That power should be, and, is given to the Madras Central Urban Bank to inspect the Central Banks which are its members." This was duly seconded by Mr. T. Adinarayana Chettiar (Salem) and Mr. A. Srinivasachariar (Srivilliputhur). Dr. Pattabhi Sitaramayya, Rao Bahadur M. K. Venkatachariar, Dewan Bahadur R. Ramachandra Rao and the Hon'ble Mr. V. Ramadas Pantulu took part in the discussion. The proposition being put to the House was carried unanimously.

2. Mr. G. Srinivasaraghavachariar (Madura) moved that "an administrative section with the necessary office establishment and out-door staff be employed in order to give effect to the previous resolution. Dewan Bahadur R. Ramachandra Rao in supporting the above proposition spoke on the necessity of employing an adequate field staff for conducting periodical inspections of the Central Banks.

Though he approved that the inspection in the first instance be made by a Director of the Madras Central Urban Bank yet he was of opinion that subsequent inspections have got to be carried on by paid staff to see whether effect has been given to the various recommendations that may be made at the first inspection; and as this work was of a very taxing nature, he was of opinion that it was not possible for the Directors to undertake this tedious and taxing duty. He was also of opinion that there must be quarterly inspection of each Central Bank for a period of 2 years. On these considerations, he impressed on the House the necessity for the maintenance of an adequate field staff if the inspection is to prove useful.

Mr. Hood stated that he agreed with Dewan Bahadur R. Ramachandra Rao that the inspection of the Central Banks should be periodical, and that the inspections must be based on questionnaires previously settled. He was of opinion that if the inspection is to be periodical, it cannot be left solely to the Directors as the work is very onerous, and as such it will be necessary to have a well-paid staff. He was not quite sure whether there was need for a quarterly inspection of the Central Banks.

Rao Bahadur T.S. Balakrishna Iyer spoke against the propositton of having a paid outdoor establishment for inspection purposes and stated that the inspection has to be carried on by the Directors themselves. Mr. Ramadas drew the attention of the House to his note on the subject.

Dr. Swaminadhan spoke in support of Dewan Pahadur R. Ramachandra Rao's proposal of having an adequate and qualified field staff for inspection purposes and was of opinion that it will not be possible to constantly indent upon the services of the Directors.

Mr T. Adinarayana Chettiar spoke in support of the proposal of Dewan Bahadur R. Ramachandra Rao. Finally, the proposition was split into two parts as follows :—

(i) That the inspection of Central Banks shall be only by members of the Board of Management and

(ii) That for collating and furnishing the necessary information needed for the inspection of Central Banks. and to assist the inspecting directors two hands be employed on a monthly salary of Rs. 100 per mensem each. The proposition as finally settled was put to the House and carried.

3. The Reports of Inspectiou by Rao Saheb T. Srinivasa Rao of the Anantapur District and Hospet Central Banks were considered along with the notes of Dr. B. Pattabhi Sitaramayya and the Hon'ble Mr. V. Ramadas Pantulu on the above subject.

The recommendation of the Townsend Committee with regard to tne inspection of societies by the Central Banks was also considered in this connection, It was resolved that the Central Banks which are members of the Madras Central Urban Bank be requested to fulfil the following requirements viz :—

(i) That every Central Bank should immediately organise an administrative section in their offices, maintaining a sustained history of the societies in their jurisdiction, by collating the inspection and audit reports received from time to time and recording the progress of rectification and consolidation work within their jurisdiction. This was first put to the meeting and was carried unanimously.

(ii) That the Central Banks should appoint a field staff of inspectors at the rate of one inspector to 100 or 150 societies for the purpose of inspection of affiliated societies.

Rao Bahadur M. K. Venkatachariar (Chingleput) proposed an amendment that in cases where the Federation was doing inspection, there was no need for an inspectoral staff in the Central Bank. Mr. K. M Singaravelu Mudaliar (Vellore) seconded this. After some discussion, the amendment was put to the meeting and lost, only Mr. Venkatachariar and Mr. K. M. Singaravelu Mudaliar voting for the amendment. The original proposition was then put to the meeting and carried.

4. Items 1, 2, and 3 under heading 4 in the agenda were allowed to be dropped consideration. *Item No. 4.* It was resolved that pronotes for short term loans by Central Banks in favour of the Madras Central Urban Bank need not be registered from 1-7-1928.

5. It is agreed to have separate application forms and distinctive pronotes for short term and long term loans.

6 Regarding the continuance of facilities for overdraft by the Imperial Bank of India to the Madras Central Urban Bank on a contractual guarantee, the question was referred to the ensuing Conference of the Provincial Banks.

7. The question of the concentration of cash credits of Central Banks with the Madras Central Urban Bank was considered to be not necessary.

8. Resolved that as and from 1-5-1928 interest on overdrafts that are existing and that may be granted to Central Banks by the Madras Central Urban Bank Ld. in future be charged at $6\frac{1}{2}$ per cent per annum the existing rule of charging interest on minimum debit balances being abrogated.

9. In considering the notice of motion of Mr. G. Srinivasaraghavachariar regarding the reduction in the rate of interest to Central Banks, the Board accepted the principle adopted by the Executive Committee in the matter of the loan applications of the Amalapuram and Ellore Central Banks the principles enunciated therein being :—

(i) that the rate of interest charged to societies should not be less than $7\frac{1}{2}$ per cent and

(ii) that it is obligatory on all Central Banks to reduce their deposit rates to a maximum of $5\frac{1}{2}$ per cent.

10. Resolved that hereafter the proceedings of the Board of Management and the Executive Committee be forwarded to the Central Banks also.

11. Resolved that in order to make the administrative section of Central Banks effective and efficient, this Board is of opinion that whole-timed or paid Secretaries are necessary and that all Central Banks are desired to take immediate steps in this behalf.

12. Resolved that all Central Banks do open current accounts with the Madras Central Urban Bank and that they encourage inter-district transactions by cashing each other's cheques, relating to members at par and those relating to others at a discount of 1/16 per cent,

13. Mr. N. Satyanarayana proposed and Dr. Gurumurti seconded that the Excutive Committee be empowered to make grants to Rural Reconstruction Centres at not more than Rs 1,000 per centre, out of Common Good Fund of the Bank as per scheme circulated by the Hon'ble V. Ramadas Pantulu. The proposition was carried unanimously.

V. C. RANGASWAMI, *Secretary.* (Sd.) V. RAMADAS, *President.*

THE CENTRAL BANKS' CONFERENCE, MADRAS,
Held on Sunday the 22nd April 1928.

Forty-eight delegates representing thirty Central Banks including the Madras Central Urban Bank were present. Mr. H. M. Hood, the Registrar of C. S., Madras, was also present.

Dr. B. Pattabhi Sitaramayya was proposed to the Chair, which, on being duly seconded, was carried unanimously. He took the Chair and made a few preliminary remarks regarding the Bankers' Conference.

Before proceeding to the business on the agenda, the Hon'ble Mr. V. Ramadas raised the question of the constitution of the Conference and opined that owing to the want of a definite constitution and executive, the resolutions of the Conference could not be carried out. He was of opinion that the Conference was a superfluity and that the administrative section of the Madras Central Urban Bank should be strengthened and important questions of policy should be discussed in the Provincial Co-operative Conference.

Rao Saheb V. Krishna Menon (Malabar) supported Mr. Ramadas and said that the Bankers' Conference was a superfluity, as most of the business dealt with by the Conference is being tackled by the Madras Central Urban Bank. The Conference had no constitution, no executive, and no funds to carry out the programme of work. From what he was able to glean, the view of the majority of the members was for the discontinuance of the Conference.

Mr. R. Krishnaswami Iyengar (South Arcot) was in agreement with the previous speakers that two bodies were not necessary; but in view of the present constitution of the Board of Management of the Madras Central Urban Bank, he was of opinion that the Conference may continue as a separate body for some time more.

Mr. N. Satyanarayana (Ramachandrapuram) supported Mr. V. Ramadas and spoke for the discontinuance of the Conference as he saw no necessity for the same.

Mr. I. V. L. Narasimachariar (Kistna) spoke in support of the discontinuance of the Conference as he saw no necessity for the same.

Rao Saheb T. Srinivasa Rao (M. C U. B.) spoke at length regarding the necessity for the existence of the Bankers' Conference and stated that the Board of Management of the M.C.U.B. could deal only with matters concerning itself as well as those relating to business between itself and the Central

Banks; but that there were several questions concerning the internal management of Central Banks and relations between them and the primary societies and unions which cannot appropriately be brought up before the Board of Management of the M.C.U.B.; and as such, the need for the Bankers' Conference was as great to-day as it ever was; that the Conference which has been functioning only for the last two years has done good service already and that there is considerable scope for its activities and usefulness in the future. He called upon the members assembled to take a close view of the various subjects already tackled by the Bankers' Conference and said that the Conference has given the lead to very many questions and has crystallised the opinions of the Bankers thereon. True it was that the Working Committee did not function during the last year owing to various reasons, but that need not be made the gravamen of a charge for the discontinuance of the Conference. In the end, he called upon the members assembled not to kill an institution which has been doing its best to focus the opinions of the Central Banks on various questions connected with their working and welfare.

Rao Bahadur M. K. Venkatachariar traced the history of the Bankers' Conference from the time when it was called under the official aegis by the late Mr. Hemingway and how it gradually gravitated from Chepauk to the Luz and how it had been functioning in the matter of clarifying very many issues that came up for discussion in Central Banks. He was of opinion that, once having got the Bankers' Conference convened under non-official aegis, if it is killed, it may, he was afraid, get under the influence of the officials once more and as such he exhorted the members present to continue the Conference. He also stated that if the Conference is to be of use, it should be held a day before the meeting of the Board of Management of the M.C.U.B. and that, of the two representatives sent by each Central Bank, one should represent the Central Bank and the other the Primary Co-operative Society.

Dewan Bahadur R. Ramachandra Rao strongly supported the continuance of the Conference.

The Hon'ble Mr. V. Ramadas Pantulu in replying to the debate stated that the purpose of his motion was to draw the attention of the house to the defects in the present organisation of the Central Banks' Conference and not to discontinue it altogether. He was glad that the various speakers recognised the defects and put forward suggestions to place the Conference on a stable basis.

The Chairman in bringing the discussion to a close surveyed the work of the Conference transacted at the past three sessions and brought prominently to the notice of the house that the Conference had tackled many an important question and pronounced its considered opinion thereon. He said that many of the recommendations which the Townsend Committee have since made had been already recommended by the Conference, the chief of them being—

1. Consolidation and Rectification of rural societies.
2. Adequate paid establishment.
3. The opening of the administrative section in the Central Banks.

4. The collection of audit and inspection reports of Societies, their scrutiny and the compilation of the history of each society financed by the Central Bank etc. etc.

These and many other questions were first and foremost discussed by the Conference and its decisions have given a clear lead to these matters being considered at length by the Co-operative Committee in the formulation of their recommendations. He personally thought that there was no need to kill the Conference and that if allowed to continue, it will function usefully and profitably for the benefit of the Central Banks. Questions affecting the Central Banks purely did not find a prominent place in the Provincial Co-operative Conference, as that was a larger and a more conglomerate body. So, in the interests of the Central Banks themselves, it is necessary that this periodical Conference should be held and their views upon several matters clearly brought to light. He added that in these days of the creation of the Federations and other bodies, the Central Banks have their own individual existence, and it is but proper that they should hold their own Conferences periodically to place their opinions in the forefront for consideration. On these grounds, he thought it necessary that the Conference should be allowed to continue and called upon the members to decide on this question.

The following resolutions were duly proposed and carried :—

1. That the Central Banks' Conference be continued and that the sittings of the Conference be held the day previous to the meeting of the Board of Management of the M. C. U. B. Ltd.

2. That a Standing Committee of seven be elected once in two years, of whom three members shall be residents of Madras.

3. That the members of the Standing Committee shall meet at least once in a quarter. Two of these meetings shall be made to synchronize with those of the half-yearly meetings of the Board of Management (M.C.U.B.); that the non-resident members shall be paid travelling allowance on the same scale as the M.C.U.B. Directors whenever necessary; that they also be paid a sitting fee of Rs. 10 for each meeting attended.

4. It was resolved that the 31 Central Banks shall each of them contribute Rs. 100 per annum and the M C.U.B Rs. 500 per annum to the Standing Committee for the expenses of the Conference.

5. That the Conference shall maintain an establishment consisting of a steno-typist on a salary not exceeding Rs. 60 p.m. and an attender on Rs. 15 a month; that Rs. 25 be allotted for stationery and sundry expenses per mensem and that the total expenses for the present be limited to Rs. 150 p.m.

The following members were elected to the Standing Committee of the Conference :—

1. Rao Saheb T. Srinivasa Rao } of Madras.
2. The Hon'ble Mr. V. Ramadas Pantulu } of Madras.
3. Rao Bahadur M. K. Venkatachariar } of Madras.

4. Mr. O. Viswanatha Rao of Nellore.
5. Mr. K. M. Singaravelu Mudaliar of Vellore.
6. Mr. E. V, Gopalaswami Iyer of Trichinopoly.
7. Mr. D. Vishnu Rao of Bezwada.

It was further decided that the Hon'ble Mr. V. Ramadas Pantulu be the President and Rao Saheb T. Srinivasa Rao, the Secretary of the Standing Committee.

As per the agenda, the subjects under heading I were considered :—

I

1. This Conference accepts the recommendation of the Townsend Committee No. 1 *viz.*, that immediate attention should be given to the rectification, if possible, of dormant societies or failing this, to their liquidation.

2. This Conference approves of the recommendation No. 34 of the Townsend Committee that overdue loans in primary societies should be transferred to a separate ledger and that quarterly reports on them should be sent to the Union and the Central Bank.

3. Resolved to call attention to the large amounts of overdues of interest in agricultural societies pending collection which on 30-6-1927 amounted to nearly 30 lakhs.

II

A. 1. This Conference approves the definition of the short term loans given by the Townsend Committee in their recommendation No. 3 as loans repayable in whole out of the next harvest.

2. The Conference approves of separate loan application forms, pro-notes and loan ledgers being maintained in respect of short term loans both in primary societies and Central Banks—vide Townsend Committee's recommendations Nos. 9, 10, 14 and 15.

3. The Conference does not accept the Townsend Committee's recommendation No. 7 that "pro-notes for short term loans need not be registered."

B. 1. The Conference accepts the Townsend Committee's recommendation No. 19 that every effort should be made to provide for long term credit through the Land Mortgage Banks.

2. The Conference requests the authorities concerned to have a Central Land Mortgage Bank registered as early as possible.

3: The question of the period of loans to Co-operative Institutions not to exceed six years was discussed and it was resolved that the Conference do pass on to the next subject.

III

1. The Conference is of opinion that every Central Bank should keep a register of the history and financial condition of each affiliated society.

2. (a) The Conference is of opinion that each Central Bank should be responsible for the inspection of the primary societies which it finances.

(b) Wherever necessary, it should enquire into the affairs of such societies.

(c) If a Bank considers the condition of any Union or primary society to be unsatisfactory, it may ask the Federation or the Union concerned to take the necessary action. If the Union or Federation fails to take such action, or if for any reason whatsoever the Bank deems it necessary to do so, it will be at liberty to take action, without reference to the Registrar.

(d) This Conference reiterates the resolution passed by the Board of Management of the M.C.U.B. Ltd. on the 21st instant in regard to the formation of an administrative section in each Central Bank with the requisite office and field staff.

(e) It further resolves—

(i) that the administrative section be placed in particular charge of an officer, a salaried officer, or President, or Vice-President or any other director;

(ii) that the officer placed in charge of the section be called upon to review the present situation in the working of the Bank and frame a programme of work for the future;

(iii) that immediate arrangements be made for the examination of each outstanding loan in every society which is more than one year old;

(iv) that the officer or director-in-charge be required to review the progress in the execution of the programme in brief every month for the information of the Executive Committee, and in full every quarter for the information of the Board of Management; and

(v) that a copy of the quarterly review be sent to the M C U B.

IV

The organisation of a central audit institution was referred to the Standing Committee for necessary action.

V

Registrar's Powers.

1. The Townsend Committee's recommendation No 241, viz, that the Registrar should have general power, personally, to inspect the books of a society or to call for any return that he considers necessary, was considered. The Conference is unable to give a definite opinion till a list of all the returns that the Registrar may want is placed before them.

2 The Townsend Committee's recommendation No, 242, viz, that if a society makes default, or delays the submission of the books or the return, the Registrar should have power to depute a person to get the necessary information at the cost of the society, was considered. The Conference was for omission of the words " or the return". The recommendation with the words " or the return " omitted was approved.

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3. The Townsend Committee's recommendation No. 243, viz, "that the Registrar should have power *suo moto* to amend the bye-laws of a society to reduce its borrowing power, subject to definite provisos This power should not extend to Central Banks ", was considered.

The Conference objects to the Registrar being given power *suo moto* to amend the bye-laws of any society.

4. The Conference discussed Townsend Committee's recommendation No 244 viz., that if a society lends or borrows in excess of its bye-laws, the panchayat or directors should be personally responsible for the loan.

It was resolved that the Conference do pass on to the next subject.

5. The Townsend Committee's recommendation No. 245 viz, that the Registrar should have power to summon meetings of the general or governing body of any society, was considered and the Conference proposed the insertion of the word "primary" before the word "society."

6. The Townsend Committee's recommendation No. 246 viz., that in Rule XIV (1) the word " may" should be replaced by "shall" was referred to the Standing Committee for disposal.

7. The Townsend Committee's recommendation No. 247 viz., that the Registrar should have power to revise an award or order of an arbitrator was approved.

VI

1. Rao Bahadur M. K. Venkatachariar proposed that the Government be requested to permit the investment of provident funds for teachers in non-pensionable service, in the Madras Central Urban Bank and in the Co-operative Central Banks. This proposition after being seconded was put to vote and carried unanimously.

2. Resolved that this Conference is of opinion that it is unnecessary to appoint a person of the status of an Assistant Registrar as Personal Assistant to the Deputy Registrar and that the work may be efficiently carried out by the Manager of the Office of the Deputy Registrar.

The remaining subjects in the agenda were adjourned to the next Conference.

MYLAPORE,
Dated 22nd April 1928.

B. PATTABHI SITARAMAYYA,
Chairman.

THE CONSTITUTION AND FINANCES OF THE CENTRAL BANKS' CONFERENCE.

(NOTE BY THE HON. V. RAMADAS PANTULU.)

In my opinion, the time has now come for framing a constitution for the Central Banks' Conference and giving a permanent habitation and an office to its Standing Committee. In the matter of taking action on the resolutions of the Conference and the circulars of the Madras Central Urban Bank, I prefer a voluntary organisation like the Central Banks' Conference Committee to the Madras Central Urban Bank Executive. These duties involve considerable administrative and clerical work. I therefore make the following proposals for consideration by the Central Banks' Conference :

(i) The Conference shall elect a Standing Committee once in two years consisting of 7 representatives, 3 of whom at least shall be residents of Madras.

(ii) The Standing Committee shall maintain an establishment consisting of one Manager on a salary of Rs 75 a month, one clerk with typist qualifications on Rs. 40 a month, and an attender on Rs. 15 a month, costing in all Rs 130 a month. This is the minimum and may require additions very soon. But in view of the additions I proposed to the Madras Central Urban Bank Staff to supplement the same kind of work and the slender resources of the Conference Committee, I have kept the cost as low as possible. Adding Rs. 20 for stationery and sundry expenses, the monthly expenditure may be limited to Rs. 150 for the present.

(iii) The 30 Central Banks shall annually contribute Rs. 100 each to the Standing Committee and the Madras Central Urban Bank Rs. 500, from out of their Common Good Fund. The Committee will thus have an assured annual income of Rs. 3,500 or roughly Rs. 300 per month.

(iv) The members of the Standing Committee shall meet at least once in a quarter. Two of these meetings shall be made to synchronise with those of the Central Banks' half-yearly conferences and of meetings of the Board of Management of the Madras Central Urban Bank. The non-resident members shall be paid T.A. on the same scale as the Madras Centrul Urban Bank directors and a sitting fee of Rs. 10 shall be paid to all the members of the Committee.

Then there is the question of the Standing Committee maintaining a staff of paid inspectors to inspect the Central Banks. I understand Dewan Bahadur Ramachandra Rao's resolution to contemplate a scheme of voluntary organisation constituted by the Central Banks themselves, the Madras Central Urban Bank contributing the major portion of the cost, at any rate as much as all the other 30 central banks put together do. If so, the Standing Committee of the Conference and not the Executive Committee of the Madras Central Urban Bank will be the correct body to control the paid inspection staff. I prefer not to express any opinion on this matter at present. The proper occasion for

its consideration will be when the Central Banks' Conference gives a contribution to its Standing Committee and maintains an officer of its own. But I wish to say this. This scheme of Mr. Ramachandra Rao should be discussed along with that suggested by Mr. V. C. Rangasami some time age for the formation of a Central Audit Association for the Presidency to audit all the central banks including the Madras Central Urban Bank.

Inspection and Safeguard of Financial Interests By the Central Banks.

The recommendations of the Committee on this matter are as follows :

(a) *Inspection* " involves an enquiry into the financial status of a society. This is obviously within the rights of the financing central Bank : We go further and place it among the Banks' *responsibilities.*"

(b) *Safeguarding the financial interests of central banks:* Central Banks should be provided with audit reports (free of charge) and with reports from the Union. *If there is anything needing enquiry* in those reports or if for any reason whatever the bank desires to do so, *it should make its own detailed enquiry* into a society's affairs either by one of its directors or *by its own paid inspector.* It should then take such steps as it desires to safeguard its financial interests."*

True, there is nothing new in these recommendations which Central Banks were not already asked to do by their own Conference or by the Madras Central Urban Bank. But what the collective wisdom of the Central Banks' representatives dictated, the individual initiative of the central bank failed to take note of. This neglect of the central banks to safeguard their financial interests, which are identical with those of their constituent societies, is largely responsible for the financial chaos that now prevails. Let us hope that the Committee's recommendations will give a fresh stimulus to the efforts of the Madras Central Urban Bank and the Central Banks' Conference. The Committee's recommendations quoted above involve four processes :—(1) Examination of audit reports and union reports to find out which societies need enquiry, (2) financial inspection of societies, (3) making a detailed enquiry by a Director or paid inspector and (4) finally, taking steps to safeguard financial interests. These processes can only be carried out by maintaining in the office

* The further recommendations of the Committee that even when and where the unions and federations failed to help the central bank in this behalf, the latter could intervene to protect its financial interests only when empowered to do so by the Registrar, was disapproved by the recent Provincial Co-operative Conference by a ***unanimous vote.*** I therefore take it that the controversy over this question has ended and that the resolution of the Provincial Conference that the central banks may act on their own initiative in safeguarding their financial interests when and where unions and federations failed, will be now the agreed policy of co-operators. In this view the quotations from the report should be deemed self-contained, regarding the powers and the duties of the central banks.

of the central banks an administrative staff to collect the records of the societies' history and examine the reports to find out if anything needs enquiry and a field staff to make the needed enquiry on the spot and then to take further steps to safeguard financial interests.

The reports of inspection of the Anantapur aud Hospet Central Banks made by Rao Saheb T. Srinivasa Rao and the suggestions by the Executive Committee regarding action called for thereon are, I believe, in the hands of the representatives of all the central banks. They seem to me to confirm the view that the recommendations of the Committee, as now modified by the Provincial Conference, are in consonance with the requirements of the situation. I therefore suggest that the desirability of recommending the following action to all central banks for immediate adoption may be considered by the Madras Central Urban Bank and the Central Banks' Conference.

(i) Every central bank shall employ two qualified clerks to collect and arrange for easy reference all available information about the financial condition of the societies affiliated to the Central Bank.

(ii) Every central bank shall employ its own inspectors to make the detailed enquiries and inspections recommended by the Committee : there shall be at least one inspector for every 100 societies.

(iii) If further steps to safeguard the financial interests of the Bank are to be taken in areas where unions and federations failed in that behalf, additional field staff should be employed.

(iv) The system of scrutinising loan applications of societies should be considerably improved and the record of the societies maintained in the bank should be invariably consulted and if there is anything needing further investigation, the Bank Inspector should be deputed to the spot and information obtained through him.

(v) Measures should be taken to improve collections.

These items of work involve heavy expenditure, but it is hoped that no central bank will grudge it in the interests of the financial stability of the movement. As a result of these activities, the transactions and consequently the profits of the central banks are bound to increase in the next few years. The Committee's recommendation about cumulative dividends was intended to encourage central banks to face the immediate situation with an almost certain prospect of recouping the deficit in the following years. It was however turned down by the Provincial Co-operative Conference. The decision may be reconsidered later.

ADMINISTRATIVE SECTION IN CENTRAL BANKS.

(A NOTE BY RAO SAHEB T. SRINIVASA RAO.)

Proposals of esteemed directors are coming up for your consideration and decision at the ensuing Conference, pertaining to the formation of an Administrative Section in each central bank with the requisite office and field staff for discharging the duties devolving on that section.

Preliminary.

2. Though the proposal to form an administrative section has already been accepted, it does not appear to have been given effect to in several central banks for reasons which it will serve no useful purpose to reiterate here. Even where it has been accepted, it has had in some cases but a lukewarm reception even from within the Executive Committee, not to speak of indifference if not opposition from without. As pointed out in his own trenchant way by Dr. B. Pattabhi Sitaramayya, "we are heading in the co-operative movement, if not for a disaster, at least for a danger". I would simply add that we have been in the danger zone for long and are fast marching towards the disaster zone.

Certain charges against Central Banks.

3. The Townsend Committee has (page 37) convicted central banks of the following among other charges:

(1) Failure to recognise their financial and co-operative responsibility; (2) an exaggerated sense of security, based on a wrong impression of the implications of unlimited liability; and (3) failure to realize the seriousness of the results of enforcing that (unlimited) liability. Warnings conveyed by charges (2) and (3) are quite timely and central banks will do well to take them to heart. It is pleasing to note that the Committee has recognised and given expression to its recognition that central banks have not only financial but also *co-operative responsibility*, a recognition which is of importance just now, at a time when a class of co-operators have sprung who would deny such responsibility and with such denial also deny the consequential obligations.

Scope of work for the administrative section.

4. Central Banks cannot possibly in the face of these charges, keep quiet a minute longer. "Immediate attention must", in the words of the Committee (p. 38), "be given to the rectification, if possible, of all dormant societies, or failing this, of their liquidation." Central banks will doubtless add to the category of societies requiring immediate attention, those in which arrears are 60 per cent and above. These two classes of societies come up to a little over 61 per cent of the total number of societies in the presidency. In some districts, the percentage is much higher.

The formation of the administrative section with duties and responsibilities clearly defined can no longer be delayed and the Conference will doubtless come to a proper decision and also see that central banks immediately give effect to the decision.

Staff required for the section.

5. The note of the Hon'ble Mr. Ramadas gives details in regard to the numerical strength of the office and field staff required and I may be permitted to accord my hearty support to his suggestions, a support emanating from practical experience of managing for a time the practically—now—defunct administrative section in a central bank with which I am connected.

Its Duties.

6. As to the duties of the administrative section as distinguished from the other duties of the central bank, I need only invite attention to an enumeration thereof in Dr. Pattabhi Sitaramayya's letter already circulated to all central banks.

Immediate and direct charge of the section.

7. Dr. Pattabhi Sitaramayya has rightly urged the need for placing the Administrative Section specifically in charge of an official, who may be a paid official or an honorary director, President, Vice-President or another.

Both the financing and administrative sections may be subject to the control of the Executive Committee but the official or director in charge of the administrative section should, subject to the policy and general lines of work laid down by the Executive Committee, be free to carry on the work thereof. From my experience, I make bold to say for the information of those responsible for the well-being of central banks that otherwise the work of the administrative section at any time and the more so, just now, when the whole thing should be given a shape and brought into working order, will be hampered.

Organising the office work of the section.

8. The materials already available in the Bank should at once be collated. Registers should be opened to show what they are. The registers should be designed so as also to exhibit the reports, returns and information due to the Bank. These should be called for and obtained with as much expedition as possible and entered in the registers.

It should at the same time be remembered that a lot of information to guide the work of the section is already available in the books and ledgers of the Bank, if only the requisite care and trouble are taken to analyse, understand, and appreciate them in a proper way.

Programme of Work.

9. The official or director in charge should at once formulate a plan of work for tackling the present situation for the approval of the Executive Committee. The progress in the execution of the programme should be reported in brief monthly and in full quarterly to the Executive Committee and the Board of Management, the quarterly review being furnished to the Madras Central Urban Bank also.

Field work—The first step called for.

10. Whether it be the purpose of-

(*a*) Inspection by the central bank which is defined by the Townsend Committee as meaning the holding of an inquiry into the financial status of the society;

(*b*) Pursuit of rectification and consolidation acting through Bank Inspectors, (item II of the duties of the administrative section as set forth by Dr. Pattabhi Sitaramayya), which processes will come within the purview of

the Bank's duties in the light of the unanimous resolution of the last Provincial Co-operative Conference—Vide the Hon'ble Mr. Ramadas's note;

(*c*) Rural Reconstruction—Economic aspect—in regard to present members of the society as to which all co-operators are so eager;

(*d*) Due encouragement of crop and other short term loans as recommended by the Townsend Committee which is so very desirable and also necessary:

(*e*) Organisation of Land Mortgage Banks, for which a knowledge of the present mortgage loans in the rural society which cannot be suitably tackled by it will be very helpful; or

(*f*) Improving collections, one of the subjects on the agenda of the Registrar's Conference of April 5th which is of very great importance at the present time;

The first step which should precede every one of these purposes is a thorough examination of every outstanding loan in each rural society. Unless this is done—and in this regard detailed instructions are contained in the circular issued by the Working Committee of the Central Banks' Conference dated 19-10-1926 (186-198 of the Bulletin for Novr. 26)—no progress worth the name is possible in the achievement of any of the purposes mentioned. If on the other hand, this examination is undertaken and conducted with scrupulous care and thoroughness, it will at once enable the society, the union and the central bank (i) to distinguish genuine loans from the rest; (ii) to separate loans which are supported by adequate security from those which are not so supported; (iii) to separate those in which the borrowers and sureties, or either, are dead or are not traceable; (iv) to mark out benami loans and fictitious loans; (v) to distinguish loans calling for extensions and revisions from those which do not deserve those concessions; (vi) to find out time-barred loans; (vii) to make out cases in which coercive processes are called for; (viii) to find out mortgage loans which could be suitably tackled only by a Land Mortgage Bank; (ix) to find out cases covered by references under Rule XIV pending for long periods; (x) to find out decrees and awards pending execution and under execution and devise measures for speedy realization etc., etc.,

This examination when completed will at once reveal the financial status of the society; tend to influence life into the working of the society and enable the rectification and consolidation; lead to distinguish members calling for help by adequate short term accommodation; help in the elimination of recalcitrant members and the admission of more members; furnish material for promoting the scheme of a Land Mortgage Bank for the area; whip up collections more effectively than any other method; and lastly, also expand the transactions of the society on sound lines. Collections can be enforced, voluntarily or coercively, and progress assured and watched only under this method and not by merely calling for D.C.B. of members' overdues.

Extensions.

11. In dealing with overdues (p. 47), the Townsend Committee have observed that "Government statistics do not entirely represent the correct position". We may well bring within the purview of this remark the statistics furnished by some central banks as well, which reduce their overdues by meaningless extensions and revisions sanctioned in their office and confined to their books. There is no meaning either in the oft-repeated remark in the Registrar's reports that the extensions granted by certain central banks are not passed on to societies; It is the rural society that should first grant extensions to deserving members and if by reason of doing so the rural society cannot itself discharge its obligations to the central bank, it may apply to the central bank for extension or revision. The occasion for the central bank of granting extension or revision to the society does not arise till then. The Society applying has further to satisfy certain other essential tests (Vide Mr. Gray's circular of Aug. 1925) non-compliance with which will make it ineligible to be classed as a good society and therefore ineligible (under the Registrar's circular just quoted) for extension or revision. The grant of these concessions will not be feasible except as part of a well-planned scheme of investigation of the society's affairs and the tendency, wherever it exists, to substitute for this the very easy method of granting extensions and revisions in the books of the central bank requires to be checked.

Conclusion.

12. I appeal to brother directors of Central Banks to resolve upon and immediately undertake the doing of the following things :—

(i) To organise an administrative section in each central bank with the requisite office and field staff;

(ii) To undertake in the administrative section the duties sketched out in Dr. Pattabhi Sitaramayya's letter;

(iii) To place the administrative section in executive charge of a specified director;

(iv) To call upon the director placed in charge of the administrative section to review the present situation and frame a programme of work;

(v) To immediately undertake the examination of each outstanding loan in every society;

(vi) To call upon the said director to review the progress in the execution of the programme, in brief every month, and in full every quarter.

(vii) To direct that central banks do not grant extensions or revisions except in the manner and under the conditions set forth in para 11.

The Madras Central Urban Bank Ltd.

Mylapore, 16th April 1928.

The following letter addressed by Dr. B. Pattabhi Sitaramayya, Director, Madras Central Urban Bank, to the Secretaries of all Central Banks, is circulated to all the members of the Board of Management, Madras Central Urban Bank Ltd., and to the Secretaries of all Central Banks for favour of information.

It is evident both from the Townsend report and the annual administration reports of Government and the audit reports of our own Banks and affiliated societies that we are heading in the Co-operative Movement, if not for a disaster, at least for a danger. We cannot avert this danger by pursuing a policy of undue caution resulting in the refusal or the reduction of loans to societies or shutting our eyes to it. So long as the co-operative movement is intact, so long should supervision and financing go together. Hitherto we have concentrated upon finance. Every Central Bank should have a section called the Administrative Section composed of an officer, a Head Clerk, and a subordinate clerk with the necessary inspection staff whose sole business should be to master the movement in its co-operative ideals and co-ordinate the actualities of the Bank to those ideals. The actualities are looked after by the finance section and the results must be tested, improved upon and worked at by the administrative section. If there is a paid Secretary having a Head Clerk and an Accountant, the one looking after the finance and the other after administration with suitable subordinate staff, the Secretary can look after both. But if there is no paid Secretary, the President of the Bank will have to address himself in particular to administration, even as the Secretary addresses himself to finance. There may be suitable additional staff between these two officers on the one side and the ministerial staff on the other as the necessary connecting link. Everything depends upon the outlook, the receptivity of ideas and the co-operative idealism that can be brought to bear upon the administration by the one side or the other. This bifurcation is not a novel idea. It is the inevitable growth of time and circumstance, finding a parallel in all public offices, where administrative matters are marked off from accountancy or where technical matters are separated from financial.

In this division the President or the paid Secretary or some such officer will have to look after the following items :—

I. A close and careful study of

(1) audit reports of Societies

(2) Reports of Supervisors and Inspectors

(3) Reports of Bank's own Inspectors

II. Pursuit of rectification and consolidation acting through Bank Inspectors and Directors.

III. A constant overhauling of Societies by preparing their history and keeping it up to date.

IV. Insisting on annual reports of Unions and careful study and examination of them.

V. Suits and Execution.

VI Watching of liquidation and active co-operation with liquidators in effecting sales.

VII. Preparation of the annual report of the Co-operative Central Bank having a human touch about it with special reference to village reports.

VIII. Co-operation with Federations in respect of propaganda.

These seemingly intangible duties constitute a huge burden upon the Bank which cannot be attended to without a specialization. I would commend the scheme to the acceptance of the Central Banks and request them to take the necessary action.

N.B. This letter will be placed before the Board of Management of the Madras Central Urban Bank and also the Bankers' Conference at their ensuing meeting.

(Sd.) V. C. RANGASWAMI,
Secretary.

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The Madras Central Urban Bank, Ltd.

(THE PROVINCIAL CO-OPERATIVE BANK FOR THE MADRAS PRESIDENCY.)

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