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Editorial.

SCHEMES FOR RAISING LONG TERM MONEY BY THE CENTRAL AND PROVINCIAL CO-OPERATIVE BANKS.

The discontinuance of the issue of 10 year and 12 year loans to central banks by the Madras Central Urban Bank, (the Provincial Co-operative Bank) and restricting such loans to a maximum period of 5 years has undoubtedly given rise to a new situation in co-operative finance in this province. Demands for the revival of the long term loans are being made by more than one central bank. We understand that the Conjeevarm and the Vellore Central Banks definitely raised the issue at the meetings the Central Banks' Conference, the M. C. U. B., and the Provincial Co-operative Union. We have seen press reports of a similar demand being made by the rural co-operators of Trichinopoly district. Rao Bahadur M. K. Venkatachariar sent out in April last a circular letter on the subject to all the central banks in the province. Mr. K. Krishna Acharya, Secretary, Hospet Central Bank, is the latest in the field and has circulated a week ago a scheme worked out in great detail. How far this agitation will affect the recommendations of the Townsend Committee and the policy of the M. C. U. B. which in the main follows those recommendations remains to be seen. We prefer for the present to keep an open mind on the question and keep our columns open to helpful discussion on the subject from every quarter for some time. We notice with interest the place which

Mr. Ramadas Pantulu gives to central banks in a scheme of land mortgage credit, in his presidental address at the Bihar and Orissa Co-perative Congress published as supplement to the May issue of the Madras Journal of Co-operation and in certain of his other published articles. He concedes that under certain conditions and in the sphere of experimenting to wipe out rural unproductive indebtedness in specified areas, the services of the central banks may be used and co-ordinated with those of the land mortgage banks where they exist. But in the main he seems strongly opposed to central banks and primary rural societies *normally* dispensing long term credit. Mr. Krishna Acharya's circular letter containing an elaborate scheme for the provision of long term accommodation by central and provincial banks and Mr. Ramadas Pantulu's exhaustive reply thereto which we publish below, serve to elucidate very clearly the opposing view points and we hope they will considerably facilitate future discussions on the question.

LETTER FROM MR. K. KRISHNA ACHARYA

Secretary Hospet Co-op. Central Bank, Ltd., to the Members of the Executive Committee of the Madras Central Urban Bank Ltd., Madras.

Dear Sirs,

One of the causes for heavy overdues from societies to the Bank in this District is that money lent as Short Term Loan is utilised for Long Term (now intermediate) purposes and the members in consequence become defaulters to their societies which in turn are unable to keep up their obligation to the Bank. The question is whether the Society should find such money as the member wants in order to extricate himself from the clutches of the village money lender, etc., or he should adjust his affairs with such money as the society is able to find for him. If we say latter is the proper thing, then the co-operative movement should cease proclaiming to the public that it is out to redeem and help the agriculturists, artisans, etc., as said in the premable of the Co-operative Societies Act. We are of opinion that the society should be able to cator for the true needs of its members.

2. In our District almost all of the village societies depend upon the Central Bank for their finance. "*It goes without saying that the burden lies upon the Central Bank to find all kinds of money required by the villagers.*" From the begining of the movement in this District, to discharge old debts members were being given loans repayable in 10 equal annual instalments, though it is now realised that for that purpose loans. repayable in 15 to 30 years are proper ones. Gradually the term

was reduced to 7 years and then to 5 years. We were being told by the Departmental officers that the change is due to the tightness in the money market and the Madras Central Urban Bank will resume the old practice of giving 10 year loans as soon as better conditions prevail in the market. *The Bank now lends 5 year loans for Long Term purposes knowing that members of village societies will not be able to repay within that period. The members accept the amount promissing to repay in five years with full knowledge that they will not be able to keep up their promise.* Till last year the Madras Central Urban Bank was giving 12 year loans also but now we find from the articles in the Madras Journal of Co-operation that the Registrar and the Madras Central Urban Bank are of opinion that the societies should accept such money as the Madras Central Urban Bank and the Central Banks are able to find and should cease to expect the Madras Central Urban Bank and the Central Banks to find such money as they require. It has therefore now become imperative on our part to consider our position and decide whether to assure the societies *that the Bank would be able to find such money as they need or* to declare our inability to do so as the Madras Central Urban Bank has done.

3. Finance is now divided into 3 classes, Short Term, Intermediate and Long Term money. Land Mortgage Banks are alone declared to be competent to deal with Long Term money. Central Banks should be able to find Short-Term and Intermediate money. Money lent for raising crops and to be paid sometime after harvest is considered to be Short Term. It may be for 1 to 3 years. Dry crops are harvested within a year, sugar-cane within 18 months and plaintan crops within 30 to 36 months. So loans repayable within 3 years may be treated as Short Term Loans. There remain the loans repayable within 4 to 14 years, as it has been said above that Long Term loans mean money repayable in 15 to 30 years. We consider this as Intermediate loans. Probably the first Co-operators thought and circumspection required, some margin was to be left to provide for contingencies and they should have pitched upon 10 years as the proper period to repay the loans borrowed for discharging old debts. The Central Bank and the Madras Central Urban Bank should be able to raise this intermediate money also.

4. If the rates on Intermediate Deposits are raised and the margin of profits is judiciously distributed among the several agencies, we think the problem can be solved to a greater extent. The volume of money handled by the Societies being limited, they need greater margin of profit than the Central Bank and Madras Central Urban Bank. In our opinion 2½ per cent is a fair margin for Societies, 1½ per cent to Central

Banks including ½ per cent Supervision Fund which each of these have to pay and ½ per cent to Madras Central Urban Bank.* Madras Central Urban Bank should pass on the short term money (1 to 3 years) and Intermediate money (4 to 10 years) charging ½ per cent more than what they pay for Deposits of 3 years and 7 years respectively. The Central Bank should charge to the Societies 1½ per cent more than its borrowing rate from Madras Central Urban Bank and the Society should lend to its members at 2½ per cent more than its borrowing rate from the Central Bank. If Madras Central Urban Bank has to pay 4 per cent on 3 years Deposits, it may lend to Central Bank at 4½ per cent and the latter to the Society at 6 per cent. The Society may lend to its members at 8½ per cent per annum. Even then a member has to pay ½ per cent more than double the rate of interest at which it is borrowed from the Depositor. If Madras Central Urban Bank has to pay 6½ per cent on the Deposits of 7 years the member will have to pay 11 per cent on his loans of 10 years.

5. It was held in one of the Bankers' conferences that a certain percentage of deposits of 2 and 3 years may be used for giving loans of 5 years. Similarly the Reserve Fund Deposits and Share Capital of the Central Bank and a certain portion of the Deposits of 4 to 7 years may be used for giving 10 year loans. The Central Bank may be allowed to pay on Local Deposits of 3 years and 7 years at a rate ¼ per cent less than its borrowing rate of Short Term and Intermediate money from Madras Central Urban Bank. If Madras Central Urban Bank charges 4½ per cent on Short Term loans (1 to 3 years) Central Bank may pay upto 4¼ per cent on Deposits of 3 years and if Madras Central Urban Bank charges 7 per cent on intermediate loans (4 to 10 years) the Central Bank may pay upto 6¾ per cent on deposits of 7 years.

6. We think if some such arrangement or understanding is arrived at, it should be possible for Madras Central Urban Bank and (Central Banks) to find such money as the villager wants. Central Banks and Societies will not mind much even if Madras Central Urban Bank and Central Banks are not able to pay them 9 per cent Dividend on account of this change for some years.

We request you will be kind enough to consider these matters and find your way to continue to lend us loans for 10 years so that we may serve the villagers for which, we think, we exist.

(By order)
K. KRISHNA CHARYA,
Secretary Hospet Co-operative Central Bank, Ltd.

*Mr. Krishna Charya's concessions for margins are not evidently based on any calculation as, for example, ½ % margin to M. C. U. B. will only get 75 thousand rupees if all its and working capital is lent out while the dividend on its share capital its working expenses exceed 1 lakh. It will work at an annual loss of Rs. 30 thousand if Mr. Krishnacharya's margin is adopted.

Reply of the Hon'ble V. Ramadas Pantulu to the above circular letter.

DEAR MR. KRISHNA CHARYA,

I have read with considerable interest your circular letter to the Executive of the Madras Central Urban Bank on the question of the "*Burden that lies upon the central banks to find all kinds of money required by the villagers*", and embodying a detailed scheme for attracting and dispensing long term money. In view of the fact that the points involved in your communication are raised by more than one central bank in this province, I wish to state my own position in the matter as fully and frankly as I can. I am speaking for myself as a co-operator and should not be understood as stating the policy of any institution as such with which I am connected. I further wish to assure you that this reply is conceived in the utmost friendly and co-operative spirit and is in no way intended to be controversial criticism.

(1) Your scheme of attracting long term money at higher rates of interest and lending it to members of societies at 11 per cent seems to involve both the central banks and the borrowers in unsound co-operative finance. No central bank doing deposit banking can saddle itself with high rated 7 year deposits without courting financial disaster. The point is so patent and elementary that it requires no elaboration. Again your idea that long term loans can bear heavier rates of interest like 11 per cent is radically unsound. While a higher rate may be tolerated on short term loans, it will operate very oppressively on the debtor in the case of long term loans. Even in Sowcari money lending, our village experience is that, while heavier rates are demanded for short and seasonal hand loans, long term mortgage credit is liberated by money lenders at more humane rates of interest. This is the experience all the world over and is based on the economic fact that a long term and a heavy rate when combined will cripple the debtor. You seem to reverse the process in co-operative banking which calls for more generous concession in the case of long term loans. After very carfeul investigation, I have come to the conclusion that our land mortgage banks will not succeed if we charge more than 7½ per cent or 8 per cent at the most to the ultimate borrower, while ordinary village societies may work satisfactorily at the present level of 9⅜ per cent. I am therefore now agitating that the present rate of 9 per cent charged by the primary land mortgage banks should be brought down to 8 per cent. Your scheme tends in quite the contrary direction and upsets

all our plans for organising a sound system of land mortgage banks and you thus do a positive disservice to the agriculturists instead of helping them. The idea is to get 20 year debenture money through a central land mortgage bank at 5 per cent and pass it on to ryots through primary land mortgage banks at 8 per cent. There will be only one institution intervening. In your scheme, between the Provincial Bank and ultimate borrower, the central bank and the village society intervene and require two margins, So, you naturally make long term loans dearer through village societies than short term loans and thus the remedy will prove worse than the evil. Moreover, your attempt to attract 7 year deposits at 6½ per cent will directly conflict with our attempt to get 20 year debenture money at 5 per cent and you will be setting land mortgage banks and central banks against each other and impair the value of both in the endeavour. The rates and calculations contained in your letter are not based on practical considerations and will not work. But I need not enter into those details at this stage.

(2) There is no warrant for your assumption that the Co-operative Societies Act contains a declaration that all the credit needs of the members of the societies shall be met by the central and the provincial banks. On the other hand, the expectation of the framers of the Acts of 1904 and 1912 was that the primary societies themselves would find their own working capital. In fact, there was no provision at all in the Act of 1904 for the formation of a central bank or other central societies. When provision was made in 1912 for them, the central banks were expected to fulfill the functions of supplementing the resources of the societies and acting as balancing centres to them. It was never contemplated that all the deposit banking should be done by the central and provincial banks and that primary societies should merely act as intermediaries or commission agents seeking a margin of 2½ per cent, to pass on the money so raised by central banks to the rural co-operators. When societies fail to attract local deposits and susbsist on borrowed capital, it follows as obviously as day follows night that the societies have no more claims on the central financing agencies than what the resources of those agencies permit, consistently with the nature of the banking business done by them, the conditions of the money market and other relevant considerations. The claim of the societies that central banks and provincial banks should find all the kinds of money the societies wish to distribute to their members is preposterous, and I do not know on what material it is founded. I am of opinion that having regard to all the circumstances that central and provincial banks can only find short and intermediate money which can be lent out for not more than 5 years and that they should not and cannot afford to find the long term money which societies require

for 10 and 12 year loans to their members. It is the function of a different type of organisations which is radically different and which can only be quasi co-operative at the most.

(3) The demand for the revival of 10 and 12 year loans by the Provincial Bank is based on the assertion that overdues will be reduced and things will improve by reviving long term loans in districts which have been habituated to such loans. I must emphatically repudiate this assertion as one without foundation. It will only serve to make more and more of the working capital of those districts immobile frozen credit, a grave danger whose utimate consequences are being unfortunately ignored by certain districts. The assumption that the inflow of capital and credit will be steady and ceaseless into organisations which sink them deep into their long term mortgage loans is clearly delusive. When depositors and creditors realise the difficulties and delays and grave risks involved in the recovery of these long term mortgage loans, the advance of further capital and credit will cease. The fulfilment of their obligations by central banks to their depositors and creditors will then become a life and death issue. So the attempt to evade inexorable banking principles will involve our movement in serious complications. In this connection I must say that I was greatly distressed to read in your circular letter the following admissions about the business methods of your bank; *The bank now lends 5 year loan for long term purposes, knowing that members of village societies will not be able to repay within that period.*" This is a gross violation of the duties and obligations of the bank to its depositors and creditors and the statement is certainly calculated to shake the confidence of the public in the business capacity and management of the bank.

(4) There is one other position which I wish to controvert. In some districts, including yours, there seems to be a belief that short and intermediate credit alone, without an adequate proportion of long term credit, will not prove beneficial. Of course no one can deny that, if all the three varieties of credit are available in requisite proportions, the economic advantage to the agriculturist will be immense and it must be our endeavour therefore to find all these varieties of credit to the desired and deserved extent to the rural co-operators. But assuming that our schemes for development of long term credit, through farm mortgage credit institutions, do not materialise and that the operations of central banks are rigorously limited to short and intermediate loans not exceeding 5 years, is it right to assume that in that contingency the primary rural societies cannot discharge very useful functions in the economic regeneration of the agriculturist? I am decidedly of opinion that they can, and indeed, their beneficial activities lie in the sphere of

short and interdemiate credit alone. *I realise that the wiping out of agricultural unproductive debt is a live problem and in that beneficial task central banks and rural societies can be utilised in a special manner. I have dealt with that aspect of special experimentation in long term credit by central banks in my address to the Bihar Co-operative Congress published in the May issue of the Madras Journal of Co-operation and elsewhere in my contributions to the Journal. I am now dealing with the normal business of central banks.* I feel that the tremendous potentialities of quickly rotating capital and bank credit to finance agricultural industry have not been realised in this province. If the 9 crores of rupees which a confiding and generous public has placed to-day at the disposal of rural co-operators in this province rotate in short and intermediate loans, the economic benefits to the ryot will be immense, if we care to put ourselves in a mood to investigate into the question. If some districts which have sunk, 30, 40 or 50 lakhs in immobile long term mortgage credit, whose frozen mass is daily growing in bulk by ever accumulating overdues, have only cared to develop a system of rural credit which rotates quickly and mobilises freely, then those districts would have given an altogether different account of their endeavours in the field of rural economic reform. The advocates of long term rural credit, who swear by Raiffeisen principles, have not been able to refer us to any authority for the position that Raiffeisen societies in the west thrived on long term 10 year loans from resources found by central banks. My friends who are indissoulbly wedded to the magical ten year long term loans through primary credit societies, may not agree with me to-day, indeed they may not be able to even persuade themselves to devote a moment of detached academic thought to my plea, but I am confident that things will right themselves sooner or later. The village societies will work more efficiently and will prove economically more beneficial only when they dispense wide-spread mobile credit "sending it in rills over a broad surface, so that irrigation may be perfect reaching every root to be watered."

Madras,
16—5—1929.

V. RAMADAS PANTULU.

Development of Urban Banks and their Working.

BY RAO BAHADUR A. VEDACHALA IYER.

GENERAL POINTS.

1. The main function of an urban bank should be to enable depositors to put in their savings (current, savings deposits, recurring deposits, fixed deposits). The amount thus collected should be lent out to needy members in non-speculative enterprises within the area of its jurisdiction, such members being individuals or groups of individuals or smaller primaries within its jurisdiction. The urban bank should have power given in the by-laws to finance primaries within its jurisdiction for credit and non-credit activities. Small industries of the urban residents such as weaving, carpentry etc., ought to be financed direct or through special Co-operative Societies worked in that area.

2. Urban Banks ought to develop and assist District Banks by augmenting deposits, the surplus being deposited in District Banks to be employed in rural areas. The urban banks are intended to serve as agents of District Banks to tap deposits for the movement and utilise them for Co-operative enterprises within their jurisdiction and through District Banks elsewhere by offering their surplus to District Banks.

3. Urban Banks ought not to compete with District Banks in the rates of interest offered for deposits but they should be given facilities to put in their surplus as deposits in District Banks by offering a small margin of ½ per cent between the rate given to depositors and that made available by District Banks. District Banks ought to furnish the required fluid resource by urban banks and also to give necessary credit accommodation to the deserved extent if and when required.

4. Urban Banks should encourage the banking habits of its members by allowing deposits of all their moneys in the bank and meeting all their expenditure out of such deposits.

5. Urban Banks should aim at putting a stop to the money-lenders exploiting town people by charging high rates of interest and commission even for non-speculative enterprises.

6. Building fund, dividend equalisation fund, and a bad debts fund should be created if the credit power lost by such diversion from the reserve fund can be made up by share capital flowing into the bank. If by such diversion, the borrowing power of the bank is affected, these items should not be allowed.

7. The reserve fund of urban banks should be invested in District Financing Banks or in the purchase of Government Promissory Notes.

SPECIAL POINTS—DETAILS IN WORKING.

(1) The credit societies in urban areas are of the following descriptions:—

(a) credit societies for wage-earners or employees in various institutions, official and non-official;

(b) credit societies for the general public practising various professions;

(c) credit societies for labourers employed in various industrial institutions;

(d) credit distribution to those who are members of distributive societies;

(e) credit distribution to those who are members of societies carrying on non-credit or special business activities;

(f) credit distribution to members who carry on savings fund operations as a permanent fund institution or terminable after a period of 7 years.

(2) (a) *Credit societies to-wage-earners or employees in various institutions, Government or others.* These societies are not intended to be and should not be used for the distribution of credit to all the members to satisfy *all* their needs. They should be confined to meet such necessary and urgent needs as are incidental to the profession followed and to meet the necessary expenditure such as domestic requirements, medical charges, education, meeting charges connected with insurance, and for those purposes which could be met gradually from out of the savings expected to be secured out of the monthly income. The credit to be given should be thus proportioned to the earning and saving capacity of each borrower within the period for which the loan can be advanced and for the period for which the institution can raise credit by way of deposits or loans from District Banks. Long term credits for land purchase, and house purchase, repayable in very long periods, are to be expressly excluded because of the fact that the societies themselves could not command long term deposits or loans from outside. In practice, extravagant expenditure in marriage, redemption of prior heavy debt, purchase of lands or houses involving large outlay and disproportionate to the saving capacity are being indulged in such institutions with the result that overdues become the routine in a number of cases or that the payment of dues is effected by fresh loans and book adjustment and that the indebtedness

of such members become permanently retained in the society from year to year. Such transactions in the societies assume the character of a money-lender's concern. When the security offered is immovable property, recovery has to be made by resort to coercive processes. But where such loans are given for longer periods under suretyship system, recovery becomes difficult, when the surety or principal dies or becomes incapable of meeting the obligations to the society. The saving capacity of urban wage-earners is comparatively low as compared with rural people owing to disproportionate higher ideal of living practised in urban areas and to unforeseen expenditure in medical and other charges. Hence credit accommodation should not be extended to be used for purposes beyond carrying on the profession and beyond the saving capacity of the borrower and his surety. Suretyship in urban credit must be allowed after very great scrutiny as such loans are joint loans and must be regulated with reference to the actual saving power of the sureties as well. In some institutions, the repaying and saving capacity of the borrower alone is scrutinised and the surety is allowed nominally and accepted without scrutiny. This is a violation of business principles.

(b) *Credit Societies for the general public practising various professions.* Urban Credit Banks will only have limited resources, dependent upon savings of members and on deposits of others and can be served with credit accommodation to a limited extent by co-operative financing banks. Hence credit accommodation to the members should be limited in its scope both in regard to the amount and as regards the period of repayment. Such institutions will also have to keep adequate fluid resources so as to meet their obligations to the depositors without failure and on the due dates. This is a matter of permanent importance in deposit banking. Long term loans should be tabooed for the reason that loans should not be advanced for longer periods than the maturity period of deposits or loans from financing institutions.

Financing of trade by co-operative urban banks should be attempted proportionate to the resources. Speculative trade should be scrupulously avoided as the transactions are of a limited nature and could not be expected to recoup any loss arising from financing speculative transactions. Trade finance should not be allowed for more than 3 or 6 months, when the position of the borrowers and the sureties should be reviewed and the trade borrowers should be compelled to remit their collections from day to day so as to watch the course of their transactions. Trade concerns should be scrutinised with care as commercial banks do and credit given generally on the security of the goods stocked in trade with all the safeguards adopted by a trade financing bank.

Expert advice must be available and close watch must be secured of the position of trade borrowers.

(c) & (d). *Credit societies for labourers employed in various institutions and credii distribution to those who are members of distributive stores.* This contemplates men of small income, paid by monthly, weekly, or fortnightly instalments.

Such people should get their credit accommodation so as not to exceed the amount which they can repay by stinting their expenditure. Ordinarily it has been fixed as a convention at 4 times the salary to be repaid in 16 instalments. This standard is really high and should be brought down gradually. Such labourers may be given credit accommodation to enable them to buy their provisions from the distributive stores to be recouped every month and such credit may be in the form of advance to stores. Such advances should not be a permanent factor but should be allowed only for a limited period so that each member may be able in a limited period to buy his requirements for *cash* instead of on *credit.*

(e) *Credit distribution to those who are members of societies carrying on* non-credit or *special business activities.* Credit may be allowed for the purchase of raw materials, for domestic requirements, to secure finished products and also on the security of such finished products. But such credit should be to a limited extent and repayable in 3 to 6 months.

(*f*) *Credit organisations for effecting savings and for securing facilities of long term credit for 7 years* might be established along with ordinary credit societies or separately. In this institution, monthly savings of 1 Re. will round up to Rs. 100 or 102½ at the end of 84 months, members having facilities to get loan on the paid up subscription to the extent of 90 per cent and credit up to the full value of the subscription can be had on the security of immovable property or Jewels. Such a system is being worked in the George Town Co-operative Society and details will be published later on soon after the by-laws are suitably amended in consultation with the department.

(3) One importent matter to be noticed in working urban banks is that disciplinary action should be enforced without any delay when defaults occur and that dues should not be cleared by book adjustment or by the grant of fresh loans. Neglect in this direction brings difficulties to the institution and the borrowers.

(4) Sitting fees should be allowed to the Directors. The directors should get remuneration when they do managerial or clerical work and when they appraise the value of the property mortgaged.

The borrowers might be asked to pay the valuation fee to the appraiser on a scale to be sanctioned by the Board of Management.

(5) Loans on the security of gold or silver can be given in urban banks provided the bank can secure trustworthy and responsible appraisers and can safely store the properties pledged with adequate insurance other movables of marketable value should not be allowed as security for loan.

(6) Cash credit facilities can be allowed in urban banks to members not carrying on any speculative enterprise on securities similar to loans provided that such members remit their cash balances every day to the bank. Such cash credits can be allowed on the security of continuation mortgage of immovable property or jewels. Such cash credit should be renewed every year at a fixed period.

(7) The expenditure in establishment &c., for running an urban bank concern is comparatively larger and it is therefore desirable to give loans at 10 to 12 per cent at the commencement and gradually reduce the rate when the transactions are large. If this is not practicable, the dividend on share capital should be restricted to 7½ per cent.

Bad Societies and how to rectify them.*

BY MR. V. MATHRUBUTHAM IYER.

(Supervisor of the Trichinopoly Dt. Urban Bank and Federation.)

INTRODUCTION.

The subject that I am going to deal with is a very important one as it is also a vast problem that has engaged the attention of the 'Committee on Co-operation' and is engaging that of the department to-day. A stage has arrived in our movement when we have to cry 'halt' to further development and turn back to take stock of the situation and rectify the defects that have accumulated. The number of bad societies have of late increased to enormous proportions that it has become absolutely necessary to rectify and consolidate them before expansion could be thought of. The unions have become quite incapable of handling the situation because the work has grown beyond their capacity to manage and a new body called the District Federation has stepped in naturally to discharge the higher duties of co-ordinating the activities of the union and supplying them with efficient materials with centralised funds. In the rectification and consolidation of bad societies therefore lies the chief work of the District Federations.

Now the question may be asked as to *what is a bad Society*? A bad society is one which was once working, which has since ceased to work but not ceased to live. It may be called moribund. Unless proper measures are taken to make it work, it will die a natural death. It is a society which has become rusty, which is creaking with too much of friction and which requires a thorough overhauling and oiling.

The *symptoms of a bad society commonly are :—*

1. Heavy overdues to the financing bank or to the depositors or both.

2. Heavier overdues of members to the society, the interest more often being equal to that of the principal.

3. Weak Panchayatdars, none of whom evince any interest in the society except one or two, the President or the Secretary.

4. Weak members, all of whom are debtors to the society and worst of all the Panchayatdars themselves are overdue members.

*An address to Co-operative Supervisors.

5. The weakness of the union, with its slack supervision, inefficient supervisor, minus budget and lack of imagination and foresight of the so called governing body members constituting it.

6. Members, debts for which there is no adequate security; time barred decrees; and decrees for the realisation of which no earnest and concerted action has been taken before.

7. Account books not properly kept and written; heavy contingent expenditure without proper sanction or out of all proportion to the earnings in proper transactions and cases of reloaning without check.

8. Too many benami loans granted to relatives of the Panchayatdars themselves and to a favoured few, so much so that the society has become a close family compact wherein no outsider can enter and question the working.

9. Non-renewal of the property statements with changing circumstances and utter disregard to this most important document in rural credit societies which often shows only fictitious assets.

10. Growing poverty of a village where a society cannot be worked with any amount of help, causes beyond man's control.

The *causes* for the bad state of the societies may be traced to the following :—

1. *Promiscuous organisation of the societies* by the department in the early stages of the movement when expansion was pursued 'at the point of the bayonet.' In many villages it did not find conjenial soil to thrive, did not even take root and hence became putrid. The people never welcomed such association. Much thought should be devoted to a careful selection of the place and surroundings before a society can be started in a place

2. *Improper and slack supervision* hastened the downfall of such of those societies that had begun to take slow root. They died for lack of nourishment and nurturing. They could have been saved by constant attention and adequate help.

3. *Ignorance of the Panchayatdars* has been the case in general and they have not been taught their duties and responsibilities. In such cases, proper education and training can revive a society provided the panchayatdars are earnest and catching.

4. *Defaulting Panchayatdars.* In such cases the remedy is to call for a general body meeting, educate them in their duties of electing proper persons, ask the panchayatdars to repay their overdues or remove them and bring in new persons. The newcomer ought to be a better substitute than the old incumbent; otherwise there will be no

use of the change. This is not as easy as it is said. More often the President or the Secretary will be a very influential man of the village, the Village Munsiff or the richest man and the society cannot go on without him and the general body will not depose him. What is to be done in such cases? It is better to continue such persons; but slowly and steadily one must persuade them to a sense of their duties, see that they pay off their overdues and be rid of the technical objections. Here the supervisor should play the role of a friend and adviser. Very often the loss of an influential man has been the cause of the downfall of a society with a good past record. Such situations are to be tactfully managed understanding the psychology of man and things.

5. *Deliberate Panchayatdars.* Some there are who do things deliberately; not out of ignorance but wilfully and studiedly. In such societies one very often finds benami loans, defalcations, misappropriations, receipts without entries, part disbursements and too much contingent expenditure, all under the cover of the bylaws and rules. These persons have been making a trade with the societies to their greatest benefit, undaunted and impervious to authority. Suchcases require the strongest and the firmest handling, or otherwise the perpetrators will either take the slip or turn against you. They will hoodwink any auditor and only a piercing eye can probe into the bottom. You must be scrupulous with them, wash off dirt publicly and speedily and the vigour of law ought to be brought to bear upon them, so that others may take a lesson from them. Prosecution and strong action is the only remedy in such deliberate cases if you cannot help it.

6. *Growing poverty of the village.* Facile credit has burdened many villages with heavy debts and the present day long-term loans have not come as a boon to many a villager. The loans have been lent out without considerations of their repaying capacity and they are writing under the heaviness of the debt. The arbitration proceedings, instead of being a speedy and cheap remedy to collect debts, has been heaping their debts with interest at an enhanced rate. No action has been taken for years together to execute decrees and the result is that one has to pay thrice the amount that he once borrowed. To take an illustration: suppose in a dry village a member is worth 2 acres of land estimated at Rs. 400 and a thatched house estimated at Rs. 100. His total asset is Rs. 500. He has no debts and his movables are worth next to nothing. He becomes a member of the society in his village and applies for a loan of Rs. 200 on the mortgage of his entire properties which is considered a good security. For a period of 10 years the loan is granted. The first instalment of dues he pays regularly, the second with a little default and the third and fourth are allowed to fall overdue, not wilfully but due to his incapacity to repay.

The rains have failed for years in the village and its neighbourhood. There is draught everywhere. His family has increased. He is struggling for very existence. He has no subsidiary occupation to support him. His children are crying for food. He is going without a meal a day. How then to repay his debt in this state of affairs? His house has fallen into repairs. The Sun and the Moon are playing into his kitchen and in the rainy season the whole family sits shivering in a cornor. Many of the sturdy villagers have gone to Kandy or Penang to earn a living. The village is depopulated and one sees nothing but phantoms dancing in the streets. Nature has been very cruel to them. His debt has been decreed with interest at 12½% There is nobody to buy his lands, though he is willing to sell them. His debt has now gained the upper hand over his asset. What to do in a society full of members like this? There is no hope that the society can be revived. It is no use continuing a society in this state. It should sooner be liquidated. The small collections are not sufficient even to repay the interest to the financing Bank. The assets are every moment evaporating. The situation is to be pitied and sympathised.

7. *Weakness and laziness of the Union.* Weakness is sometimes pardonable but not laziness and that in a union which is entrusted with the charge of administering a number of societies under it. Bad societies may continue in the same deplorable state for sometime to come, but bad unions cannot be allowed to continue for even one moment. It is because that not only it cannot rectify bad societies under it, but even the good ones will be affected and grow bad gradually. It is a contagion which should be nipped in the bud by the District Federations. Governing body members coming from the type of panchayatdars above mentioned, cannot shoulder greater responsibilities when the least expected of them is disappointing? A well meaning union will employ a good supervisor and will requisition further help from all sides and will endeavour with earnestness. But deliberate union Governing body members there are who are neither capable 'themselves nor will take the advice of an outside body. They are like the dog in the manger' of the legend. Such unions should be rectified if not liquidated. This may further be due to the distance of the union headquarters from the societies. The union office should be the fountain head and source of inspiration to the societies. Hence the headquarters should be located in a central place where all will congregate and obtain help easily and speedily.

8. *Inefficieney of the Supervisor.* Unqualified and inefficient supervisors retard the growth of societies rather than help it. A good

union indicates a good supervisor generally. There are certain causes which are besides and beyond the capacity of a Supervisor. But had supervisors hasten the fall of such societies which with a little application can be revived. Hence a supervisor should be decently educated, trained in the technic of his profession and should be a man of the world. I will deal with this elaborately in the end. Now I come to the question of questions.

How to revive a bad society? It is easy to push a carriage on rails, even a boy can do it; but it is difficult to lift one that has been derailed or capsized. Only a powerful crane can lift it and replace it on the rails, to make it run smoothly. Similarly is the case with the work of rectification of bad societies. It requires a strong and efficient hand to handle things and set it in motion. Sound gaining, qualification and courage are the essentials required to those who undertake to rectify bad societies. The rust that has clogged the wheels will have to be cleansed, the machine should be oiled and broken parts replaced. Love and sympathy for the villagers alone are the lubericants that can smoothen the work of rectification. A supervisor should first study the history of the society, when it was started, how it worked, who were the men connected with its working, why it failed, what were the attempts made to rectify it before and what should be done now to infuse vigour into it. These and many other questions naturally arise and unless one has a grasp of these facts he is not bound to succeed.

Take each one of the symptoms referred to before and deal with them one by one. Post yourself with figures and details, take a list of outstandings, write up the accounts up to date, prepare a correct property statement and of loans with interest calculated up to date take, hold of an honest man or men in the place and go from house to house. Ask each defaulter to pay off his dues, take statements from them wherever necessary, because there will be revelations of secret workings and acts of Panchayatdars which will have to be recorded for future action, and if some of the members or most of them want time to repay their loans, grant it. But you should be judicious in so granting time, for, honest men will mean it but dishonest men will try to evade you with false excuses. Examine all the documents and decrees, see if any of them are time barred, note especially the decrees and the pronotes, see if the sureties are alive and living in the village as otherwise action will have to be taken at once, or documents renewed. Carefully examine if the properties mortgaged in the bonds are in the possession of the members for many transfers would have taken place in the interim—and appraise yourself of their real worth. A supervisor should possess a knowledge of law in the circumstances. Otherwise there will be heavy loss to the

society. Make inquiries about each and every member and get your information corroborated by others. One should move freely with them, feel with them and avail himself of every opportunity to help and advice them. Meet the members often and press them for the repayment of their loans and slowly money will be coming. Take immediate action in the worst cases of deceit, cheating, misappropriation and alienation of properties so that the other members may learn a lesson from them.

Acquaint yourself with the non-members, for very many persons of the locality would have been left out guardedly in bad societies, so ensure their sympathies to your good cause and they will help you in turn. Make yourself popular. The presence of an educated man should be a source of help and inspiration in a village, advice them and help them whenever you are sought for. This is what is meant by Mr. Hemmingway when he characterises the supervisor to be the 'Philosopher, friend and guide'. You must reform them and try to make them better. Resourcefulness and tactfulness should be in evidence and in the course of a few of mouths, many of the defects could not be rectified.

After rectification, consolidation begins. After a major portion of the overdues has been collected and the bank repaid out of it and the number of decrees have been reduced, new members should be envoked, a new panchayat should be formed if not elected earlier and a loan application will have to be prepared in some cases to pull up the society by judicious loaning. Extensions may have to be granted in a few deserv ing cases and a like extension of the dues to the Bank will have to be made. If possible all the loans may be consolidated and the bonds of some members renewed. The work of consolidation therefore depends more on the help of the union than that of the supervisor himself.

The concerned union must have sympathy, imagination and foresight and must lead, if not follow good advice. Otherwise all the arduous work of rectification by the supervisor will get spoilt. As after fever or illness canvalescence intervenes which period should have to be very well cared for by the Doctor before the patient can be 'fit', so too is the work of consolidation. If proper care and nourishment is not given by the union the society will take a turn for the worst and the consequence is awful to think of. A bad union should take advice or should be superseded.

Lastly, I will touch upon the duties of the supervisor who is to play the chief part in this work of rectification of bad societies.

It is the supervisor who makes or unmakes a society. It rests therefore on his work which again is dependant on his qualification. Character and competence. The bad state of society I have before said is due to a large extent to the bungling of an inefficient supervisor and much of his work will have to be undone, and reconstructed by his able successor. Education, not only literary and technical but also worldly education is essential. Much of the bad state could be cured by educating the panchayatdars and the general body of members in the proper way. It is only a false economy not to teach the panchayatdars their duties. It is melancholy to behold that some supervisors have unscrupulously kept the panchayatdars in ignorance, in some cases riding roughstood over them and using them as instruments to their own pecuniary advantage by putting them to so many ill-uses. Dishonest malpractices have been their game. Little have they thought that they were playing with a double edged sword. The consequences of sewing the Dragon's teeth are horrible to think of. They have also been cutting sides at elections and sooner they are removed the better for the movement.

Hence more than education, character should be the bulwark and the private and public morality of the supervisor should be flawless and above suspicion. One must be honest and truthful, sympathetic and serviceable. There must be love for the work and love for the villagers. This when granted, you can command respect and obedience. Some blindly think that the rural folk are uneducated but truth to tell there is no more shrewd people than they and watch they you and learn more about you than you know of them. Do not therefore deceive yourself. In my short experience I have found that people in bad societies are essentially good and if per chance there are some bad characters they are hated and detested by the villagers whose help you will obtain in weeding them out. It is a bad selection that has been the cause of the ruin of some societies. Like a good surgeon cut off the putrid flesh and save the body, and add nourishment. By planting good and chosen seeds, and by love and sympathy any one can achieve wonders and it will repay them amply. Mend if you can or end it.

Make yourself popular and try to do good wherever you work. There are in every co-operative society some money set apart as the Common Good Fund. What is it therefor? Enquire and learn the needs, the absolute needs of the villagers. It may be that there is no water in the wells, deepen one of them with a contribution from that fund and if more money is wanting call for an equal contribution from the villagers. Street lightening, medical relief, sanitation, a reading room are some of the many needs of a village, select the most needy

purpose, sanction such sums as in your power and the result will be miraculous. You will be hailed as a God-sent and there can be no problem difficult to be tackled by you. From the profits of the society grant honororiums to deserving men.

Introduce village panchayats wherever you go, move freely with the Officials and with your influence with them try to do good to the villagers. Educate them in civics, in rural sanitation, arbitrate in petty cases, help the poor, and slowly but steadily the foundations for rural reconstruction would have been laid by you. Do not for a moment think that the above functions are besides your proper work and duty. If you look after the villagers, the villagers will in turn look after your work in the village. The result will be a bumper harvest.

There is work for the Inspectors to do in the bad societies more than elsewhere. Some of them are runder the impression that their duty is only to find fault with the panchayatdars or the supervisors in the working of the society. They write pages of useless reports and the time taken in writing and reporting might with profit have been directed to correcting and educating them. This is their real work. Nothing is easier than the work of fault finding. The Government inspectors must be welcome and friendly instead of being thought as enemies or spies. Many are the occasions when they can help the panchayatdars and the supervisors in rectifying a bad society and frequent visits ought to be made by them suchsocieties. The secret of all this lies if it is borne in mind that the Inspectors and the supervisors are the two eyes of the movement. Move therefore like brothers with each other. Grasp the realities and keeping the ideal ever before you march on.

The question may with profit be answered here as to who is the greatest Co-operator in India? He who is the friend of all and the enemy of none; he who does not make diffences between class, community or religion, rich or poor, high or low; he who moves freely with the populace, helping and advicing them, he is the greatest co-operator. Mahatma Gandhi is the ideal. He is revered and respected all over the world, because it is his mission in life to help the mass of his countrymen and he bears them an abiding love. He is humble, candid honest and sincere and hence even his enemies fear him. His Non-Co-operation programme bereft of the political side was more a scheme of Co-operation than otherwise. His anti-drink campaign and untouchability programe have enlisted many friends and his Khaddar activity has brought relief to thousands of hungry souls and has ousted famines in many villages.

Just in contrast is the Co-operative movement of to-day. Nowhere was non-co-operation more rampant than here. Jealousy and discussion between the department and the non-officials, between societies and banks and so forth are eating into the vitals, the edifice is shaking and threatening to fall like a pack of cards. Co-operation is only in the air. The silver jubilec record is nothing when compared to the few years record of the National movement. Figures sometimes are illusive, they are like mirage The soul of India should be touched.

In the work of the rectification of bad societies the supervisor is left only to his resourcefulness, tact and courage to help him in the midst of so many discouraging features. No hard and fast rules can be therefore laid. Brother Supervisors! Understand that work is your own reward. Bear high the torch of co-operation, help the millions of your countrymen, love the noble work you are entrusted with and by your sympathy and sincerity you will be hailed as the 'Friend, Philopher and Guide' of the Co-operative movement.

Stores movement for the labourers and economically depressed people

BY RAO BAHADUR A. VEDACHALA IYER.

The casual labourers employed in factories and in firms under the Indian Companies' Act and under private partnership concerns, get their daily or even weekly wages from the proprictors. They buy their provisions on credit from retail dealers and marwaris finance them. Quite a large number buy them for cash. The stores movement in Madras has not yet touched this class of people. The rice, pulses and other domestic requirements these people want, are of an inferior quality and value as compared with those sold in the store branches. The existing store and the branches now cater for middle class people who want average high priced articles. My proposal is to store up in suitable places in the town, the articles of food required by the poorer and labouring classes, especially rice, chillies, garlic, pepper, tamarind etc. It is not possible at the outset to make these poor people apply for a store or to ask them to pay share capital, but if we keep a regular bazaar at suitable places, we can at first supply such people with articles of fair quality and correct weight measurement and can eventually bring them as members of the store. I select Elephant Gate as a place for opening such a shop where boiled rice will be sold along with a few absolute necessaries. We can experiment this and we can spread it gradually in all parts of the town. Retail shop trade is a first step in the direction of distributive co-operation in towns. Such retail shops will also be the places to dispose of articles sent by rural producers for sale. For instance boiled rice can very easily be supplied by co-operative rural societies to the store from the Chingleput District. Such a shop can also sell articles wholesale to villages wherefrom co-operative societies wish to buy for their village. A village can as well license a shop-keeper to sell articles observing co-operative principles and fixing his profit at a reasonable figure. This will be a useful method to democratise the distributive movement.

Recent Utterances.

By Mahatma Gandhi.

A MODEL CO-OPERATIVE SOCIETY.

It was at Vizianagaram that I discovered a Khaddar Co-operative Society which appeared to me to be a very successful venture and without an equal in all India. I offer no apology for copying the following from the address of the Society.

"The cloth in our depot is all made by us solely out of the cotton purchased by us and we have imported none of it from other places. We have resolved not to import Khaddar either from other provinces or even from other districts in our province, as we believe such importation will prejudice the development of Khaddar even as importation of foreign cloth.

"We also believe the object of the Khaddar movement is to develop Khaddar in each place by spreading spinning and weaving locally as wide as possible and securing levelihood for as many people as possible.

"It is for the same reason that we have been ourselves dyeing and printing our cloth without sending it to other places for the purpose.

"We hear that in the borders of the Kuppadam cloth sold under certification by the A.I.S.A., mill yarn is used and it is said that such use is not objectionable. But our society does not approve of such admixture.

"Out of the annual net income of the Society, a share is set apart for the workers (labourers) who join the Society as its members and it is distributed amongst them in proportion to the work turned out by them. On account of this, more workers have enlisted themselves as members of the Society.

"This Society was established on 22—7—27. There were then 20 members in it. The membership has now risen to 101 and out of these, 45 are women spinners and 20 are weavers. Under this Society last year there were 90 spinners and 15 weavers. But at present there are 200 spinners and 28 weavers. Besides this there are 3 dyers and 3 dhobis working with us.

"As to the wages, the average during the last six months for each spinner has been Rs. 2-0-1 per month, and that of each weaver Rs. 10-8-5. But the spinner named Rongali Chinnammi earned Rs. 6-6-0 a month and the weaver Pappu Jagannayakulu Rs. 20-2-6.

"We are supplying the necessary implements to the workers and when they purchase them we allow them to repay the price in small instalments.

Yarn spun	Wages paid	Spinning charges per pound.
7,239 lbs.	Rs. 2,230-6-6.	Rs. 0-5-4.

"The quantity of cloth produced was 13,347 yards.

"Wages paid for it amounted to Rs. 1,489.

"In the sale price of our cloth, we include the charges such as rents and salaries. If these charges could be met out of a special fund, we would have been able to reduce our prices still further. We are not yet so fortunate as to secure such fund.

"In some cases, our prices are higher than the prices of A. I. S. A., by Re. 0-0-6 per yard. We humbly offer a pair of (woven) trousers and a blanket 2½ yards wide and 3 yards long, both being the work of Pappu Jagannayakulu, who is a weaver and also a Director of our Society.

"We in all humility pray that these may be kept in the Ashram as exhibits."

These pieces, the work of Pappu Jagannayakulu, will certainly be kept in the Ashram Museum as Exhibits. They are both unique pieces of their kind. I also obtained from my host in Vizagapatam Sr. Banoji Rao, a Zamindar two pieces of very fine Khaddar made in his Zamindary village Bontalakoduru. These two pieces are respectively 53 and 66 years old.

I have got the bye-laws of this model Society. They are quite effective. They provide for the membership of spinners and weavers. They make it obligatory for member to purchase khadi produced by the Society, as also to bring to the Society for sale all Khadi or yarn manufactured by the members. I reproduce from these interesting bye-laws the following which appears under the heading 'trade':

"It shall be the duty of the Board of Directors to arrange for the purchase for cash or on credit of raw materials and appliances required by members and for their sale to members for cash or on credit on such terms as may appear to them reasonable. They should also arrange to purchase from members all their finished products on such terms as may be reasonable to sell or dispose of them for sale to the best advantage.

"The Board of Directors shall lay down rules to regulate the advance or sale of raw materials or appliances to the members of the society and the recovery of the cost on the same from the members concerned, and they should in particular fix the value of raw materials that may be outstanding on credit with a member at any time. It shall be competent to the Board of Directors to alter these rules from time to time.

"A member of the Society who having received an advance of raw materials sells such materials or otherwise deals with it in contravention of the condition laid down by the Board of Directors shall be liable to a fine not exceeding Rs. 5 for every such offence; and if the persists in such conduct, it shall be open to the Board of Directors to direct his suspension from the privileges of membership till he is expelled or allowed to continue to enjoy the privileges of membership.

"Every member shall, if required by the Board of Directors, sell his finished products to the Society at such rates as may be prescribed from time to time by the Board of Directors.

"It shall be the duty of all the members to deliver their finished products from day to day to the Board of Directors, accounts being adjusted at the end of every month. A member who sells his finished product otherwise than to the Board of Directors shall be liable to a fine not exceeding Rs. 5 for each offence, and if he persists in a breach of this rule, it shall be competent to the Board of Directors to suspend him from the privileges of membership till the question is settled by the general body.

"Every member shall, if so required by the Board of Directors purchase all or any of the raw materials of his industry from the Board of Directors. A member who buys his raw materials otherwise than from the Board of Directors shall be liable to a fine not exceeding Rs. 5 for each offence, and if he persists in a breach of this rule, it shall be competent to the Board of Directors to suspend him from the privileges of membership till the question is settled by the general body.

"Every member of the non-workman class shall purchase not less than Rs. 20 worth of the Society's finished products per annum and in default shall forfeit one fourth of his paid up share capital up a maximum of Rs. 5 per annum. Every such member shall further be entitled to such discount or commission on the advertised sale price of the products purchased by him as may be settled by the Board of Directors from time to time. Every member of the workman class shall spin 3 visses by weight of yarn or weave 200 yards of cloth per quarter and in default shall forfeit 4 annas out of his paid up share capital for very such default. The Board of Directors may, for reasons to be recorded in writing exempt or excuse any member or members from the operation of this rule."

I congratulate the Society on the very useful work that it is doing and I hope that it will have a progressively successful career.

M. K. GANDHI.
(*in Young India.*)

THE SILVER JUBILEE CELEBRATION AT SATTUR. RAMNAD DISTRICT.

PRESIDENTIAL ADDRESS

BY

H. M. HOOD ESQ., I.C.S.,
(*Registrar of Co-operative Societies Madras*).

GENTLEMEN,

The main object of this meeting is to celebrate. We are celebrating the fact that it is 25 years since the Co-operative Act became law with the object of placing certain facilities in the way of those who are anxious to improve their lot by co-operative enterprises.

And before we go further with this celebration it would be well to spend a few minutes in retrospect, considering the last 25 years have produced a result that is as satisfactory as could be desired. We can of course see certain weaknesses at the end of this period which no ordinary mortal could be expected to foresee at the beginning and if we appear to find defects now it must not be imagined that it is in a critical spirit. We do not know what the next 25 years will bring and we must not criticise those who went before us for their inability to forsee the future. The movement has developed and the conditions in which they laboured 10 or 20 years ago were very different from that with which we are surrounded now.

In the last 25 years we have formed a large number of Co-operative societies. We have borrowed a very large sum of money from various sources and though we may have been pervaded by petty disputes, we have evaded serious financial troubles.

The main line of progress is of course along the line of credit and both rural and urban banks have made great progress in this business, but I shall point out presently that particularly in rural credit the business has been restricted and has not developed on the co-operative credit lines to the fullest extent, that one could desire.

Central Banks have obtained considerable sums in deposit and have lent this out to primary societies but particularly in the Tamil Districts there has been a tendency and I consider a dangerous tendency to pay greater attention to the appeals of ryots than to the restricted powers of existing banks. Doubtless it is the objects of co-operative Banks to provide for all the needs of the villagers but it is foolish to strain the existing provision beyond the safety line and to interrupt the ultimate object-and object not fully realised as though it were the present possibility. We cannot at present supply all the villagers' needs and liquidate all the debts or even with safety convert them all into co-operative debts. The money is in short term deposits to a very large extent and this fact and the rates of interest put a severe restriction on the uses that can be made of the funds available.

At the same time the use that can be made in other directions if the money provided have not been at ali fully realised. A very great deal more can be done with short term loan than has been done in the past. The cry is constantly to liquidate old-debts-but what of the new debt? They money the ryot borrows for current expenses, for cultivation, for manure and for seed for transplanatation and harvesting—there are not pressing debt at the moment, so, no one seems to bother about them. But there are debts that are being obtained at unfavourable rates and there are the debts which will press heavily as "old debts" in a few years' time; unless the old debt is cut off at the source and the ryot provided with short term loans which will enable him to go forward at least without increasing his indebtedness, it is idle to imagine that conversion of a large mortgage loan into a Co-operative debt will make a prosperous farmer of him.

Until he is provided with short term finance on prompt and easy term and until he learns to use it frugally and to repay it promptly of his own accord, Co-operative societies will not fulfil their function.

Doubtless long term loans are desirable to help a number of ryots out of a bag of debt while efforts are being made to provide it, that has not yet been accomplished and in the mean time prudence and commen sense demand that the fullest and safest use be made of what has already been provided.

In looking back on 25 years of efforts, we see a great achievement and a steady development. That it is becoming long the term of credit need not distress us too much that we can see possibilities of great improvements and of useful developments can only serve to harden us to further and greater efforts. The term of non-credit is marked with actual wrecks. But it would be unwise to bury them or to pretend that it did not exist. It is only by keeping the failures in mind and remembering the lessons we have learnt from them that we can hope to profit and build up non-credit societies which will prosper. I feel confident that we can select those most suitable for this condition and the people of this country and advance steadily along them.

I think we may sum up the situation saying that co-operative credit is well established for middle term loans. It is in its infancy still in regard to short term credits while it has made risky excursions into long term finance which has not yet been adequately provided for. In non-credit activities a few forms have been established but in many directions the experimental stage has not been entirely left behind.

EXTRACTS FROM THE PRESIDENTIAL ADDRESS

BY

M. R. RY. T. ADINARAYANA CHETTIAR AVL., BAR-AT-LAW, M. L. C.,

At the First Co-operative Conference of the Chinthamani Co-operative Union Limited, Chinthamani, Tinnevelly District.

4th May 1929.

Poverty and inequalities in the distribution of the world's goods have existed and do exist everywhere and the poor have suffered these things for ages. But since the advent of the democratic spirit, "divine discontent" has taken the place of placid contentment and people are no longer willing to let things continue as they were. Various countries are trying to solve this great problem in various ways. Russia achieved it by a Revolution whose echo is still reverbrating throughout the world. Even in England communism is gaining ground while Socialism is being preached as practical politics by some of its greatest thinkers like G. B. Shaw and H. G. Wells. Taking our present conditions into consideration and considering our long past, I hope I am voicing the universal feeling of all responsible thinkers in our country when I say that it is neither communism nor socialism but co-operation that affords the best method of not only increasing the meterial well-being of our three hundred and odd millions but of rebuilding our civilization on lines in keeping with our own splendid past and our unique national culture.

And Co-operation, luckily for us, allows full scope to realise our high ideal. But when I speak of co-operation you must remember I do not mean by it mere cheap credit. As Tagore says, "If co-operation were merely a method of producing wealth, only another way of acquiring money, only a mere business proposition, I had no place in it". Tagore's ideal of co-operation is far higher-nobler. He says, "Whatever is richest in man's life comes from this mutual co-operation and that when driven by the urge of desires, man has failed to co-operate, he has been defeated, we find weakness, poverty, disease, sin, strife and warfare whenever there has been a falling off from this truth, wherever he has been isolated from this communion of co-operative striving." The great Seer thus concludes, "It ist hus one of the greatest of our present problems is the establishment of the principle of co-operation."

Sir Daniel Hamilton says, "Ancient Hindu morarchy did not aim at centralisation or over-government, but gave full scope to the varities of group-life to which the people have been used from time immemorial... Group-life which is co-operative life, is therefore, the indigenous form of political system and it is the duty of Government to give this group life full scope to develop."

"A. E." one of the makers of Modern Ireland whom it was my privilege to know personally, speaking of co-operative life as contrasted with the policy of ruthless modern competition—and Co-operation is the only alternative to competition—writes thus, "It is possible to secure a good standard of comfort for our people in this way and it is to this too, many of the great industrial states will be forced to turn when they have ravaged the earth for its oils and ores and minerals, cut down its forests and squandered their natural resources. A rural civilization, enabling its people to live out of the yearly products of the earth will become the inevitable ideal of many nations when the exploiting of their oils and minerals and ores has become through exhaustion no longer possible."

To realise this high ideal it is necessary we no longer rest content with a few primary societies lending out a few thousands to a small fraction of a vast rural population. Co-operation must be made to encompass every aspect of our daily life and include among its adherents all the available people in the country. Otherwise, by merely tinkering with the question we will never be able to realise within our life-time or even that of our children even a tithe of what we aim at. I would therefore urge on you to set on foot a whirl-wind campaign of expansion. Throughly investigate the existing conditions and future possibilities and induce as many inhabitants in the village as possess the requisite solvency and charactor to become members. Next, you must endeavour to meet all the needs of your members promptly and to the fullest extent needed. Thirdly you must gather into your hands the entire management of the premier industry in the country, viz., agriculture. Loans for cultivation expenses, crop loans and loans on the pledge of harvested produce- with regard to which the recent circular of the Registrar is conceived on liberal lines will not only place the deserving members above the need to resort to the Sowcar but also enable them to realise better prices for their crops. You all know the price of agricultural produce is very low at harvest-time but rise by 25 to 50% after a few month. By giving timely loans to cultivators on the security of their produce secured either in the Society's godown or in the granary of the producer himself under the lock and seal of the society, the producer can be enabled to realise the full benefit of his labor and enterprise.

The need for the adoption of a sound system of banking and finance is urgent and beyond dispute. Referring to the present unsatisfatory system, Mr. R. K. Shanmuken Chetti, addressing the Indian Chamber of Commerce in Tuticorin said, "If the legitimate requirements of trade and commerce and industry are to be the sole criterion in regulating the currency policy of the country such a policy must be free from Government control", Sir Daniel Hamilton whom I have already had occasion to quote has been pleading passionately for a system of national finance based on the labour of India's toiling millions. That this view is a sound one is admitted by no less a person than Tagore. For, he says: "Labour constitutes the real wealth of a country; we can have capital enough if we can only unify the labouring strength of the poor" And yet, the Finance Member of the Government of India had the courage to say that the credit of India stands very low in the London Market as a result of the resolutions passed at political conferences in favour of Independence. May I ask "How long must we put up with such insults"?

But to achieve these results a great national effort is needed. That effort must be organised and co-ordinated. That means that a large, a very large number of selfless workers, workers consecrated to the service of the motherland must take this business in hand. Such men must come largely from the ranks of the panchayats of societies. Sir Frederick Nicholson's advice was brief though significant. He said FIND RAIFFEISSENS.

Having dwelt at length on the general principles of reconstruction on co-operative lines, I am afraid I have kept for myself but little time to deal with the actual details of your day to day work of co-operative practice. As regards these, if you have been following the proceedings of recent co-operative Conferences you would not have failed to notice some common features.

1. The attitude of the Department towards non-officials;
2. The delays in the disposal of papers by departmental officials;
3. The relationship that should exist between the financing Bank and the Federation and with the Supervising Unions;
4. The question of short and long-term loans;
5. The increasing "overdues" and, as a minor question,
6. Remuneration allowable to those who attend to the scriptory work of primary societies.

As regards (1) as one who has had his share of fault-finding let me hasten to state that the recent offer of the Registrar to place his staff of Inspectors at the disposal of Unions for collection work is a move in the right direction and I take it as an augury of better relationship to exist in future between the officials and non-official co-operators. As regards delays. In my district at least, things are being speeded up and I trust there will be an improvement everywhere at an early date.

There is no doubt an impression in several quarters that the Department favours the Federation as against the financing Bank. This has had its origin to some extent in the zeal of the Deputy Registrars and Assistant Registrars that they would be pleasing their master (the Registrar) by creating federations in all areas even where such bodies would be superfluous. I would therefore appeal to the Registrar to work with the financing bank and the supervising unions where they are both willing and competent to discharge their responsible duties satisfactorily and not to insist on the adoption of one cast iron rule for all areas and all conditions.

The Registrar should recognise that the time has come for him to part with some of the powers he now possesses in favour of non-official bodies.

For instance, the power of effecting amendments of bye-laws raising the borrowing power of societies as well as of individuals may well be left to the Financing Bank and the Federation. This one item alone contributes much to the complaint about delays in the Departmental offices. The ultimate aim should be to reduce the position of the Registrar to that of his compeers in other countries. This is even more urgently necessary as regards co-operative education and uplift work. As a recent writer puts, it is only non-official leaders who can preach to the villager, thrift, discontent with the conditions of his life which is necessary to progress. Officials however sympathetic and independent-minded cannot aford to discharge this essential duty.

As regards the conflict which exists between some financing banks and Federations, it is my sincere opinion that there is no reason whatever for its existence and if it exists it must be due either to misapprehension of their respective duties or to personal questions. Their solution cannot be a difficult matter.

I do not wish to enter into the controversy about short and long term loans. If Government will only note the strong feelings of resentment at the inordinate delay in their registering the central land-mortgage bank and register it forthwith and if they further follow this up by establishing feeder primary land-mortgage banks in suitable centres, this controversy will be settled to a large extent. If without doing this the Registrar goes on merely fixing up proportions between the short and long term loan transactions of the financing central banks he would not, I am afraid, be acting co-operatively.

As regards "overdues", I consider it a funny institution. The Panchayat of a "live" society should disburse loans to the members after due enquiry as to security and what is even more to the point, the repaying capacity. It is the duty of the panchayatdars further to see that the loan is repaid within the stipulated period. All these duties, Mahatma Gandhi shrowdly summarised when he said the management must follow up every piece of the loan disbursed when he was taken round some co-operative societies started for mill-hands near Bombay over ten years ago. If the Panchayatdars are alive to these responsibilities "overdues" cannot occur. But in rare cases, the purpose of a loan has failed in its object, say when the crop in case of an agricultural loan has totally failed, even in such a case, the panchayat after due enquiries ought to grant the borrower sufficient extension of time to pay out of the next crop. Thus, in such rare cases even there cannot be "overdues". But if it is a fact that overdues do exist and to such an alarming extent, it means, in my humble opinion, that the panchayats have failed to discharge their responsble duties satisfactorily. The remedy is obvious. As regards old and acumulated overdues, a course of rectification by a paid well-trained staff under the direct supervision of the panchayatdars or the Governing-body members is the only remedy that suggests itself to me.

Correspondence.

I

To

THE INDIAN CO-OPERATORS.

CO-OPERATION IN INDIA.

SIRS,

The success of the Co-operative movement in India as elsewhere depends for its growth on the extent to which the mass of the people grasp its ideas. If the several inspecting agencies be directed to bring home to the general body members of each society the aim and object of the movement and the individual responsibility of members especially in unlimited liability societies, the progress would have been a quite different one from what we are witnessing in these days. The demoralization caused by the failure of one society in a union area was enough to counteract all the stimulus provided by many successful ones. The ultimate authority which is in the general body members of each society must be made a reality in every society which is truly co-operative. The department and those who are responsible for the successful working of the movement should not be satisfied with the delegation of powers by the general body to the Panchayat giving it more or less complete freedom to do what it liked. This is what is usually done in commercial societies where the shareholders as a rule wait only for their dividends. A co-operative society is in this respect essentially different from commercial societies (vide section 48 of Co-operative Societies Act) and it can only retain its co-operative character when that is able to instil among the members generally a sufficiently strong sense that the society belongs to them and demands their constant attention and interest.

Therefore a thorough reform in the working of these co-operative societies has to be introduced forthwith. Co-operative movement means a special mode of working and this has to be understood before we undertake any responsibility to guide the movement and the moment you fail to understand this, all other excrescence comes in and paralyses the movement.

In this I shall briefly indicate the headings under which some of the reforms are urgently needed and in my subsequent articles I shall explain them fully.

I. The batta-making inspection of societies by inspecting agencies must be stopped and the inspection made a reality.

II. A triennial audit must be introduced for declaring dividend and honorarium to the working man every year.

III. The Central Banks must be made to give cash credit to rural societies.

Pakala.
25—3—'29.

M. VENKATARAMA IYER

II

DEPTHS OF THE CO-OPERATIVE MOVEMENT.

Will any Co-operator kindly answer and solve the following?

(1) Are not the co-operative rural credit societies helping only the rich and some middle class people?

(2) Are not the poor and the needy studiously excluded from the benefits of the co-operative movement?

(3) Is not therefore the fundamental principle of the co-operative movement frustrated? Is it not indirectly helping the strong to oppress the weak.

(4) With relation to the population in villages what percentage of men are enlisted as members? Does not the percentage fall far below 5 per cent in most of the cases?

(5) Even if the society has been sufficiently old, is their any progress shown in the percentage? Does this show that the other 95 per cent do not need money or that those are excluded?

(6) Did the affair attract the notice of the departmental authorities or supervision or propaganda staff? Have these departments any programme for it for the future?

(7) Is not the unlimitted liability a constitutional defect in extending the benefits for poor classes? Are not those (unlimited liability and liberality) diametrically opposed to each other.

E.g.,—One having 100 acres of land and interested in the movement comes in and supposing he goes on enlisting all poor people as members and after working for a certain period will have to vacate his place to some others, who may not necessarily be wealthy; and having to stay out with his property pledged to the security of the society, with management not in his hands nor in the hands of his rich friends, he will not relish and therefore errs on this side of conservatism.

This conservatism is encouraged both by love for retention of power and fear to associate with poor people in money matters especially because he is a member and liability is unlimited. When the liability is limited the above defects are minimised.

(8) Is not all continued honorary and honorarium work inefficient and defective?

(9) How far are the co-operative credit societies helping the people from becoming impoverised?

What proportion do the loans of people in Co-operative Societies bear to their total borrowings.

(10) Does any one think that members of rural societies in these days do not require money in the middle of the year (agricultural kist year) and if they require are the societies now working towards the same?

(11) Are not these rural societies mostly designed and practically worked intentionally or unintentionally to facilitate payment of kists to Government? (This unfortunately impresses Government that the ryots are financially well off and this fact is also taken advantage of in saying that the economic condition of the people is good to justify enhancement of land revenue).

(12) How far are annual payments to members of co-operative societies free from evils of cheap credit.

(13) Is not the bad working of the societies a solid proof that financially the ryot is sinking as is being evidenced in the co-operative department and would have been so in the revenue department but for the credit societies?

(14) There is not more co-operation existing or understood in the co-operative movement than what is found in a joint concern like a money lending bank or an insurance concern and the same is more wanting in rural societies.

(15) Co-operative societies are at best very poor imitations of a money lending Bank with certain limitations of a fixed dividend to shareholders and are an uncommon, unhappy and unnatural medium between a good money lending bank and a totally charitable institution. One can't serve God and Mammon at the same time.

While it is aimed to minimise effects of capitalism in a way in the co-operative movement, it is more than over-burdened by evils of conservatism. While it is meant to join the oppressed against the strong, the conservatism is helping the strong to grow stronger.

(16) Are not liberalised modern money lending banks (little capitalistic effects excused) more desirable than present co-operative societies with inefficient honorary work, crystallised conservatism and wholly unwholesome constitution of supervision and controlling staff, that is, are not present limited liability societies for a convenient group of villages with little changes, centralised for control and management, better?

Questions on the constitution and working of federations of unions, supervisory unions and other supervision staff will follow.

GOLLAPUDY VENKATACHALAPATI RAO,
Avanigadda.

III

THE CO-OPERATIVE MOVEMENT.

A few days back, under the above caption Mr. V. Govindan contributed to the Hindu a short note submitting certain suggestions for the reduction of overdues in Societies. He has been good enough to invite the opinion of other co-operators. I hope his appeal will be greatly responded to. The overdues in societies have indeed become such a chronic complaint for some time past that Consolidation and not Expansion had come to be declared as the watchword of the Movement for the present. The overdues are so cancerlike in their effect that not only have they to be removed now and here but their recurrence in future will have to be prevented if we are to steady and speed up the movement on sound lines.

His note is well-timed. The year we are passing through is the year of the Silver Jubilee of the Movement. Several co-operative centres are duly celebrating the occasion. These Jubilee gatherings could leave their real significance behind provided steps are taken from now to impart to the Movement strength of both permanence and expansion. Before this could be secured, we are at first no doubt to check the evil of overdues which is slowly eating into the vitals of the movement.

Mr. Govindan suggests as a remedy that it be laid down in the bye-laws of a society that no member shall continue in office for more than a fixed period. He claims for this the potency of reducing overdues. But I have to differ from him. The proposed bye-law may indeed get rid of the defaulting or indifferent but powerful directors from the Board but not their influence on the Directorate if they happen to be the influential men of the place which they surely are. Further the present bye-laws themselves provide for the *ipso facto* removal of the defaulting directors but only its insistence may not have been secured by the controlling authorities, official or non-official. However Mr. Govindan's suggestion possesses another value for which it should surely be given effect to. It is only through this that somnolent and selfish directors can be taken out of the Board and energetic people brought in quietly. Besides, this letting in new blood at every stage will provide opportunities for more people to get educated in the principles and policy of the movement, as a result of actual working. As the number of such members increases, the working of the society stands to gain a good deal.

What I would suggest instead is an alteration in the bye-laws of the Co-operative Supervising Union. It should be recorded therein that a member of the Governing Body who fails to visit a society alloted to him at least once in three months and report upon its working shall *ipso facto* cease to be a member thereof. Closer supervision and intense propaganda are the things needed most. These members possessing status and educational qualification can couple both during their vists and thus exercise a corrective influence on the co-operators in particular and the villagers in general. A society to develop must have not only active leaders but a sympathetic public opinion in the locality.

All these suggestions can at best be considered only as palliatives, that may assuage the distemper but not eradicate it. These postulate that the bad condition of a society is chiefly to be traced to the indifference of the Panchayatdars alone. But the root cause of the cancer appears to me to lie in the poor economic condition of most of the members of the society. The Indian farmer is proverbially poor. The Indian middle class man thanks

his stars if he finds himself able to make both ends meet. What should, therefore, be immediately aimed at in the Movement is that better profitable methods of cultivation, of purchase and sale should be not only made known by propaganda and demonstration but should be pressed for adoption by every co-operator in however small a degree.

Let us not hold ourselves back by a lurid visualisation of the difficulties. Every movement to progress has to face many impediments. Ignorance, indifference, direct opposition for opposition sake and real lack of leadership are there frowning at us. Still we must make honest efforts to secure Better Farming, Better Business and Better Living for our members. Though it is not possible to induce every society to undertake non-credit work on these lines, we can make a beginning with a few good societies in each Union. The federation can help its unions by giving a special grant for this purpose. Out of this and out of its own funds, it can appoint a capable supervisor for non-credit activities in its jurisdiction. Only thus can the working of these experimental societies be looked to satisfactorily. If they do prove a success. the societies in the neighbourhood would surely take the cue and follow. Indians though they may be said to be unadventurous have it in their nature to take up what is demonstrated to them. It is well worth a trial. Let us secure a rise in value and quantity of the resources of a peasant, an economic spending of middleman's income and, at the same time let us also see that every member does his bit in realising the object of thrift promotion as far as possible, and then the graph of overdues is sure to take a downward incline.

V. JAYARAMAN

Villupuram.
19-4-29.

IV

To

THE EDITOR,

MADRAS JOURNAL OF CO-OPERATION,

Royapettah. Madras.

SIR,

REF :—Review of administrative reports of Central Banks for the year ending 30-6-28 by the Hon'ble Mr. V. Ramadas Pantulu in the Madras Journal of Co-operation.

The review of the administrative reports of the 30 Central Banks for the year ending 30-6-28 by the Hon'ble Mr. V. Ramadas Pantulu published in the November, December and January issues of your Journal is a welcome contribution to the pages of the Journal.

But, when dealing with the question of overdues to Central Banks from societies, the mere consideration of the amount of overdues for purposes of comparison between Central Banks, would be very misleading. For example, the overdue Principal of about $6\frac{3}{4}$ lakhs in North Arcot District appears large in comparison with the overdue amounts of other Central Banks. In fact, North Arcot has the largest amount of overdues in the Presidency. But, when the percentage between the amount of overdues and the total amount of loans outstanding are worked out in each case, we find there are about 13 other Central Banks in the Presidency having a higher percentage of overdues.

One other factor governing the amount of overdues in Central Banks, is the amount for which extensions have been granted by each Central bank to its societies. It would be very interesting reading if figures relating to such extensions have been furnished. I would not be surprised if some of the Central Banks who are now higher up in the scale of overdues go down in rank if such extensions are not taken into consideration.

I enclose herewith a consolidated statement for all the 30 Central Banks reviewed showing the percentages worked out with regard to overdues and loans outstanding and also with regard to owned capital and working capital. It can be seen from the statement that there are only 11 Central Banks which can be said to possess a proportion of 12½ per cent and more of owned capital to working capital. Curiously enough, a majority of these Central Banks show a higher percentage of overdues.

In page 447 of the Journal for January 1929, the Hon'ble Mr. V. Ramadas Pantulu observes that "the Circars issue more short term loans and the overdues are not quite so heavy as in other parts of the Presidency. It is doubtful how far a one year or a short term loan as it is called is utilised for financing agricultural operations."

Whether the short term loans in the Circars are really utilised for agricultural operations or whether the co-operative societies in that area are used more as joint stock banks by the big merchants for obtaining their working capital is well worth investigating. An analysis of the average amount of each short term loan and of the classes of borrowers would be an instructive study of the co-operative movement in these districts.

Mr. V. Ramadas Pantulu concludes his review with suggestions for the inclusion of information on some important points like (1) Money lent on mortgages in societies and (2) Money lent to several classes of societies, in the administrative reports of Central Banks. Information as regards the number of societies indebted to the Bank apart from the number of societies affiliated, the number of societies which contributed to the overdues at the end of the year and the period of overdues may also be included in the review in future years.

Vellore,
4—5—29.

V. MURUGESA MUDALIYAR.
Secretary, Vellore Central Bank, Ltd.

Statement showing the owned capital, working capital and principal overdues of 30 Central Banks as on 30-6-28.

No.	Name of Bank.	No. of societies.	Paid up share capital.	Res. Fund.	Total.	Working capital.	Per cent.	Loans outstanding.	Over due Principal.	Per cent.
1	Aska ...	234	70,159	6,917	77,076	6,88,264	11·1	6,39,180	...	...
2	Ramachandrapuram ...	106	1,29,940	20,000	1,49,940	16,04,942	9·3	14,99,043	5,691	·4
3	Amalapuram ...	119	1,28,700	14,350	14,350	15,09,329	9·4	14,23,206	27,427	1·2
4	Ellore ...	212	1,32,545	31,377	1,63,922	15,06,443	10·8	13,96,778	36,290	2·6
5	Rajamundry ...	43	16,250	2,847	19,097	1,78,310	10·7	1,56,171	7,067	4·5
6	Kistna ...	392	1,81,719	69,911	2,51,630	23,42,884	10·7	21,28,285	1,46,217	6·8
7	Trichinopoly ...	447	1,73,790	2,30,523	4,04,313	41,52,843	9·7	30,09,297	2,22,954	7·4
8	Berhampore ...	278	50,859	10,126	60,985	5,73,810	10·6	5,42,896	43,535	8·0
9	Tinnevelly ...	639	1,95,973	61,510	2,57,483	20,84,580	12·3	19,72,000	1,94,407	9·8
10	Conjeeveram ...	774	3,94,968	1,00,000	4,94,968	49,57,000	9·9	48,88,000	5,00,784	10·2
11	Guntur ...	347	1,67,848	60,091	2,27,939	23,24,532	9·8	21,24,233	2,73,052	12·8
12	Srivalliputhur ...	221	1,06,436	20,053	1,26,489	10,48,000	12·0	10,80,990	1,40,078	12·9
13	Kumbakonam ...	325	1,17,159	42,000	1,59,159	15,66,199	10·1	12,42,454	1,61,854	13·0
14	Nellore ...	374	1,52,009	35,249	1,87,258	17,28,253	10·8	15,54,311	2,06,615	13·3
15	Bezwada ...	151	60,551	9,859	70,410	6,70,573	10·5	5,38,567	73,144	13·5
16	Coimbatore ...	577	2,36,916	1,42,470	3,79,386	34,27,980	11·0	25,87,115	3,61,241	13·9
17	Malabar ...	518	1,12,155	21,564	1,33,719	13,07,000	10·2	11,65,000	1,91,245	16·4
18	Kurnool ...	257	96,507	25,447	1,21,954	8,30,068	14·6	7,16,829	1,21,260	16·9
19	North Arcot ...	711	3,89,250	1,23,241	5,12,491	40,32,068	12·7	37,83,380	6,74,883	17·8
20	Vizagapatam ...	436	96,272	25,311	1,21,583	12,33,514	9·8	8,53,204	1,74,103	20·4
21	Madura ...	524	2,17,573	1,03,537	3,21,110	23,57,870	13·6	16,18,465	3,35,162	20·7
22	Cocanada ...	133	77,000	20,792	97,792	8,44,920	11·5	48,43,24	1,04,276	21·5
23	South Arcot ...	644	3,16,847	58,129	3,74,976	28,92,000	12·9	28,27,000	6,40,525	22·6
24	Salem ...	446	1,79,533	1,18,299	2,97,832	23,82,411	12·5	22,92,410	5,55,935	24·2
25	Cudappah ...	175	67,645	17,034	84,679	6,41,875	13·1	5,95,836	1,65,518	27·7
26	Hospet ...	266	1,62,321	16,838	1,79,199	10,51,410	17·0	9,18,588	2,69,376	29·3
27	South Canara ...	409	1,56,052	45,700	2,01,752	15,95,611	12·6	9,48,627	3,02,321	31·8
28	Tanjore ...	253	1,39,351	30,484	1,69,835	12,79,064	13·2	9,03,804	2,98,439	33·0
29	Anantapur ...	459	2,20,862	45,932	2,66,794	19,00,803	14·0	18,07,624	6,49,897	35·9
30	Chittoor ...	285	1,56,907	18,809	1,75,716	10,52,050	16·7	8,59,938	4,42,615	51·4

6—5—'29. V. MURUGESA MUDALIYAR.

REPLY OF THE HON'BLE V. RAMADAS PANTULU TO THE ABOVE.

There is one point in Mr. Mudaliar's communication on which I can throw some light. He is right in doubting whether a large proportion of short term loans in the Circars is actually utilised for financing agricultural operations; so far as I am able to ascertain, it is being so utilised only to a small extent, the rest being used on the other needs of the cultivator. But Mr. Mudaliar's suspicion that Co-operative Societies in the Circars are possibly being used as joint stock banks by rich members to obtain their working capital is unfounded. The evil does not exist. The fact remains that a short term loan for whatever ostensible purpose it may have been borrowed keeps alive the memory of the obligation to discharge it more fresh in the mind of the borrower and lender than a long term loan. I merely stated facts as they appeared in the administration reports. The inferences were left to readers. Instead of trying to derive consolation from the surmise that short term loans elsewhere may not, after all, have proved beneficial and thus finding new arguments for the perpetuation of an indefensible system of excessive long term credit, it will be undoubtedly more advantageous to Vellore to increase the proportion of its short term credit rapidly. Much of its overdue assets in decrees and long term mortgage loans has become frozen credit and the sooner the seriousness of so large a proportion of the central bank's credit becoming immobible is realised the better it is for every one concerned. Mr. Mudaliyar wishes to underrate the gravity of the overdue figure of 6¾ lakhs by working out certain percentages. I understand the figure is now in the neighbourhood of 10 lakhs for 1928-29 which is about to close. The way to deal with the situation is to organise a vigorous programme of rectification of societies and of collection of overdues and not to explain away or minimise the seriousness of facts and figures disclosed by the bank's own report. I made my reviews as free from controversial matters as possible and shall feel genuinely sorry if any central bank understands me as having in any way commented on its working adversely.

V. RAMADAS PANTULU.

Special Type Societies.

(Review of audit orders issued by the Department for the year ending June 1928.)

1. MUKUNDAGIRI LANDHOLDERS' LEASE SOCIETY, CHINGLEPUT DT.—The society was registered on 6th February 1926 and started on work on 26th April of the same year. The main object of the society if we sum up all the objects as given in the bye-laws amounts to helping its members in cultivating their lands. It may adopt several means to carry out this object. It may itself undertake to cultivate the lands on behalf of the members or taking them wholesale and sub-renting them to suitable tenants. It may effect improvements temporary or permanent and also help the members and sub-tenants in the purchase of good manure, seeds, etc.

The number of members on the roll has remained the same throughout the year but the number of shares taken by them and the paid up share capital have risen from 31 and Rs. 310 to 59 and Rs. 590 respectively.

An extent of about 60 acres of which about 45 were wet lands, was leased by 5 members to the society for 5 years. The society had not attempted at direct cultivation but has sub-rented the lands for one year to 43 tenants. The advantage of taking lands on lease from the society instead of from the landholders, lies in the fact that the tenants get timely help for purchase of seeds, etc., permission in time for harvesting and fair distribution of the proceeds. About 6 acres of lands were left uncultivated owing to deficient rainfall and lack of water supply to tanks.

The commission secured for the society in *gingelly and ragi* and also a a portion of *paddy* was disposed of on the threshing floor itself for want of proper accommodation; but about 127 marakkals of paddy (one marakkal 3⅝ Madras measures) have been retained with the Secretary in his personal custody with a view to start cultivation work by the society itself in the current year. We are informed that the Society has cultivated in the current year about 4 acres of wet and one acre of dry land. It has purchased a pair of bulls for Rs. 227 and they have been insured in the local cattle insurance society. The Society purchased during the year under review bonemeal from Tindivanam Industrial Co-operative Society and supplied it to the tenants. The Society also attempted to bore a few wells with the help of the Industrial Department but owing to the hardness of the soil, much progress could not be made. It is said that in the case of a well whose boring operation was begun by the Department on requisition and which has been only partially successful the soil, as we said, being hard, the Department has left it there. The report says that the Industrial Department will be addressed to help the society further in its boring operations, As is observed in the report unless the Industrial Department comes to the rescue of the large number of poor landholders in the matter, the difficulty of getting adequate water supply cannot be solved.

The report tells us that the Deputy Registrar is trying to find a suitable centre in the district for starting a Demonstration Society similar to the Lalgudi Sivagnanam Pillai Society. This seems to us rather unfair to the Lease Society at Mukundagiri, as one of its objects is to disseminate the latest improvements in agriculture and adopt them in practiee. This same Society may be utilised for Demonstration purposes as well and no separate society need be registered.

2. THE VELLORE CENTRAL WEAVERS' DEPOT (NORTH ARCOT DIST).—There were no admission or withdrawal of members during the year. It is said that there is an overdue amount of Rs. 496-8-0 under share capital. It is hoped that the Directors of the Society will see to the immediate collection of these amounts, realising that it is the share capital which builds up a society. It is gratifying to note that the Society has earned some profit. This profit is very small due to absence of increased transactions, though it is 4 years and more since the society has started on work. The reasons for such a poor condition of the society are not given in the report and we hope it is not due to any reluctance or indifference on the part of the directors to work up the society efficiently.

3. THE NATRAMPALLI CO-OPERATIVE CROP LOAN AND SALE SOCIETY (NORTH ARCOT)—The Deputy Registrar ends his report saying "There is no good of its existing merely in name" and the statement of receipts and charges shows a starting balance of 5 as. and a closing balance of 5 as. The liabilities of the Society have exceeded the assets by Rs. 4-11-0 and the number of members on the roll has remained constant. Such being the case we have to endorse the opinion of the Deputy Registrar and hope the society has been ere long closed so that it will not deface the Non-Credit Movement which is only in its infancy in our province.

4. ARKONAM HOUSE BUILDING CO-OPERATIVE SOCIETY (NORTH ARCOT). The Society has worked at a loss of Rs. 40-10-0 and this is due to the enormous dues of members under Principal and Interest to the extent of Rs. 12,527-10-4 and Rs. 2,402-0-0 respectively. 11 loans have been closed and arbitration proceedings have been taken against them. Considering the enormous amount remaining overdue we have to endorse the Deputy Registrar's view that "effective steps do not appear to have been taken to collect the overdues". Many irregularities have been pointed out in regard to the Account Keeping in the Society. The non-preparation of monthly overdue lists and the improper posting of the General Ledger are points which prove the indifference of the management and we hope that similar irregularities will be avoided in future and proper steps taken towards effective collection of overdues.

5. KODAIKANAL CO-OPERATIVE STORES.—The number of members at the end of the year is 223, and the paid up share capital Rs. 29,500. The gross profit on transactions of the stores amounts to Rs. 8,939-1-0, and the net profit Rs. 4,425-0-0. The working of the stores has been satisfactory.

6. THE MADURA CITY CO-OPERATIVE STORES.—At the end of the year there were 467 A class members with 646 shares, and 4 institutions as B class members. The net profit on the transactions of the stores amounted to Rs. 2,423-2-0 of which one-fourth should be carried to the Reserve Fund. It appears that the profits of the stores as compared with those of the past year are on decline, and the committee members will do well to examine the causes, and suggest improvements. On the whole the stores is working well.

7. THE GUDLAVALLERU CO-OPERATIVE LAND MORTGAGE BANK.—The authorised share capital of the bank is Rs. 40,000 divided into 4,000 shares of Rs. 10 each. The amount of share capital on the last day of the year amounted to Rs. 23,050. The number of members rose from 136 at the beginnig of the year to 212 at its end. 44 villages are at present included within the area of operations of the bank, while members have joined from 26 villages at present. The bank issued during the year 16 debentures of "A" Series of Rs. 1,000 each and 79 debentures of the "B" Series of the same denomination thus bringing the number of debentures issued at the end of year under "A" and "B" series to 50 and 148 respectively, to the value of Rs. 50,000 and Rs. 1,48,000. The total borrowings at the end of the year were Rs. 1,98,000. 84 loans amounting to Rs. 1,10,816 were disbursed to members during the year. It is pleasing to note that there were no overdues from members. But extension was granted to the members for Rs. 1,103 for amounts recoverable from them during the year. The bank worked at a net profit of Rs. 2,733-1-0 during the year. One-fourth of this goes to the reserve fund.

Resolutions

OF

THE EAST GODAVARI DISTRICT CONFERENCE RAMACHANDRAPURAM.

1. This Conference thinks it desirable to prepare the "Property Statement" on the lines suggested in the Registrar's Circular No. 32—Spl. 28, but finds it impracticable at present so to do until July 1930, and requests the Departmental Authorities not to make the preparation of the property statement on the said lines a condition precedent for the amendments of the by-laws of the society when and if necessary.

2. Resolved that the immovable property situated in villages mentioned in by-law No. 1 on the security of which loan may be granted, may be included in the evaluation of the net assets in fixing the M. B. P. of the society.

3. In view of the growing scriptory and other work of primary societies this Conference exhorts all the primary societies which are working with a M. B. P. of Rs. 25,000 or above to appoint a clerk and other societies working with a M. B. P. of less than Rs. 25,000 to appoint a clerk for a group of 2 or more neighbouring societies.

4. This Conference is of opinion that there is urgent need for the encouragement of produce loans with effective safeguards and request the Central Banks and Supervising Unions to take the necessary steps for the same.

5. This Conference is of opinion that the fixing of the Maximum Borrowing Power of societies should be left to the concerned central banks.

6. This Conference is of opinion that in the interests of the movement, an Indian should be appointed Registrar.

(Resolution No. 7 stating that the duration of short term loans should be 2 years and not one year was withdrawn.)

8. This Conference is of opinion that it is necessary for each central bank to provide itself with an Inspecting Staff for the inspection of its constituent societies.

9. Resolved that the Individual Borrowing Power shall be fixed by the society itself with the approval of thefinancing bank, on the recommendation of the Union.

(Resolution No. 10 stating that each Banking area shall have a Federation of its own' was lost; the amendment proposed to it to add at the end "till a centralised financing institution is organised for the whole Revenue District," was disallowed by the President.)

11. This Conference is of opinion that all the Supervision Fund collected in the district be pooled in the District Federation and distributed among the Unions by the Federation in accordance with their requirements.*

12. This Conference is of opinion that all the supervisors be formed into a District Cadre under the control of the Federation and the Unions shall be at liberty to fine and suspend them and an appeal shall lie to the Federation.

(Sd.) M. VENKATARANGIAH,
President.

*The original resolution included the conditional clause at the end, *viz.*, "provided that each union gets for its share an amount not less than that contributed by the primary societies within its jurisdiction." This clause was omitted, 24 being for and 11 against the omission. The original resolution after deleting the conditional clause was carried by 24 against 18.

Extracts.

Copy of Memorandum of the Registrar No. A. 2143/29 dated 15th Apr. 1929.

SUBJECT:—Working of the Co-operative Societies Act—1927—1928 —Registrar's observations—Extracts relating to districts.

The President, South Arcot District Co-operative Central Bank, Cuddalore, has circulated relevant extracts of the Registrar's annual report for 1927—28 so far as that district is concerned adding a few general remarks among the Directors of the Bank, local Unions and the District Federation. He also proposes to translate and publish it for the benefit of the Rural societies. The idea is a commendable one and is in consonance with resolution on subject No. 2 of the Departmental Conference held in October 1925. The Registrar commends it to all Central Banks and District Federations for adoption so that the policy of the movement in general and the position of the district in the movement in particular may be brought home to all the co-operators.

(Sd). T. R. RANGANATHAN,
Ag. Manager.

(True Copy).

THE SOUTH ARCOT CO-OPERATIVE CENTRAL BANK LTD., NO. 1844, CUDDALORE N.T.

C. 4773/28-29. *Dated—4-3-1929.*

CIRCULAR.

Subject:—Working of the Co-operative societies Act 27-28—Registrar's observations—Extracts relating specially to the South Arcot Dt., and few general remarks.

Summary of Progress:—The South-West monsoon was upto or above average except in South Arcot. The North-East monsoon was unsatisfactory in most districts especially in Chingleput, South Arcot, etc. On the whole the year was not so favourable.

Expansion and consolidation:—The Committee on Co-operation recommended that immediate attention should be given to rectification if possible of all dormant societies or failing this to liquidation. The work of consolidating the existing societies is being attended to.

The organisation of credit societies is in the hands of Unions and during the year 1112 Agricultural societies were registered. The expansion and consolidation was in general proceeding together. The districts which showed the greatest expansion were North Arcot, South Arcot and 3 others.

Collection :—The special staff employed in certain districts by Federations for the rectification work in dormant societies have done good work in this direction. With the arrangements pressed on Federations and Central Banks to pool the Supervision Fund in the District and to control the supervising staff of the districts, better results may be hoped for.

Federations :—Out of the 19 Federations, those at Vellore, Cuddalore and Conjeevaram have not provided for any representation of Central Banks on the General Body or the Board of the Management of the Federation. If the Federation is to be the recognised exponent of non-official co-operative opinion in the district, it should encompass all co-operative activities in the District.

There is no room for doubt that the delegation of supervision to non-official bodies proceeded at too repaid a pace and the situation is being alleviated by the appointments of Administrative Inspectors and Inspectors for liquidation work, for each district. The supervising Union were unable to fill up the gap and satisfy the full requirements. Overdues increased and there was a general complaint from Central Banks. Organisation of new societies was not accompanied by adequate care and instruction nor in many cases were the Supervisors appointed by Unions able to fulfil their duties adequately.

The Federations representing the combined interests of co-operative societies in each district should encompass all societies and must therefore admit as members Unions, whether for audit or supervision, special societies not included in unions, the financing Banks and individuals of prominence whose knowledge and experience would be a source of strength to such a representative body. Similarly the control will be in the hands of elected representatives and co-opted individuals. It should have under its control the pooled supervision fund of the District, contributed by the Primary societies and the financing Banks, while the paid staff should similarly be constituted as a district cadre, appointed, dismissed and transferred by the Federation. The detailed supervision of primary societies, will, it is intended, continue as hitherto under Unions to which the requisite funds for inspection will be allotted. The Governing Body of the Federation will control the work in general but the routine work must be in the hands of a paid staff and in addition to the supervisors required for each Union, the Federation must maintain a reserve for leave, training and special work, the whole under an adequately paid chief Executive officer. The Federation itself must take up the work of instructing the panchayat and other Rural Co-operative workers. It is intended that the Federations should combine all interests in the district and in view of the great importance of the financial aspect, should include strong representation of the Central Banks. At the same time they form the link between village co-operation and the **Provincial Union.**

In accordance with the principles stated above, certain necessary changes in the model by-laws of primary societies, Central Banks, Unions and District Federations were found essential and these have been communicated to the several bodies for their acceptance.

Rectification work with special grants from Central Banks was carried out particularly by the Federations at Chingleput, Coimbatore, Vellore, S. Canara, Madura and S. Arcot.

Proposals have been placed before Government for the institution of a Central School at Madras running a year's course in conjunction with the Government school of Commerce. which already provides instructions in those technical subjects of Accountancy and the like with which the co-operative workers must be familiar.

Local Supervising Unions :—It is quite essential that the existing Unions whose area of operations is unwieldy should be reduced to manageable proportion. Although in some cases local conditions prevent the splitting up of Unions at once, the general principle that Unions are more efficient where the operations are restricted to a small compact area and where the number of affiliated societies does not exceed 25, should be kept in view and steps taken to reduce where funds permit the wide area of jurisdiction so as to enable the Unions to carry out all their dtuies properly.

The Unions besides supervising the existing societies, are responsible for the co-operative development of the area in their charge and the organisation of credit societies has been left to them. In almost all the districts, the loan applications from primary societies are complied with by the financing Bank on the recommendation of the Union and reference to the department are becoming fewer. The efficiency of the Unions depends upon the interest of the Governing Body members of the Union and the ability of the Supervisor. The supervisors have been trained hitherto by the Assistant Registrars, but there was no examination. Arrangements have since been made to train the supervisors in the training schools and Federations have been requested to pool the Supervision Fund, form a district cadre of supervisors and to engage a well-paid efficient executive officer to check the work of the Union supervisors.

Classification of societies :—Societies affiliated to unions are classified into 2 systems; *viz.*, (1) as A, B, C and D as suggested in the 9th Conference of Registrars held at Bombay in 1926 on the basis of the help derived by them and (2) as I to VII on the basis of actual collections to demand :—

I	95 per cent and over.
II	70 per cent ,,
III	55 per cent ,,
IV	40 per cent ,,
V	Below 40 per cent.
VI	Dormant socirties which have not given any loans in the last 12 months.
VII	Societies to which no loans have yet fallen due.

Demand, Collection and Balance :—The principal arrears under long and short term loans were very high in Anantapur, S. Arcot etc., the percentage being in excess of 50 per cent. Constant attempts are being made to increase the proportion of short-term business.

Collection work in Unions :—Overdues are very high in Anantapur, South Arcot etc., as the percentage of balance to demand ranges from 50 to 85 per cent. The District Federations and local Unions in the districts will take necessary steps to reduce the arrears and show satisfactory results in the current year. The Central Banks in the districts of Arcot North, Arcot South have given extensions of time to societies, but the societies in these districts have not in their turn showed a similar concession to their members. This is very irregular as was repeatedly pointed out and ought not to continue. To combat the overdues in primary societies, the Unions and Federations should do their work efficiently and systematically. All these societies are now required to open a register of overdue loans and to transfer all overdue cases to that register. Each primary society affiliated to a Union was asked to send to the Union every month a statement to show the D. C. B. of loans due from its members. This arrangement had a wholesome effect. One of the reasons for the overdues is the defect in the present organisation under which no facilities are granted for the prompt disposal of short term loan applications. Cultivators do not repay their loans as they think that if they do so, they will be unable to obtain the money they require in time for their next cultivation season. The delay was generally in the Union where the Governing Body never meet frequently to dispose of loan applications. With a view to the loan applications being dealt with, with the utmost promptitude and to facilitate loans being got quickly, Unions were advised to have committees formed consisting of 2 or 3 Directors at the Union head quarters. Circular instructions were issued to all societies, Unions and Financing Banks to make sufficiently early an application for a loan estimated to be enough to provide for cultivation expenses and other short term needs, preferably six weeks in advance, before the commencement of the cultivation season. This estimate together with the panchayat resolutions for borrowing the amount from the financing Bank and loan applications in duplicate and pronotes etc., were to be sent through the Unions to the Financing Bank. This application should be dealt with in the ordinary course, but the Bank would pass orders allowing the loan to be drawn on four months between specified dates—Any amount not so drawn to lapse. Delay in the registration of pronotes by primary societies has been obviated by the Central Banks agreeing to accept unregistered pronotes of primary societies for short term loans. Again delay in the drawal of money required further hinders short term business. This can be avoided and simplified by developing current account banking through local Urban Banks in which primray credit societies can have current accounts.

* * *

Communicated to the Directors, the Secretaries of co-operative Unions, and Secretary, District Federation for information and guidance.

R. KRISHNASWAMI IYENGAR,
President.

MATTERS OF MOMENT.

By E. S. Sunda Esq., B.A., B.L.,

I. CO-OPERATION AND INTERNATIONAL TRADE.

" It was essential that if the Empire (British) was to be a purchaser of British goods, we should give aid to the development of *consumer's co-operation* in Canada, Australia, New Zealand and particularly among the teeming millions comprising a *huge potential market in India.* At present we suffer badly from *lack of representation in the Dominions.* Visits were made in vain . . . *Permanent trade representation together with some practical missionary work would inevitably result in a decided impetus in co-operative trade and would cement the bonds between our movement and co-operators overseas* ".

This is not all. '*The Canadian Co-operator*' answers the question by saying " the industrial interests which in profession are the greatest Inperialists do not look with favour upon payment for Canadian-food-produce with British manufactured goods ".

'No frontiers, race or creed' should be the principle. " Actual Development of co-operative trading relationships must take place simultaneously with both the Empire and the *rest cf the world.*

II. AMERICANISATION OF INDUSTRIES IN CANADA—ONLY CURE.

Voluntary co-operative action, if sufficient social intelligence can be developed in our people, will however avoid not only the drift towards the americanisation of distribution but the steady bleeding of the small communities of the country by groups of financiers resident in Canada who dominate chain-stores and mail order corporations. . . . . *Distribution by co-operative societies means the substitution of an institution concerned for* the general welfare—moral, *social, educational and recreational—in the place of a system of distribution the owners of which have no interest whatever in the consumer abroad beyond seeking to make as much profit as possible out of him.*" Co-operative distribution alone provides the only remedy.

(" *The Canadian Co-operator* ").

III. CO-OPERATION WHERE RELIGION FAILS.

" Co-operative system is the ideal way to get over the personal qualities of individuals. For example the Committee of the Irish Agricultural Organisation Society has its quarterly meeting this afternoon and sitting at this table will be Prof. Finlay, a Jesuit priest, the Rev. E. F. Campbell a prominent member of the Orange order. If we to-day are hard up for organisers we would not hesitate for a moment to ask Father Finlay to go up North to talk to the Orangemen and Mr. Campbell to go South and both would be received with the best of spirit. . . . If you are doubtful about

* Extracts from various journals.

the economic value of co-operation, *you should not turn it down unless you are quite sure it will not produce the moral and social influence everywhere as it has where it has been tried.*"

(Evidence before the Committee attached to the Wilson's United States Commission).

IV. CO-OPERATIVE DISTRIBUTION ECONOMIC?—IF SO, HOW?

Three main items of expenditure are saved.

(*a*) No necessity for advertising to coax themselves (members) to buy merchandise from their own stores.—This amount is returned to purchasers in proportion to their purchases.

(*b*) No tax for goodwill—a Joint Stock concern requires payment for goodwill. In buying from that, the purchasers provide for such a tax based on goodwill. In co-operation, there is no need to pay for the privilege of buying from themselves. "The capitalisation of Co-operative Society is confined to the value of its intrinsic assets" while that of a private concern will include physical assets plus capitalised payment for goodwill.

(*c*) No excessive salaries.—When business is *socially owned* expert service is not very necessary. So the salaries of the manager and those of the rank and file do not stand very much apart. There is not the evil of excessive salaries of executive officials as in a private business who are virtually in a position to fix their own salaries, owing to their share holding control of the organisation."

The Canadian Co-operator.

IV. GROUPS OR FACTIONS IN CO-OPERATION.

"We feel that the competitive organisation of *groups* or factions in a *co-operative movement* or *conference or congress does violence* to co-operative principles but the blame must fall upon the people who introduce the practice. There is a great *deal of difference between the individual expression of conflicting views intended to contribute to the common thought and welfare and the making of irrevocable decisions* before a meeting is held which may resist the influence from evidence, information or argument".

VI. POLITICS AND CO-OPERATION.

The following may be of interest and some slight warning if not guide to the Indian Co-operators :—

The Canadian Union felt the necessity for a referendum to the affiliated societies on these points :—

(i) that in the interest of harmony and unity the co-operative league directs by the action of its constituent societies the exclusion from discussion of those two fields of divisive controversial opinion, (a) community, socialist and other political or economic theories (b) the attitude co-operators and the co-operative movement should take towards such other political or economic programme and movements."

209 votes where received in favour of the above resolution and 41 against.

"It will be realised that substantial progress cannot be expected so long as co-operators associated with a political party insist upon airing their political views at co-operative gatherings composed of supporters of all parties or of those who attach little value to political action. . . . It is unfortunate that anybody should have this political "bee" in his co-operative "bonnet", for otherwise he and others are excellent co operators. . . . If we could develop as good an understanding of co-operative essentials, of course without political dilution, among the members of the average society we would be sure of a rapid development."

VII. "BROTHER-IN-LAW STUFF."

Mr. Herron, Editor of the *Nebraska Union Farmer* at the American Co-operative Congress referred to what was known in his state as the 'brother-in-law stuff'. It was queer that a number of farmers had relatives in the towns close by. Such farmers obstructed all co-operative progress calculated to injure the interests of their relations.

VIII. CONSUMERS' CO-OPERATION, WHAT IS IT?

Co-operation ought not to be an organization to merely satisfy the wants of consumers: it should be *a crusade to change their taste.*

T. W. MERCER.

Registrar's Circulars.

XVIII

SUB : *Trading Societies—Maximum Borrowing Limit—(No. B. 6037 of 28, dated 18th April 1929).*

Trading societies which give loans on the pledge of agricultural produce or finished products of their members may borrow money exceeding the present accepted limits of five or eight times their owned capital, provided the extra money so borrowed is covered by goods (produce or finished products) definitely pledged to and placed in the custody of the banks which lend such money. The following amendment to the by-law relating to the maximum borrowing limit of those societies is suggested :—

Add to the end of by-law No.........(By-law No. 15 of the model by-laws for Loan and Sale Societies)

(the Central Bank)

But any sums borrowed from the.. at..................................shall be on the security of produce or finished products definitely pledged to and placed in the custody of that Bank in accordance with the subsidiary by-laws framed by that bank for the purpose, and shall then not be restricted within the said limit of (8) times the sum of the paid up share capital and the reserve fund.

XIX.

SUB : *Agricultural primary credit societies—Maximum Borrowing Limit—Separate for long and short term loans. (No. B. 6037 of 28, dated 18th April '29).*

In Registrar's Circular No. 6358 of 23, dated 19-1-29 it was suggested that the borrowing power of a member of a rural credit society might be apportioned between short and long term purposes. Similarly the borrowing limit of the society too, may, it is suggested, be split up for the two purposes. In the circular quoted above it was also suggested that the borrowings obtained from a central bank on the security of the produce definitely pledged to and placed in the custody of that bank could be excluded from the prescribed borrowing limit of the society. Bylaw 18 of the model by-laws of rural co-operative credit societies (unlimited liability type) will take the following form if the above suggestions are accepted :—

" The total borrowings of the society..............................shall not be exceeded. *Of this limit not more than Rs.......shall be available for long term purposes.* But any amount borrowed by the society from (*the Co-operative Central Bank*) on the security of produce definitely pledged to and placed in the custody of that bank and in accordance with the subsidiary

by-laws framed for the purpose by the bank shall not be restricted within the limit of B referred to above.

XX.

SUB : *Rectification of defects in Societies—Register to be maintained. Memorandum No. B 2147/29, dated 23rd April '29.*

The Assistant Registrars are aware that an item in block letters appears in the front page of the audit notes (final, interim and super) in which the auditors are required to indicate the numbers of questions against which defects which require the special attention and rectification by the societies concerned are noted. The Registrar considers that it will be desirable to maintain a register in each society and union to watch how far the defects pointed out have been rectified. Such a register will also enable the subsequent auditors to know if adequate action has been taken and set right the objections raised or defects pointed out.

2. For this purpose the Registrar suggests that two registers should be maintained, one by the society concerned and the other by the Union to which the society is affiliated.

The register to be maintained by the society may be in the following form.—

Date of audit.	Nature of audit, whether final, interim or super audit.	Q. No.	Question No. and objection in brief.	Action taken by society.	Inspecting Officer's remarks.
1	2	3	4	5	6

The inspecting officer should report to the union the nature of action taken (column 5). In column 3 should be given only the questions referred to in paragraph 1 above.

3. The register to be in the union may be in the following form.—

Society's name.	Nature of audit, final, interim and super.	Question No.	Defect noticed in brief.	Action reported by inspecting officer.
1	2	3	4	5

4. The Assistant Registrars noted below are requested to offer their remarks on the suggestion contained above and in the forms devised. Their replies should be sent through their Deputy Registrars who are requested to submit them to the Registrar adding their own remarks.

To,

The Assistant Registrars, Vizagapatam, Rajahmundry, Bezwada, Anantapur, Vellore, Conjeevaram, Trichinopoly, Madura, Mangalore, Coimbatore.

Copy to all Deputy Registrars.

Copy to the Provincial Co-operative Union. The Registrar will be glad to have the remarks of the Provincial Co-operative Union.

P. C. U. Circulars.

I

XVII. Conf.

THE MADRAS PROVINCIAL CO-OPERATIVE, UNION,
ROYAPETTAH, MADRAS.
21st May 1929.

FROM

THE HON'BLE MR. V. RAMADAS PANTULU, B.A., B.L.,
President. The Madras Provincial Co-operative Union.

To

THE MEMBERS OF THE P. C. U.

Dear Sir,

It was resolved by the Executive Committee of the Union that the meeting of the General Body of the Union and the XVII session of the Madras Provincial Co-operative Conference should be held on the 20th and 21st July next at Madras. The Committee was also of opinion that the deliberations of the Conference might usefully be concentrated upon a few subjects of outstanding character and of a provincial importance, so that co-operators from all parts of the Presidency might assemble and exchange ideas more upon matters pertaining to general policy and direction of the movement than upon details and local questions. The latter, it was felt, could be more appropriately discussed in rigional conferences of co-operators in the several linguistic areas in the vernaculars. The proceedings of the Provincial Conference will therefore be mainly conducted in English so that delegates from all districts may follow and participate in the discussions, it being of course open to any delegate to address the conference in any other language he pleases.

The following subjects are accordingly suggested for discussion at the Conference. If you wish to modify the list by the omission of any of the subjects or by the inclusion of others, I shall feel grateful by your communicating your opinion at the earliest convenience. I shall also feel obliged if you send up your views on any of the subjects either in the form of a note or a paper for the benefit of the Conference. If you desire your note or paper to be included in the volume of Notes and Papers intended to be printed and circulated to the delegates, I request you to send it so as to reach the office of the Union in a month from this date, say on or before the 21st June. I am told that it would be impossible to print and publish it if it reaches this office later than that date.

Yours Sincerely,
V. RAMADAS PANTULU
President.

SUBJECTS FOR DISCUSSION.

I. *Programme of Rectification and Consolidation.—*

(*a*) Is it necessary that any such programme of work should be formulated in respect of the Rural Credit Societies ?

(*b*) If so, should particular districts be selected for intensive work or experiment, or a general programme be given to all the districts to be persued simultaneously ?

(*c*) What is the programme ? How is it to be financed ? What part, if any, should the central banks and the Provincial Bank take in executing it ?

(*d*) Is it to be entrusted to the District Federations or Local Unions or a special Staff controlled by the District Federation and Central Bank of the District ?

II. *Scheme for strengthening supervision.—*

(*a*) Should Supervision Fund be pooled in the District Federations ?

(*b*) If so, what are the principles to be observed in framing budgets of Local Unions ?

(*c*) What staff should District Federations employ ?

(*d*) Is it desirable to employ deparmental officials as the Executive Officers of the District Federations ?

(*e*) Is it desirable to have a separate Federation for each central bank's area or only one single federation for each district ?

III. *Co-operative Finance.—*

(*a*) Should central banks and the Provincial Banks attract long term deposits at higher rates of interest and lend to societies for periods which may extend to 10 and 12 years for debt redemption and land improvement.

(*b*) Is it desirable to restrict the operations of central banks and village societies to short and intermediate loans not exceeding 5 years ?

(*c*) How are the long term deeds of rural co-operators to be satisfied ?

(*d*) How to strengthen the position of primary land mortgage banks ?

(*e*) Is it desirable to attempt the complete redemption of rural indebtedness in a selected village or two as an experiment through the help of the local central bank and land mortgage bank ? If so how is it to be done ?

(*f*) How to improve the working of the Urban Banks ? What are the defects in their working and how to remove them ?

IV. Execution of Decrees and Awards.—

(*a*) What is the present position with regard to the execution of decrees and awards ?

(*b*) What arrangements should be made for the speedy execution of decrees and awards ?

(*c*) Is it desirable to ask for a special executive staff of the Department ?

(*d*) Can the work be entrusted to honarary workers invested with statutory powers ?

V. Non-Credit Co-operation.—

(*a*) What special non-credit societies can be usefully started with good chance for their success ?

(*b*) What steps shoud be taken to improve and popularise the working of the Loan and Sale Societies ?

(*c*) Should steps be taken to promote the scheme of co-operative marketing of agricultural products and if so in what manner and of what special products ?

(*d*) How to promote the production and sale of Khaddar through Co-operative Societies ?

N. B.—Notes or papers on each of these 5 topics may be sent in separate parts on separate sheets of paper to facilitate their being classified and collected under separate heads for printing.

II

XVII Conf.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION,
ROYAPETTAH, MADRAS.
27th May 1929.

To

THE MADRAS CENTRAL URBAN BANK,
ALL THE CENTRAL BANKS.
" " DISTRICT FEDERATIONS,
" " LOCAL UNIONS,
" " URBAN BANKS,
" " NON-CREDIT SOCIETIES.

Dear Sir,

It was resolved by the Executive Committee of the Union at their last meeting that the XVII Madras Provincial Co-operative Conference be held at Madras on 20th and 21st July 1929.

We earnestly invite you to take part in the Conference by sending your representatives. Primary societies are requested to send one delegate

each, while unions, District Banks and Federations are at liberty to send two delegates.

We should draw your attention to the fact that delegation to the Conference is entirely different from that to the General Body Meeting of the Provincial Co-operative Union.

A delegation fee of Rs. 2 will have to be paid for each delegate as usual. The Boarding and Lodging charges are separate and have been fixed at Rs. 3 for both the days of the Conference. Delegates who require boarding and lodging will please inform us of the same through the enclosed form.

There will be 4 Sub-Committees of the Conference for the following subjects :—

(1) Co-operative Finance.
(2) Supervising Organisations ; education and propaganda.
(3) Rectification and Consolidation.
(4) Non-credit Co-operation.

For the convenience of the Sub-Committees, draft resolutions on the respective subjects will be framed and supplied by the Executive Committee of this Union.

Delegates are requested to mention in the enclosed form the Sub-Committee or Sub-Committees in which they would like to serve. The usual Notes and Papers will be printed and circulated to the delegates at least a fortnight in advance of the Conference. It is requested that the form enclosed herewith may kindly be filled in and returned to this office by the end of June next.

We finally appeal to you to make the Conference a splendid success by sending your representatives and contributing liberally towards the expenses of the Conference.

Yours Sincerely,
V. VENKATASUBBAYYA,
Joint Secretary.

ENCLOSURE.

To

THE SECRETARY,
The Madras Provincial Co-operative Union,
Royapettah,
MADRAS.

Name of the institution electing the delegates.......................................

Postal address..

DEAR SIR, Date..........................

We have elected the undermentioned gentleman/gentlemen, as our delegate/delegates to the XVII Madras Provincial Co-operative Conference, The delegation fees of Rs. 2/Rs. 4 for the delegate/delegates, together with Rs..................as donation towards the expenses of the Conference and Rs. 3/Rs. 6 towards Boarding and lodging fees has to-day been remited to you by M.O./cheque.

Yours Sincerely,

Secretary.
President.

	Name of delegates.	Clear postal.	Address.	Whether Boarding is and lodging required.	Name of the Sub-Committee in which the delegate would like to serve.
1					
2					

III

No. Gl. M I.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION,
ROYAPETTAH, MADRAS,
27th May 1929.

To

ALL THE MEMBERS OF THE
PROVINCIAL CO-OPERATIVE UNION.

Dear Sir

The annual general meeting of this Union will be held on the occasion of the coming XVII Madras Provincial Co-operative Conference to be held at Madras on the 20th and 21st July, 1929. The exact date and time of the meeting will be notified at the Conference.

Any subjects for consideration at the meeting may kindly be communicated. The final agenda for the meeting will be sent to you a week before the meeting.

We request you to kindly elect your delegate to the meeting and let us have his name and address for which a card is enclosed herewith for being filled and returned so as to reach us not later than 10th July, 1929.

The institutions which have not paid their annual contributions to the P. C. U. for the current year (as well as for previous years if any) are requested to kindly remit the same without any further delay.

Yours Sincerely,
V. VENKATASUBBAYYA,
Joint Secretary.

N. B.—Each institution is requested to elect only one delegate for the annual meeting of the P. C. U.

ENCLOSURE.

To

THE SECRETARY,
THE MADRAS PROVINCIAL CO-OPERATIVE, UNION.
ROYAPETTAH, MADRAS.

Name of the Institution electing the delegate......................................

Postal Address...

Date...............................

DEAR SIR,

Mr...has been elected to represent the above institution at the Annual General Meeting of the Madras Provincial Co-operative Union to be held in July 1929.

Yours Sincerely,

Secretary or President.

IV

R. C. 7/28-29.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION,
ROYAPETTAH, MADRAS,
30th May 1929.

From

THE HON'BLE V. RAMADAS PANTULU, B.A., B.L.,
President, the Madras Provincial Co-operative Union.

To

THE SECRETARIES OF ALL LOCAL UNIONS
NOT AFFILIATED TO THE P. C. U.

Dear Sir,

In continuation of my previous letter on the subject, I request you to kindly take the necessary steps to get your Union affiliated to the Provincial Co-operative Union at the earliest possible date. Tha General Body meeting of the Provincial Co-operative Union will be held on the occasion of the XVII Madras Provincial Co-operative Conference which is to be held on the 20th and 21st July, 1929; and I request you to affiliate your Union to the Provincial Co-operative Union before that date, so that your Union also may be represented at the meeting.

All that is necessary to be done in this connection is to send us a copy of the resolution of your Union for affiliating it to the Provincial Co-operative Union, with a remittance of Rs. 5 towards the affiliation fees. In case you thus affiliate your Union to the Provincial Co-operative Union, the name of your representative to the General Body Meeting may also be communicated to us through the enclosed card.*

A copy of the Madras Journal of Co-operation which is published monthly will be supplied free of cost to your Union on affiliation.

Yours Sincerely,
V. RAMADAS PANTULU
President.

V

XVII Conf./III

THE MADRAS PROVINCIAL CO-OPERATIVE UNION,
ROYAPETTAH, MADRAS.
Dated, 1st June 1929.

To

THE SECRETARIES OF ALL BUILDING CO-OPERATIVE SOCIETIES IN THE PRESIDENCY.

Dear Sir,

It is proposed to hold a conference of all the Building Co-operative Societies in this presidency at the time of the XVII Madras Provincial Co-operative Conference to be held on the 20th and 21st of July 1929.

Any subjects for consideration at the said conference together with notes or papers on those subjects may kindly be communicated to me on or before the 21st June 1929.

The agenda for the conference will be sent to you a week before the conference.

I request you to kindly depute your delegate to the conference and to let me have his name and clear postal address by the end of this month.

Yours Sincerely,
G. SRIRAM BABU NAIDU,
Joint Secretary.

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*Enclosure same as to Circular No. III above.

District News.

1. MADURA.

Dr. A.J. Saunders of the American College delivered on 4th February last, a very interesting lecture on "Co-operation in the Madras Presidency with Mr. T. C. Srinivasa Iyengar, M. L. C., in the chair, in the Madura Co-operators' Association premises before a crowded audience of co-operators and the general public.

The lecturer traced the history of the movement in England and the Continent and how the pioneers in the movement helped themselves and others. He dealt with the history of Co-operation in India based upon the report of Sir F. Nicholson. The evolution of the movement in its various stages with the enactment of the Co-operative Credit Societies' Act of 1904 the revision of the Act in 1912, the labours of the Maclagan Committee in 1915 and lastly the Townsend Committee in 1927. The speaker laid stress upon the development of Non-credit activities in the country and exhorted all co-operators to develop weaving and other allied industries.

The President endorsed the views of the speaker and added that Co-operation should not be one-sided and should be useful to all.

II. The chief feature of the month was the arranging of a converzatione to meet Mr. J. A. Maybin, C.C.S., Deputy Registrar of Co-operation, Ceylon, on 2-3-29 when all the leading co-operators assembled and had a friendly exchange of views, regarding British and Ceylon Co-operation. Mr. Maybin's note in the visitor's book will be of some interest to co-operators in other parts of the presidency.

"I would thank Mr. Sunda and this Association for inviting me to be present to-night and giving me the opportunity of having a very interesting conversation on a wide variety of co-operative problems. I was very glad to have a chance of meeting a large number of leading local co-operators and having their views. Friendly discussion of this nature seems to be particularly desirable. I wish the association all success".

III. Prof. S. K. Yegnanarayana Iyer and many leading co-operators met in the Association on the 15th March at 6 P. M. to discuss the development of the Store Movement. An interesting debate about the decentralisation and amalgamation of various stores in Madras took place. There was strong support for amalgamation. The starting of a Wholesale Society for the Presidency to have mutual supplies was suggested. Separation of credit from the non-credit side of Co-operation was discussed at length. The meeting came to a close at 8-30 P. M.

2. MADRAS.

IV. The Madras City Co-operative Building Society: Annual General Body Meeting: The Fourth Annual General Body Meeting of the above Society was held on 5th May '29 in the premises of the C.R.C. Branch

School, Purasawalkam, Madras, with Mr. S. Rajagopalaswami Mudaliyar, Retired Engineer P. W. D., the President of the Society, in the chair.

The Report and the Audit Certificate for the last year 1927-28 was read by the Secretary, Mr. G. Sriram Babu Naidu, and duly adopted. After carrying 25 per cent of the net divisible profit of Rs. 554 to the reserve fund, a dividend of $6\frac{1}{2}$ per cent was declared on the paid up share capital to the members, leaving Rs. 28 to the Dividend Equalization Fund and the balance to Common Good Fund. The amendments registered by the Deputy Registrar on 24-9 28 were duly recorded. A resolution requesting the Registrar to permit the society to invest its reserve fund either in the shape of shares in any Central Bank or in debentures of any land mortgage bank or in lending to its members for purchase of sites for construction of new dwelling houses was passed. It was further resolved to arrange for a conference of all building societies in the presidency at the time of the next Madras Provincial Co-operative Conference to be held at Madras on the 20th and the 21st of July 1929 with a view to express the grievances of all building societies to Government.

The following members were elected to the Directorate for the next two years:—Messrs S. Rajagopalaswami Mudaliyar, B. C. E., (President) S. Govindarajulu Naidu, Bar-at-law (Vice-President), G. Sriram Babu Naidu, Advocate (Hony. Secretary), Dr. E. M. Doraiswami, C. C. Vaidyanatha Mudaliyar and C. V. Jayaram Mudaliyar, Directors.

The society was "At Home" to the members in the evening; a photo was taken and the meeting terminated with a vote of thanks to the Chair.

THE MADRAS CITY CO-OPERATORS' MEETING.

A meeting of the city co-operators under the presidency of Mr. N. Sivaraj, B.A., B.L., M.L.C., was held on the 24th May 1929 at the premises of the Provincial Co-operative Union. Among those present were Messrs Rao Bahadur Deenadayalu Mudaliyar, Rao Bahadur M. K. Venkatachariar, G. Sriram Babu Naidu, C. Thyagaraja Mudaliyar, C. K. Vedantadesikachariar, R. Rajagopal, C.V. Naidu and T.R. Sabapathi Pillai. The Chiristian Central Co-operative Bank was represented by its Manager, Mr. S. Krishnaswamy Iyengar, and the Department by Messrs S. P. Perumal Pillai, C. Narayanan Nair and M. Hayat.

Before beginning the proceedings Mr. G. Sriram Babu Naidu read a letter from the Hon'ble Mr. V. Ramadas regretting his inability to preside over the meeting as he was obliged to suddenly leave for Bombay the previous night on public work of a pressing character, and assuring the city co-operators that, if any societies were suffering from the want of a central bank to finance them and of a federation for supervision he would do what he could to promote both. His letter further stated that if they were all united and organised, there is nothing that they cannot achieve. Mr. Sriram Babu Naidu then requested the co-operators to elect a chairman for the meeting upon which Mr. N. Sivaraj was proposed and unanimously elected to the chair.

There were several questions which agitated the minds of the co-operators. The first among them was the desirability of having a separate central bank for the Madras district. A lively discussion ensued on the topic. Mr. C. K. Vedantadesikachariar who spoke first, said that there was a real need for the immediate registration of a separate central bank and he was supported by Rao Saheb C. Gnanaprakasam. Rao Bahadur M. K. Venkatachariar, while explaining the necessity for a separate central Bank, pointed out whether it would not be desirable to make a difference between limited and unlimited liabilty societies in the City of Madras. Mr. A. Tirumalachariar then moved an amendment to the original resolution restricting the operations of the central bank to be started to limited liability societies only. But the amendment when put to vote was lost by a huge majority.

Mr. Sabhapathi Pillai who spoke next explained some of the difficulties which his bank had to experience from the Christian Central Bank and said while the members of the Bank were assured at its general meetings of fair and sympathetic considerations in actual transactions the case was just the opposite. He concluded by saying that it was no good at all for the city societies to be financed by the Christian Central Bank any longer. Mr. G. Sriram Babu Naidu, speaking next, said that the present move on the part of the city co-operators for registering a separate central bank for the city was actuated, not by any spirit of antagonism to the Christian Central Bank, but with the express consent and desire of that bank. He also explained that people should not be under any false notion that the Bank to be started will not in any way be lenient or philathropic in its dealings with its constituents. It will be purely a business organisation. Mr. S. Krishnaswamy Iyengar, speaking on behalf of the Christian Central Bank, also supported the resolution. The orginal proposal was then put to vote and carried unanimously.

At this stage, Mr. N. Sivaraj had to leave the meeting on account of some previous engagement and Rao Bahadur, M. K. Venkatachariar was proposed to the chair.

The next item on the agenda namely the starting of a District Federation for the Madras District was then taken up and there was a hot discussion over it. When it was pointed out that the Department had not taken any action on the proposal to start a Federation which was made as early as August 1928, the Deputy Registrar said that there was no such proposal at all made to him, and that the letter dated 17-8-1928 of the Hon'ble Mr. V. Ramadas Pantulu communicating the draft by-laws for such a federation could not be considered as a proper application for the registration of the Federation. Rao Bahadur M. K. Venkatachariar also agreed with this view and after consulting the departmental officers proposed the following resolution :—

"Resolved that a District Federation be organised for the city of Madras as urgently as possible on the lines suggested by the Hon'ble

V. Ramadas Pantulu in his letter dated 17-8-1928 to the Deputy Registrar, with any alterations if necessary."

The resolution was put to vote and carried unanimously.

Next was taken up the third item on the agenda about the utilisation of the recurring grant of Rs. 1200 to the Provincial Co operative Union for the opening and conducting of classes for panchayatdars of the city societies. On being credibly informed by the departmental officers that the Registrar had already sanctioned the transfer and that there was no need for passing a resolution on the subject, the question was dropped out from consideration.

The last question discussed at the meeting was about the desirability of conducting training classes for supervisors and inspectors in the city of Madras with the extra sum of Rs. 1000 available as a recurring grant to the Madras district. There was a hot discussion on the point. Mr. G. Sriram Babu Naidu pointed that it would not be difficult to run these classes and that the classes may be conducted with this sum of Rs. 1000 and also by levy of fees as was done in the other training centres in the presidency, and therefore any attempt to transfer the said funds to some other district must be protested against. Rao Bahadur M. K. Venkatachariar than stated that so far as Chinglepet was concerned, no money from the government was required by him for training classes in his district. It was finally agreed to pass the following resolution :

" Resolved to request the Provincial Co-operative Union to conduct the training class this year also in the city of Madras without interfering with the transfer of the grant of Rs. 1200 to the panchayatdars' classes.

As it was already very late, the other subjects on the agenda were not considered and the chairman dissolved the meeting. With a vote of thanks to the chair and the co-operators assembled, the meeting then terminated.

Reviews

I

"The Co-operative Movement" by John Hamilton, No. 3 of the Plebs Six Penny Series, published by the Plebs League 162 a, Buckingham Palace Road, London S.W.I.

* *

This is a book dealing with the history and possibilities of the Co-operative Movement from the standpoint of the working men. The author himself states in the preface : –" Co-operative histories and publications have generally only circulated amongst co-operators ; and they naturally treat the subject from the co-operative point of view—that of the consumer. Hence there is a need for dealing with the subject from a different stand-point—that of the organised working-class movement ; and it is from this point of view that this book is written."

We would request our readers to contrast this with the extract given below from an address entitled, " The Faith of a Co-operator " by Mr. Edward Jackson which has been published in the "Co-operative Official" for February '29.

"The emphasis that is laid upon the theory that ours is a working-class movement is misplaced. The assertion is true only in the sense that persons who work with their hands probably comprise the largest proportion of its membership. That in itself is both a weakness and a condemnation—a weakness because some of the world's best brains are thereby condemned to be permanently in passive, if not active, opposition ; and a condemnation, in that the movement is, in the minds of a large section of the community a class movement. Moreover, the psychological effect of this oft-repeated statement is to induce a limited outlook for co-operative service, and to discount the value of those who work with their heads. We measure our successes by a quantitative rather than a qualitative standard ; the counting of heads is the supreme consideration, and *vox populi* is always accounted to be *vox Dei*. To speak of co-operative idealism is sheer hypocrisy while this spirit dominates the co-operative consciousness. Class and class interests are at opposite poles to social idealism. Co-operative appeals from this standpoint are just so much sounding brass and clanging cymbals to the subconscious mind of the crowd."

We object only to the point of view and not to the way in which facts are presented. It is a very useful work containing much useful information compressed in a small compass.

S. K. Y.

CO-OPERATION IN INDIA.

II

PUDUKKOTTAH.

The annual report of the Registrar for the year ending 30th June 1928 has been sent to us. The first thing that strikes is that the Registrar of Co-operation is an *Ashtavadhani* expected to attend to half a dozen things at the same time. He is the District Registrar, Registrar of Village Panchayats, Registrar of Joint Stock Companies and the Director of Agriculture besides being the Registrar of Co-operative Societies. All this is possible because of the small size of the area under his jurisdiction.

The following statement gives us an idea of the general progress made by the movement during the year under report.

	1927	1928
Number of societies	132	143
" of members		14,828
Average per society	113	115
Working capital	13,96,834	17,12,020

The percentage of uncollected balance to demand both under principal and under interest seems to be pretty high as the following statement will show:

	percentage of balance Principal	to demand Interest
Central Bank	66·17	27·28
Agricultural societies	61·29	43·42
Non-agricultural societies	28·22	13·35

This is a serious matter which though explained as usual as being due to unfavourable seasons, yet deserves the attention of all concerned in the welfare of the movement.

The State Co-operative Institute is attempting to develop itself into a Central Organisation for supervision and propaganda. It is in direct charge of non-union societies.

The number of cases fixed by societies for arbitration seems to be relatively high. It is a sure indication that the granting of loans has not proceeded on scientific basis. We draw the attention of Pudukottah co-operators to the lucid expositions of the general principles underlying the classification of loans contained in the Presidential Address of the Hon'ble Mr. V. Ramadas Pantulu to the Bihar and Orissa Co-operative Congress.*

S. K. Y.

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*See page 8 of the Supplement to the May Journal.

I

WANTED.

BY THE BIHAR & ORISSA CO-OPERATIVE FEDERATION, PATNA.

(A) A Principal for the Bihar and Orissa Co-operative Training Institute on a salary of Rs. 400-20—600. Candidate for this post must be a 1st Class Economics man with knowledge and experience of co-operation. The selected candidate will be on 6 months' probation.

(B) A Lecturer on Accountancy and Auditing on Rs. 200-10—300. The candidate must have good working knowledge of banking and specially on co-operative banking.

(C) A Lecturer on village welfare work on Rs. 200—10-300. The Candinate must possess actual experience of this work.

(D) A Lecturer on co-operative Method and principles. The candidate must possess not only theoretical knowledge but practical experience.

(E) A Lecturer on Agriculture on Rs. 200—10—300. The Candidate must have knowledge of working of the latest improvement in agricultural methods. All the selected candidates will be on 6 months' probation.

The selected candidates will have to join by the 1st August. The application to reach the Secretary, Co-operative Federation, Ltd., Bihar and Orissa, Patna by the 30th June 1929. The testimonials will not be returned.

II

Applications are invited for the post of a paid Assistant Secretary in the Office of the Madras Provincial Co-operative Union from 1st July 1929. Only those who possess the minimum qualification of a Graduate in Economics and Co-operation of the Madras University need apply. Persons possessing higher qualifications will be preferred.

The appointment will in the first instance be on probation for a period of one year. To start with, the candidate appointed will be paid Rs. 150 in the 150—5/1—200 grade. Applications with copies of testimonials may be sent to the undersigned so as to reach him on or before the 20th June 1929.

V. RAMADAS PANTULU,
President, The Madras Provincial Co-operative Union,
Royapettah, Madras.

Notes and News.

CO-OPERATION AND KHADDAR.

We have much pleasure in publishing elsewhere in this issue* an extract from Mahatma Gandhi's appreciative note on the working of the Vizianagaram Co-operative Khaddar Stores. We have also published as Supplement No. I to this issue the by-laws of the Stores. The potentialities of the co-operative method in the field of production and sale of Khaddar, for use and not for profit, can be seen from the organisation which has earned the esteem of Mahatmaji. There is need for more centres of a similar nature being started in the province. We hope that the efforts of the All India Spinners' Association will be substantially supplemented by co-operators, to promote hand-spinning and hand weaving in this province. It is purely an economic enterprise in which official and non-official co-operators may well join. The preliminary reports of the Survey of Cottage Industries in the province so far published by the Local Government cover 15 districts.† A perusal of these reports discloses that hand spinning and hand weaving are persued as main or subsidiary occupations by people in varying degrees in all those districts and that they count as economic factors in supplementing the slender incomes of an appreciable number of agriculturists. The Special Officer who conducted the survey makes useful suggestions for the encouragement of the production and sale of Khaddar with which we shall deal in our next issue.

The possibilities of making the textile cottage industry a success are now generally recognized. In this province it ranks in importance and magnitude next only to agriculture, and it is the chief means of livelihood for about 2 million people, who entirely depend upon it. The position which the industry occupies is thus described in the memorandum embodying the recommendations of the non-official members of the Textile Conference convened by the Madras Government in September 1928. "The various classes of people engaged from time immemorial in this industry are Devangas, Sowrashtras, Kaikulas Padmasalias Muhammadans and depressed classes. The industry affords work for men, women and children. A few of the textile industries are eminently fitted to serve as a remunerative occupation for part time agriculturists, the depressed classes and a portion of the unemployed middle

* Please see pages 706—708 of this Journal.

† The 15 districts are, Anantapur, Bellary, Cuddaph, Godavery West, Guntur, Kistna, Kurnool, Madura, Malabar, The Nilgiris, Ramnad, Salem, South Kanara, Tinnevelly and Trichinopoly.

class. The papers placed before us make out the following facts. The quantity of cotton cloth turned out by the hand loom is nearly 5 times that produced by the mills in this presidency. Again, this presidency produces $\frac{1}{3}$ of the quantity of the cotton cloth produced on hand loom in the whole of India* * * * *From the materials placed before us we find that the production of cotton cloth on hand looms in India has, since the war, increased by nearly 200 million yards per annum or nearly 20 per cent. Far from showing signs of decline, the industry exhibits a remarkable vitality which encourages the hope of a better future if the industry is properly and promptly organised. From the figures relating to the rate and cost of production of cotton cloth on the hand loom, we find that many of the fallacies which held the field so long regarding the economic inefficiency of the hand loom, have been effectively exposed. In a country like India the hand loom as a cottage industry has certain advantages over the power loom. The Textile Expert's note shows that the actual cost of production on the hand loom is lower than that on the power loom, and that for the same investment, the quantity of cloth produced on the hand loom is larger than on the power loom." The Royal Commission on Indian Agriculture which toured through the country extensively and made a general survey of agricultural life were also satisfied about the vitality of our handlooms. They said in their Report that "the handloom weaving industry in India is still of great importance in the national economy and has up to the present shown remarkable vitality in face of competition with factory products. It is likely to remain the principal form of village industry and there is no immediate reason to fear its decline."

It is also now being increasingly realised that technical expert advice, propaganda, and increased marketing facilities, important as they are, will alone not make hand loom industry an unqualified success. The necessity for improving the economic condition of the weaving population and a general improvement in rural conditions where the industry is persued either as a primary or subsidiary occupation are considered essential for ameliorating the condition of the weavers and encouraging them to take to the occupation with greater zeal. To achieve these ends the co-operative method undoubtedly offers a practical solution. The Textile Conference referred to above therefore rightly make the following recommendation. "We consider that the improvement and the popularisation of the technique alone will not suffice. A properly conceived policy for the betterment of the economic condition of the weavers and for enabling them to derive the benefits of co-operation for their improvement is also necessary. Towards that end a system of co-operative societies specially designed for affording them credit, for supplying them with yarn cheap, for arranging for marketing facilities for their finished products and for supplying them with information on all allied matters should be organised." Speaking of the application of co-operative endeavour to the hand loom industry, Mr. F. R. Hemingway, one of our most well-informed Registrars, said that "there must be room for very great improvement in the economic condition of the weaver, if co-operative organisations can be formed. Careful and close study of these trades will be necessary, but the thing *can be done*, and there is no extravagant fancy in a mental picture of a net work of weaving societies throughout the presidency organised into central and wholesale societies which are closely in touch with yarn and cloth trade, can get the weaver his yarn cheap, can advise him what to weave and can sell his cloth for him." The Textile Conference drew pointed attention to some of the main defects connected with the industry which call for immediate remedial measures. They are: "(1) The widespread poverty of the weaving classes who have an ancient and hereditary craft in their possession which, but for the modern competition of machine cloth, would have kept them in a comparatively better condition economically; (2) the utter extinction of the handspinning in India, which was previously widespread, reducing them to entire dependence on mill made and imported yarn and the consequent necessity of a cheap supply of yarn to them; (3) the necessity for the introduction of mechanised process to be linked with handlooms; (4) the weavers' dependence on and indebtedness to middlemen who alone now are mostly the agents for marketing the finished goods; (5) the absence of any channel by which information regarding the requirements of the markets—home and foreign—and the marketing conditions can be made available to the handloom weavers." We feel that much can be done through the co-operative organisations and by the application of co-operative method to remedy these defects, which stand in the way of further development of our hand spinning and hand weaving.

We have 12,000 Co-operative Credit Societies in our province. Suppose each of these societies can make itself responsible to supply on the indent system on an average Rs. 100 worth of Khaddi an year to its members; then Khaddi worth Rs. 12 lakhs can be sold through these societies very easily every year to their members whose number is now over 9 lakhs. When we remember that each member of a co-operative society represents roughly a family group of five members, the consumption of Re. 1-5-4 worth of Khaddi by each member in a whole year will be a trifle. If only we know how to organise we can help the Khaddi movement by ensuring sales at least to the extent of Rs. 1 lakh per month. Co-operation is, we believe, looked upon by most of those who are engaged in its propagation as a factor in national reconstruction. If so, what better service can be rendered to the motherland than by helping her to clothe her children with Khaddi?

The question still remains whether the hand loom can be adequately fed on hand spun yarn. We are of opinion that it can be. In saying this it must not be understood that we are in any way opposed to the use of mill yarn spun in India. The hand spun and the indigenous mill yarn may be used to supplement each other. But if we are asked to answer the test question whether the man power of the unemployed and the partially employed labouring classes in India is quite adequate to spin on the Charka all the yarn that India needs for her clothing, our answer is unhesitatingly in the affirmative. We shall attempt to supply our readers from time to time facts and figures bearing on the economics of Khaddar, which go to vinidicate our view. We are often reminded that the output of Khaddi after a decade of intensive propaganda and the vigorous impetus given by a leader of the calibre of Mahatma Gandhi bears only an insignificant ratio to the imported cloth, and that schemes for replacing foreign cloth by it are therefore fantastic. But these critics forget that the Khaddi movement is a living and a growing movement which brings into play many faculties of the people. May we ask in all humility what proportion of the agricultural indebtedness and what fraction of the movement and marketing operations of agricultural products the credit and non-credit organisations of the co-perative movement touch to day? Are they not utterly insignificant? Nevertheless, why do we push on these endeavours? It is because the co-operative movement like the Khaddi movement, is a living and growing one with unlimited economic potentialites. Again, what is the percentage of our literates to the total population? Is it not absolutely negligible? Why do we still hope for a day when every one can read and write? Because the effort of the nation to educate itself is a living effort and is bound to grow till illiteracy is completely erradicated. So it is with Khaddi movement. The imported foreign cloth has no life properties in it. It is no better than tinned mutton which is imported for food. These lifeless imports can be stopped, the moment that the nation wills and brings into existence a living movement to feed and clothe itself. Our national processes of manufacturing our own cloth, if once they obtain a hold on the people, will be living processes whose growth will be limitless. The co-perative movement would justify its existence only if it can help the agriculturists to grow under more prosperous conditions all the food that the nation requires and establish spinning and weaving as primary and subsidiary occupations for the production, for use and not for profit, of all the cloth that the nation requires.

THE PASSING AWAY OF A GREAT LEADER

Sir William Maxwell, one of the veteran leaders of the British Co-operative Movement passed away recently.

He was born in 1841 in Glassgow and was apprenticed as a Coach-builder. He was a self-made man. In his youth he toured throughout the British Isles mostly on foot and gained that intimate knowledge of the conditions of working classes. In 1874 he joined the St. Cuthbert's Co-operative Society at Edinburgh and became its secretary in 1876. He became the President of the Scottish C.W.S. in 1881 and occupied that exalted and onerous position till 1908. During this period it was that he paid two visits to Canada and established an agency for buying wheat at Winnipeg which has now become a very important business centre at the heart of the Prairies. He was an important member of the Executive of the International Co-operative Alliance from 1902 onwards and became its President in 1907. He was knighted in 1919 and he received this mark of royal favour as an honour done to the Co-operative Movement as a whole in recognition of the services he had rendered to, and the important place he came to occupy in, the life of the nation. When he retired from the presidentship of the I. C. A , twenty-four countries joined together and gave him a souvenir volume of appreciation called the Golden Book which he has now left to the I. C. A.

He has published the History of Co-operation in Scotland besides many a pamphlet dealing with the various aspects of Co-operation, national and international.

He was one of Nature's gentlemen, one of whom any country may well be proud. We join with our brethren in offering this meed of praise to the champion of the poor and the suffering who has now gone to the happy realm where "the wicked cease from troubling and the weary are at rest". May his soul rest in Peace !

A PROMINENT CO-OPERATOR HONOURED.

Robert Stewart who succeeded Sir Maxwell as the President of the Scottish C. W. S. has now become Sir Robert.

He too is a native of Glassgow and has in due course come to occupy the highest position open to a Scottish Co-operator. He is also intimately connected with the I. C. A. and let us hope he will live for many long years to enjoy the honour and to be of service to the cause he loves so much, Co-operation.

OUR CONGRATULATIONS TO THE T.U.C.S.

The Triplicane Urban Co-operative Society that was started in 1904 has completed its 25 years of useful existence. Its progress has been steady though in its early career it had to whether many a storm. It has now 25 branches distributed over the different parts of the City of distances, its membership exceeds 5 thousands and its monthly sales amount to over a lakh of rupees. All these are healthy signs of progress.

We are glad to note that the management is taking steps to make purchases direct from the producers and not from the profiteering merchants who are only middlemen and this is in perfect keeping with co-operative ideal and is a step which should have been taken long ago.

We are also glad to note that the management has set apart a sum of Rs. 500 for each half year for educational purposes. This sum which was in former years being spent upon local celebrations in each branch is being utilised for the publication of the T.U.C.S. Bulletin intended exclusively for private circulation among the members. We have seen some numbers of this new venture and we are glad to be able to say that it is a mine of useful information about the activities of of the T.U.C.S. Those who have attended the general body meetings of the T.U.C.S. would have been struck by one fact which is mainly responsible for the strong language hurled against the directorate by the members, namely, the ordinary member is in blissful ignorance of the working of the machinery of his stores. The Bulletin serves to dispel that ignorance. It is an attempt on the part of the management to take the average member into their confidence and show him how *his* stores is working. The member is now given an opportunity to appreciate the good work done by the Directorate, to sympathise with them in their difficulties, and it is hoped that better understanding between the Executive and the members at large will follow from this wise policy.

The next step on the part of the T.U.C.S. would be to become a wholesale. For the past 5 or 6 years, a resolution to that effect has been passed by the Provincial Conference, but it has not been possible to give effect to it because the T. U. C. S. has been a unique institution with no worthy neighbours in the vicinity with whom it may combine and bring a Wholesale into existence. The few successful stores are situated far away from each other. Vizianagaram, Madras, Cuddalore, Madura and Coimbatore are hundreds of miles away from each other. Moreover, most of the stores deal only in rice and condiments which are to a very large extent available either in the ocality or its neighbourhood.

The idea has been suggested that the Head Office should convert itself into a Wholesale with all the existing 25 branches as constituent stores, each being registered separately as an independent store. There is a good deal to be said in its favour. It would stimulate local enthusiasm. It may perhaps lessen the chance of a Central Purchasing Agency committing blunders; but there is an equally strong volume of opinion against this line of development. We would in this connection invite the attention of our readers to the following letter from Professor Hall to Mr. S. K. Yegnanarayana Iyer in reply to Mr. Iyer's letter in which he had given a short account of the present system of the working of the T.U.C.S. and requested the Professor for his advice as to which is better, the present system of working through branches or making the branches independent units, the Head Office of the T.U.C.S. converting itself into a wholesale.

" Dear Mr. Yegnanarayana Aiyar,

I have this morning received your letter of the 30th ultimo, and am pleased to be in touch with you.

In my opinion it is better for the Madras Society to remain a Retail Distributive Society for Madras with its 23 branches* functioning as one Society. I think it would be a mistake to establish the separate branches as independent Societies. If the moment has come for a wholesale Society, then it would be better to establish this independently by a Federation of the Madras Society with the other independent Societies in and about Madras. It seems to me to establish a Wholesale Society at the moment, however, would be premature, judging from the information contained in your letter.

Of course, in writing on this subject I am writing without local knowledge of your circumstances, and I am very largely guided by the information you give me in your letter. It has been our experience that to have one Retail Society for a town with its branches in various parts of the town, is the best way of building up a strong, healthy, retail movement upon which a strong and successful Wholesale Society depends. I trust this information may be of some service to you.

I have no objection to your publishing in your journal any parts of the letter I recently sent you.

With kind regards, and best wishes for your success."

I remain,
Yours sincerely,
FRED HALL

MANCHESTER,
8—2—29.

* At the time when Mr. Iyer wrote to Prof. Hall there were only 23 branches; their number is now 25.

Editor.

Whatever the line of future expansion on a large scale, it is high time for the T.U.C.S. to think of increasing its usefulness by catering to the needs of the members by supplying them with other things than grocery. Schemes for opening a cloth department and a Chemist and Druggist Department have been from time to time brought up before the General Body. Committees have been appointed and reports submitted; but, as usual, no action seems to have been taken. Let us hope that the attention of the management would be diverted to such "fresh fields and pastures new."

We wish the T.U.C.S. more internal harmony and smooth working and as a result thereof ever increasing growth and prosperity.

As OTHERS SEE US.

It was the national poet of Scotland that uttered the wish,

'Would some sprite the giftie give us,
To see ourselves as others see us.'

When we received the latest number of our Bombay contemporary, the Bombay Co-operative Quarterly, we thought we were given such an opportunity as Burns longed for.

In the leading article of the number entitled "Stray impressions of Co-operation in Mysore and Madras" by Mr. V. L. Mehta, that discerning critic observes as follows about our P.C.U.

" It seems a pity that the organic connection that subsists between the unions and the federations is not carried a stage further, and the provincial union in Madras does not, in all senses of the term, function as the apex federal organization guiding and co-ordinating the work of the different district federations. In fact, it is a common impression in several parts of the Presidency that the federations look up to the Co-operative Department for inspiration and advice, and the only way of removing this impression would be to strengthen the links between the federations and the provincial union. The provincial union has been fortunate enough to secure the services of a distinguished public worker like the Hon'ble Mr. V. Ramadas Pantulu as its President, while Mr. V. Venkatasubbaiya, the senior member of the Madras Branch of the Servants of India Society is its General Secretary."

So, in the opinion of our Bombay friend there is not much of organic union between District Federations and the P. C. U. and the former look more to the Department for help and guidance than to the apex non-official institution of the Province. This general statement may not be altogether correct, but there is no denying the fact that there is a good deal of truth in it.

A perusal of the proceedings of the last Executive Committee of the P.C.U.* will show to any impartial observer the importance

* See page 672 of the Madras Journal of Co-operation (May '29.)

attached to the P.C.U. by Unions and Federations. A number of references were made to us and we gave them what help and guidance we could. The Registrar also was pleased to consult us with regard to some points and the Executive Committee expressed its opinions about them also.

Still, Mr. Mehta is not far wrong in his general impression. Unlike in Bombay where the Bombay Co-operative Institute dominates the whole non-official field, our P.C.U. has not grown into a Colossus, striding the whole region. Regional growth is being favoured and the Andhra Sahakara Sammelanam and the recently started Tamil Federation bear testimony to that. We may therefore take Mr. Mehta's observations as indicating the lines of future progress. Just as the Supervising Unions have been knit together into a District Federation, the latter and the regional federations in turn should be organically knit into the P.C.U. fabric.

The District Federations are no doubt there in the P.C.U. as its constituent members. But there are other members also. All Federations do not feel equally strongly that the P.C.U. is theirs. Let us realise our defects and make definite attempts to bring the P.C.U. in a line in this respect with similar provincial organisations elsewhere.

CONSOLIDATION OF VERNACULAR JOURNALISTIC EFFORT IN CO-OPERATION.

We have received a copy of the Aikya Bodhini of Pudukottah containing the proceedings of the V Pudukottah Co-operative Conference. We have already published the address of the President of the Conference.*

The journal itself published in Tamil is bound to be of great use to the Co-operators of the State. But the enlightened Co-operators of Pudukottah are bound to keep themselves in touch with the progress of the movement elsewhere and this can be done only by getting co-operative current literature from outside the State.

The State itself is a small one of the size of half of an average District of Madras. Though owing to political exigencies it is regarded as a separate entity with a certain degree of independence, it is practically a portion of British India. It is therefore a pertinent question whether the co-operative activities of that small area justify a separate monthly of their own or whether it will not be better if it be merged in a magazine dealing with the problems of the Province as a whole. Let us take the analogous case of the newspaper. Most important muffusil centres have no daily paper of their own. They are satified

* Please vide pages 586-588 of the Journal for April, 1929.

with the papers at the Provincial Headquarters. The editors of the Madras Dailies are wise enough to satisfy the needs of the mufussil centres of public life and activities by assigning a prominent place to the news from those localities. The Hindu and the Swarajya vie with each other for placating the Mysoreans. While the former contains everyday a full contingent of Mysore and Bangalore news, the latter devotes a special page every week to discuss Mysore problems. Similarly will it not be advisable for Pudukottah to deal with the co-operative problems of the State not in a separate organ of its own but make common cause with the other Tamil Journals published in South India? We make this suggestion in view of the information we have that the newly started Tamil Federation intends to publish a Tamil Journal of Co-operation for the Tamil Nadu. The Madras Tamil Journal of Co-operation wherein news of local importance is given a place will also be glad to find room for Pudukottah Co-operation.

We make the suggestions with the sincere conviction that consolidation of journalistic effort in Co-operation will be productive of more beneficial results and wider publicity.

AGRICULTURE AS A NATIONAL CONCERN.

The following extract from the Co-operative Marketing Act of California shows how much importance is being attached to agriculture by the advanced thinkers of the U. S. A.

"It is here recognised that agriculture is characterised by individual production in contrast to the group or factory system that characterises other forms of industrial production; and that the ordinary form of co-operative organisation permits industrial groups to combine for the purpose of group production and the ensuing group marketing, and that the public has an interest in permitting farms to bring their industry to the high degree of efficiency and merchandising skill evidenced in the manufacturing industries; and that the public interest urgently need to prevent that migration from the farm to the city in order to keep up farm production and to preserve the agricultural supply of the nation; and that public interest demands that the farmer be encouraged to attain a superior and more direct system of marketing in the substitution of merchandising for the blind, unscientific, speculative selling of crops."

CO-OPERATIVE PRODUCTION AND ITS LIMITATIONS.

4. Co-operation as a principle of action may be applied to any kind of activity and certainly production of wealth on a co-operative basis is a most legitimate kind of enterprise. But such a production is not radically different from capitalistic production. The real objection to the latter is that the main motive of production is profit

and not use. Let us take an ordinary example like Cigarette. The manufacturer produces large quantities of the article and dumps it upon the world. He spends money in creating a demand for his article where there is none. Not only does he send his article to every nook and corner of the world and try to replace an existing variety by his own on account of sheer superiority in quality or cheapness in price, but he induces people not accustomed to smoke to fall victims to the habit by all the subtle methods of the advertising art his money can purchase. At every stage of this process, he is actuated by the profit motive only.

When some tobacco growers join together and run a factory on a co-operative basis and even on a co-partnership basis, along with their workmen, things are not much better. The co-operative factory is in all respects the same as the capitalistic factory so far as the consumer is concerned, and it is forced to employ the same method to push on the sale of its goods.

When, on the other hand, consumers join together to produce what they want, the demand is previously ascertained and there can be no glut and all its evil consequences. It is safer therefore to organise as far as possible co-operative enterprises from the consumers' end of the chain instead of from the opposite end i.e., the producers'. All goods or utilities are produced ultimately to be consumed.

If we take the co-operative experience of our country, we are driven to the same conclusion. Weaver societies established all over India have the same tale to tell, for instance that for want of a steady market, the articles manufactured remain unsold and the business slowly languishes. The capitalist who advanced money or yarn to the poor weaver and compelled him to sell unto himself the finished products of the poor man's labour was prepared to meet such contingencies and could afford to wait till the market conditions became more favourable. He took this contingency into consideration and bought from the enslaved weaver his products at such a low price, with such a wide margin of profit for himself that he could afford to meet bad seasons of business with perfect equanimity. Whereas when a co-operative society is started, it can keep its members loyal unto itself only when it is in a position to pay cash down to the poor man and take all the risks belonging to further stages of the transactions upon itself. This, many a society is unable to do and thus the rot sets in.

The Madras Cobblers' Co-operative Society has the same sad tale to tell. It was started under the best of auspices. It had very honest workers who gave their time and energy to it in no stinted measure. It had enough of technical skill among its employees. Still, it came to grief because there was no steady market for the goods manufactured. It was not in a position to bide its time as a capitalistic manufacturer could afford to do.

Suppose on the other hand a big consumers' organisation like the T. U. C. S. had given a guarantee about purchase of a stipulated number of cloths or shoes manufactured, and Weavers' or Cobblers' organisation was started just to meet that demand and grew with the growth of the demand from the T.U.C.S. There would have been steady growth. True, there could have been no opportunity for any one, official or non-official, to advertise himself or his new co-operative venture. Far be it from us to suggest that such ventures are started for the gratification of personal vanity of any individual. We mean that organisations once started, give an opportunity, as an incidental consequence, for such a gratification also.

We are led to discuss these simple and fundamental principles when we contemplate on the future of the Co-operative Milk Supply Union of Madras. It is a novel experiment full of promise. It is an association of producers of milk engaged in the landable attempt to supply the city of Madras with pure and healthy milk. Such a society has been started for the City of Calcutta and worked with enviable success. There is no reason why our society also should not thrive and grow to to be a blessing to the city. But, we still hold that it would have been a safer course if it was organised from the consumers' point of view. It would have been better if, instead of a few men with cows and buffaloes coming together and bringing their milk to Madras with a view to find a sale for it, a few hundreds of Madrasees had come together with a view to get better milk for themselves and had hit upon the same organisation of villagers about Madras for guaranteeing to them a steady supply of hygenic milk. Even now it is desirable that the demand be studied and steadied and the producers' organisation be made to advance *pari pasu* with the growing demand and not the other way round.

DECENTRALISATION OR CONSOLIDATION.

In a growing movement like Co-operation, various tendencies of development are to be seen both on the credit and on the non-credit side. If in a particular district the transactions become too much for a single institution, should a new central bank be started or the old one allowed to grow and offer facilities for far-off clients by starting its own branches in other places? Similarly if a co-operative store is successful in a town and if another part of the town lying at some distance from the place where the store is situated desires to have a store for itself, should the old one be allowed to start a branch in the other locality, or should that locality be allowed to start an independent store for itself. There can be no cut and dry answers for such problems. The experience of no one country or town can be quoted as having universal applicability.

The experience of co-operators in this province seem to point out in one direction so far as stores are concerned. There are successful stores at Madura and Coimbatore where enthusiastic poineers started the stores more or less simultaneously with the T.U.C.S. It is true that these moffussil stores have not grown to the extent of their Madras compeer; but their growth is more or less on the same line showing a general tendency of wider applicability. Madura opened a branch at Tallakulam on the other side of the Vaigai and recently another branch has been opened near the western Tower. Similarly at Coimbatore there are branches at Extension and at the Agricultural College. This tendency is to be found only in the case of successful stores.

Let us take the reverse. There is a store at Tanjore. A few enthusiastic members are keeping it up. The number of members is a poor one and it cannot be said that the store enjoys maximum patronage at their hands. The store purchases most of its articles from a wholesale merchant a few furlongs off and most of the inhabitants of Tanjore prefer to get their supplies from the primary source of supply, the merchant, instead of at the stores. In recent times one or two extensions have sprung near the town; under normal conditions we expect the citizens of these extensions to apply to the store to have a branch started for their convenience near their own quarters as has been done in Coimbatore. But in Tanjore the people living in extenstions do not stand to gain by having a branch as they fear they would be saddled with the liabilities of the paternal store rather than profit by such an arrangement. These cases we have quoted show positively and negatively that a successful store grows like the Banyan Tree spreading its branches all around, sending down its roots as it expands. Centralisation in essentials like purchase, and decentralisation with regard to the management of local branches, seem to be the wisest course so far as stores are concerned.

In opening the East Godavery District Co-operative Conference* the Hon'ble Mr. V. Ramadas Pantulu has pleaded for centralisation of finance in districts like Godavery, where there are four district banks; and the Chinglepet District Bank which is situated at Conjeevaram has already started a branch at Chinglepet.

Amalgamation is the rule in the West both in finance and in retail trade and the experience of Europe may not be altogether useless to us.

THE XVII MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

The XVII Madras Provincial Co-operative Conference will be held at Madras on the 20th and 21st July next. The draft agenda and the circulars issued in connection with the Conference are published elsewhere† in this issue and we beg to invite the attention of our readers to them. We hope that co-operators all over the province will attend the Conference in large numbers and make the Session a success. In view of the impending enquiry into agricultural finance and co-operative banking by the Central and Provincial Banking Enquiry Committees, the Conference ought to be able to make a definite and valuable contribution to problems connected with Co-operative Finance.

*See pages 642-649 of the Journal for May 1929.
†See pages 736-739 and 742 of this Journal.

The Vizianagram Khaddar Spinning and Weaving Co-operative Society Limited, No. M. 98.

BY-LAWS

Name, Constitution and address.

The Vizianagram Khaddar spinning and weaving co-operative society, Limited, No. M. 98 is registered as a co-operative society under Act II of 1912 (India). Its address shall be Vizianagram town, Vizianagram post, in the taluk of Vizianagram, in the Vizagapatam District. Its operations shall be confined to the municipal limits of Vizianagram and villages within *a radius of 10 miles.*

Objects.

2. The object of the society is the improvement of the hand loom industry and hand spinning industry and of the economic condition of the spinners and weavers residing in the area of operation mentioned in by-law 1. For the purpose of attaining this object it shall be competent (1) to raise the money required for the society from weavers and others by issue of shares and by borrowing by way of deposits or otherwise, (2) to purchase such raw materials and appliances as may be required for the industry and retail the same either for cash or credit of the spinner and weaver members residing in these places, (3) to grant them ready money and advances, (4) to purchase and hold in common or let on hire improved appliances connected with the industry, (5) to purchase or receive for sale the finished products of members' looms and sell the same to the best advantage, (6) to act as the agent for the joint purchase of the domestic and other requirements of its members and for the sale of their finished products and (7) to do such other acts as may be conducive to the attainment of the general objects of the society.

Membership.

3. The liability of the members of the society shall be limited to the share capital subscribed by them.

4. The capital of the society shall for the present be Rs. 4,000 made up of 600 A class shares of Rs. 5 each and 1000 B class shares of Re. 1 each. The value of the A class shares shall be paid in one lump sum on allotment while the value of B class shares shall be paid either in one lump sum or in four quarterly equal instalments. If a member is an arrears to the extent of a sum equivalent to or more than three

quarterly instalments his name may be removed from the list of members in which case he shall be paid back at once the share capital actually paid by him after deducting therefrom the moneys, if any, due from him to the society. If the payment is not made on the due date a fine of 2 pies per rupee per mensem will be levied and the defaulter will be debarred from exercising the privileges of membership. The quarterly instalments may be collected in small sums out of the value of finished products paid to members daily, weekly or monthly.

5. Any weaver or spinner over eighteen years of age who is competent to contract residing within the limits referred to in the third sentence of by-law I, shall be eligible for admission as a member; but no such person can claim admission as a matter of right. It shall be competent to the Board of Directors to admit as members persons other than weavers or spinners provided that the majority of the members of the society shall always be weavers, and spinners.

6. Applications for admission as members and for allotment of shares shall be made to the Secretary in the form, if any, prescribed by the society for the purpose. Every such application shall disposed of by the Board of Directors who shall have power to grant admission or to refuse it without assigning reasons.

7. Every member shall take at least one share, but no member shall take more than 40 shares. Every member shall pay an enterance fee of one anna for each share taken by him at the time of taking the share.

8. No member shall be permitted to withdraw any of the shares held by him in the society within 3 years after the date when such shares were taken by him. But a member may withdraw shares with the consent of the Board of Directors after such period provided firstly that he has given at least six months' notice of withdrawal, secondly that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed 10 per cent of the aggregate paid-up share capital of the society as it was on 30th June preceding, thirdly that there are no debts due from him to the society and fourthly that there are no debts due to the society in regard to which he has stood surety. When a member withdraws shares undr this by-law, he shall be paid back the share capital actually paid by him with the dividend declared if any.

9, Should a member cease to be eligible for membership either on account of the removal of his residence from the limits prescribed in by-law 1 or for any other cause, the society shall remove his name from the list of members and shall pay back within a reasonable period to such member the share capital actually paid by him with the dividend

declared, if any, after deducting therefrom the money, if any, due from him to the society either as principal debtor or as surety.

10. (1) If a member dies his membership shall *ipso facto* cease.

(2) (*a*) Every member of the society may nominate any person to succeed, in the event of his death, to his share or interest in the society. Such nomination shall, in the event of his death, be given effect to by the society provided—

(i) the nomination was signed by the deceased in the presence of at least two witnesses attesting the same;

(ii) the nomination has been registered in the books of the society kept for the purpose; and

(iii) the person nominated shall have been admitted by the Board of Directors as a member of the society under by-law 6.

(*b*) In the event of there beivg no person nominated by the deceased and entitled to succeed to his share or interest in the society, the heir or legal representative of the deceased, or any person nominated by such heir or legal representative within one month of the death of the deceased member, shall be entitled to succeed thereto provided such heir or legal representative or his nominee shall have been admitted by the Board of Directors as a member of the society under by-law 6.

(*c*) In the event of there being no person entitled to succeed under clause (*a*) or (*b*) of this by-law to the share or interest of a deceased member of the society, the society shall pay to the nominee of the deceased or to his heir or legal representative as the case may be a sum representing the deceased member's share or interest at the time of his death ascertained in accordance with the by-laws of the society.

11. (1) A past member shall be liable, as provided in by-law 3, for the debts due by the society as they existed on the date when he ceased to be a member, for a period of two years from such date.

(2) The estate of a deceased member shall be liable, as provided in by law 3, for the debts due by the society as they existed on the date of his decease, for a period of one year after his decease.

12. No member shall be permitted to transfer his share or shares or create a charge in respect of the same in favour of another member or person except with the previous sanction of the Board of Directors.

13. With the sanction of the Board of Directors a member may, at any time, increase the number of shares held by him so as not to exceed the limit of 40 shares laid down in by-law 7.

Deposits.

14. Deposits may, at the discretion of the Board of Directors, be received at any time from members or non-members.

15. Deposits from members shall be given preference to deposits from non-members.

16. There shall be one class of deposits (A) Fixed deposits.

(A) Fixed deposits.

(i) A fixed deposit is the deposit of a fixed amount of money for a fixed period of time. No fixed deposit shall be received for a sum less than Rs. 5 or an exact multiple thereof, or for a period less than six months.

(ii) Interest shall ordinarily be calculated on fixed deposits at a rate not exceeding $6\frac{1}{4}$ per cent per annum. Should a fixed deposit from a member or from a co-operative society be made for a period of not less than one yeer, the deposit being not less than Rs. 100, interest may be paid thereon at the rate not exceeding $7\frac{1}{2}$ per cent per annum. Interest on fixed deposits shall be paid yearly or at such shorter intervals as may have been agreed upon at the time of deposit.

(iii) The interest on a fixed deposit shall cease on the expiry of the period for which the deposit was made, unless notice in writing of the intention to renew the deposit for a further period of not less than six months have been received in the office of the society before the expiry of the original period. The society is not, however, bound to renew a fixed deposit after the expiry of the period for which it was made, but in case of such refusal interest shall be payble at the former rate until the date of such refusal.

Other borrowings.

17. When money is borrowed otherwise than by way of deposits it shall be from another co-operative society provided that the amount so borrowed shall not exceed the value of stock pledged to such society. There is however no objection to the society getting an open cash eredit from the other society not exceeding the value of stock in trade. The cash credit may be renewed from time to time.

Maximum borrowing limit.

18. The total borrowings of the society both by way of deposits or otherwise and whether from members or others including the value of any raw materials and appliances purchased on credit under by-law 2 shall not any time exceed the paid-up share capital plus the reserve fund.

Management.

19. Subject to such resolutions as the general body may from time to time pass, the executive management of the affairs of the society

shall vest in a Board of Directors. The Board of Directors shall consist of not more than 7 membe.s of whom weavers and spinners shall form the majority.

20. The members of the Board of Directors shall be elected by the general body for a period of one year from among the members. Member of the Board of Directors shall continue in office after the expiry of their term of office, until by election another Board is constituted. A retiring member of the Board of Directors shall be eligible for re-election. After the Board of Directors is elected by the general body, they shall elect from among themselves a President and a Secretary. Interim vacancies on the Board of Directors may be filled up by the remaining members of the Board by co-option for the unexpired portion of the period except in cases contemplated in by-law 24. Any member or members of the Board of Directors may at any time be removed by a resolution of the general body.

21. The Board of Directors shall meet once a fortnight or oftener if necessary to conduct the affairs of the society. All questions before the Board of Directors shall be decided by a majority of votes. Should there be an equality of votes, the President or other presiding members shall have a casting vote. No member of the Board of Directors shall be present at a meeting of the Board when any matter in which he is personally interested is being discussed. In case of urgency where there may not be sufficient time to convene a meeting of the Board of Directors and in all cases in which such a precedure may, from time to time, be prescribed by the Board of Directors, the Secretary may obtain the orders of the Board of Directors by circulation of papers among the members present at the headquarters of the society. Such dicisions arrived at by circulation shall be placed before the next meeting of the Board of Directors for their ratification. Should a difference of opinion arise in the course of such circulation the matter shall be decided by circulation but shall be placed before a meeting of the Board of Directors.

22. Should a member of the Board of Directors absent himself from four consecutive meetings of the Board, he shall cease to be a member of the Board of Directors but may be reinstated by the Board of Directors.

23. Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the society shall have the powers mentioned below:—

(*a*) The President shall have a general control over all the affairs of the society and shall ex-officio be the Treasurer and shall have the custody of all the properties of the society. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them subject in the last two cases to the approval of the Board of Directors.

(*b*) The Secretary shall be responsible for the executive administration of the society subject to the control of the President.

(*c*) The Secretary shall be the officer to sue or be sued on behalf of the society and all bonds in favour of the society shall be in the name of the Secretary.

(*d*) Should the Secretary require relief from work, it shall be competent to the President to grant such relief, making suitable arrangement for the conduct of work by one or more of the members of the Board of Directors.

24. Any member of the Board of Directors who commits default in respect of a loan taken by him from the society shall *ipso facto* be considered disqualified to continue as an office-bearer. But if the default has been for a period of three months or less, the defaulter may be reinstated by the general body on his showing good cause for the default. In no circumstance shall a defaulter continue to hold office as a member of the Board of Directors if his default has continued for more than three months.

25. Receipts shall be issued for all moneys paid to the society. For moneys paid by members the receipts shall be signed by the President or the Secretary or the Assistant Secretary whoever is selected by the Board of Directors to discharge this function. In the case of borrowings from non-members or from other societies the receipts or bonds shall be executed by at least 3 members of the Board of Directors of whom the Secretary or the President shall be one.

26. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by rule VII of the rules under the Act and by the Registrar from time to time, to place before a general body meeting of the members the Registrar's notes of audit or inspection within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the society.

27. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the society with reference to the scale and within the budget allotment sanctioned by the general body for each year. It shall be competent to the Secretary to incur petty contingent expenditure subject to a maximum of Re. 1 for any item.

28. The Board of Directors shall be competent to fix the amount and nature of the Security, if any, to be given by the office establishment.

29. It shall be competent to the Board of Directors to frame subsidiary by-laws for the conduct of the business of the society consistent with the Act, the rules under the Act and these by-laws. Such subsidiary by-laws shall be entered in the minute book of the society and they shall be reported to the Registrar of Co-operative Societies for approval.

30. The services of the members of the Board of Directors shall be gratuitous except as provided for in by-law No. 48.

General Body.

31. The ultimate authority in all matters relating to the administration of the society shall be the general body of the members who shall meet from time to time and at least once in a year to conduct the work of the society. The following among other matters shall be dealt with by the general body.

(1) the election and removal of the Board of Directors;

(2) the annual report due to the Registrar of Co-operative Societies.

(3) the Registrar's annual audit order;

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

(5) the expulsion of a member;

(6) the consideration of any complaint which any individual member may prefer against the Board of Directors; and

(7) the returns that may be prescribed by the Local Government.

32. A meeting of the general body of the members may be convened, whenever necessary for the conduct of business by the Board of Directors and shall be convened by the Board of Directors at the request of *15 or more members* or at the *instance of the Registrar* or by a member of the governing body specially deputed by a resolution of the governing body of the union to which the society is affiliated.

33. It shall be the duty of every member to attend the meeting of the general body. The quorum for a general body meeting shall be 10 or one-fourth of the total number of members on the list at the time, whichever is greater.

34. The President, when present, shall preside at the meetings of the general body. In his absence the body may choose a chairman from their number to preside at the meeting. Every member present

shall have one and only one vote. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting vote.

35. 3 days' notice shall ordinarily be given to members before a meeting of the general body is convened.

36. If a member deceived the society in any way, or if his general conduct is such as to render his removal necessary in the interest of the society, it shall be open to the general body to expel such member. An expelled member shall be paid all money due to him from the society after deducting therefrom any money due from him to the society. A member who drives the society to court to recover the money due from him shall, for that reason, be expelled from membership. An expelled member shall be liable. as provided in by-law 3, for the debts due by the society as they stood on the date of his expulsion for a period of two years after such expulsion.

37. The general body shall have authority to affiliate the society to any Co-operative union (with suitable jurisdiction) that may be registered by the Registrar or that is working in the neigebourhood of the society. Towards the expenses of such union the society shall contribute annually such sum as may be fixed by the general body in consultation with the Deputy Registrar.

Trade.

38. It shall be the duty of the Board of Directors to arrange for the purchase for cash or on credit of raw materials and appliances required by members and for their sale to members for cash or on credit on such terms as may appear to them reasonable. They should also arrange to purchase from members all their finished products on such terms as may be reasonable and to sell or dispose of them for sale to the best advantage.

39. The Board of Directors shall lay down rules to regulate the advance or sale of raw materials or appliances to the members of the society and the recovery of the cost of the same from the members concerned and they should in particular fix the value of raw materials that may be outstanding on credit with a member at any time. It shall be competent to the Board of Directors to alter these rules from time to time.

40. A member of the society who having received an advance of materials sells such material or otherwise deals with it in contravention of the condition laid down by the Board of Directors shall be liable to a fine not exceeding Rs. 5 for every such offence; and if he persists in such conduct, it shall be open to the Board of Directors to direct his

suspension from the privileges of membership till he is expelled or allowed to continue to enjoy the privileges of membership by the general body.

41. Every member shall, if required by the Board of Directors, sell his finished products to the society at such rates as may be prescribed from time to time by the Board of Directors.

42. It shall be the duty of all the members to deliver their finished products from day to day to the Board of Directors, accounts being adjusted at the end of every month. A member who sells his finished product otherwise than to the Board of Directors shall be liable to a fine not exceeding Rs. 5 for each offence, and if he persists in a breach of this rule, it shall be competent to the Board of Directors to suspend him from the privileges of membership till the question is settled by general body.

43. Every member shall, if so required by the Board of Directors purchase all or any of the raw materials of his industry from the Board of Directors. A member who buys his raw materials otherwise than from the Board of Directors shall be liable to a fine not exceeding Rs. 5 for each offence and if he persists in a breach of this rule it shall be competent to the Board of Directors to suspend him from the privileges of membership till the question is settled by the general body.

43. (*a*) Every member of the non-workmen class shall purchase not less than Rs. 20 worth of the society's finished products per annum and in default shall forfeit one fourth of his paid up share capital up to a maximum of Rs. 5 per annum. Every such member shall further be entitled to such discount or commission on the advertised sale price of the products purchased by him as may be settled by the Board of Directors from time to time. Every member of the workmen class shall spin 3 visses by weight of yarn or weave 200 yards of cloth per quarter and in default shall forfeit 4 annas out of his paid up share capital for every such default. The Board of Directors may, for reasons to be recorded in writing, exempt or excuse any member or members from the operation of this rule.

Ready money Advances.

44. The Board of Directors shall be competent to make ready money advances for weaving or spinning purposes to members; provided, however, that such advances shall not ordinarily exceed Rs. 5 per member provided also that arrangements shall be made for the adjustment of these advances when the finished products are delivered.

45. It shall be competent to the Board of Directors to lend money to weaver and spinner members to pay off their prior debts provided

firstly, that the total amount so lent shall not at any time exceed Rs. 500; secondly, that the total amount lent to a single member for this purpose shall not exceed Rs. 50; and thirdly that the arrangements shall be made for the repayment, within a period not exceeding two years, by weekly instalments, of the money advanced to a member to enable him to pay off his prior debt. On all such loans interest shall be charged at $1\frac{1}{2}$ pies per rupee per mensem.

46. A member applying for a ready money advance shall produce one or more sureties to the satisfaction of the Board of Directors. Any weaver shall not keep yarn for more than a fortnight without returning it to the society in the shape of cloth. Any spinner shall not keep cotton for more than a fortnight without returning it to the society in the shape of yarn.

If the default shall continue for more than a month, the member shall not be given any more advances of yarn or cotton the outstanding loans against him being recoverable immediately.

48. The net profits of the Society as declared by the Registrar year after year shall be disposed of as shown below :—

(i) twenty-five percent shall be carried to the credit of the reserve fund.

(ii) Out of the balance a dividend not exceeding 9 percent per annum of the paid-up value of each share may be paid to the members.

(iii) Out of the remainder such amount as may be decided by the general body may be divided among "members" according to the value of finished products delivered to the society and of raw materials purchased from the society as decided by the general body ;

(iv) Seven and a half per cent may be paid to the common good fund to be utllised for any of the purposes mentioned in section 2 of Act VI of 1890 (India,) namely Education if the general body so wish ;

(v) the balance, if any, shall be added to the Reserve Fund. All undisbursable and indivisible profits shall be added to the Reserve Fund.

Reserve Fund.

49. (1) The Reserve Fund shall belong to the society as a whole and is intended to meet unforseen losses. No member can claim a share in it. It shall be invested in such manner as the Registrar of Co-operative societies prescribes and shall not be drawn upon except with his sanction.

(2) on the dissolution of the society the reserve fund and other funds contributed by it under provisions of these by-laws shall be applied ;

(i) to discharging such liabilities of the society as may remain undischarged after enforcement in full of the liability of the individual members of the society.

(ii) to the repayment of the share capital paid up ; and

(iii) to the payment of dividend upon such share capital at a rate not exceeding 9 per cent per annum for any period or periods for which no dividend has been paid.

(3) Such portion of these funds as shall remain after payments mentioned in sub-clause (2) shall be applied to such local objects of public utility as may be selected by the general body and approved of by the Registrar. If within three months of the final closing up of the society the general body fails to make any selection that is approved of by the Registrar the latter may use the above mentioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative bank until a new co-operative society with a similar area of operations is registered in which event the funds shall be credited to the Reserve Fund of such society.

Joint purchase and sale.

47. (1) The Board of Directors may purchase wholesale the domestic and other requirements of the members; but in making such a purchase it shall act only as the agent of the members and shall accept no liability for any loss occuring in the transaction. Purchase shall be made only to the extent of the requirements of those members who are able to pay in cash or to whom the societys is able to give a loan for the purpose of payment. Accounts showing these transactions shall be maintained in such forms as the Registrar may prescribe. Subsidiary by-laws may be framed by the Board of Directors for purposes of these purchases subject to their approval by the Registrar.

(2) It shall be competent to the Board of Directors to undertake the joint sale of the finished products of any of their members at their request. But in undertaking such sale, it shall accept no liability for loss and shall act merely as the agent of the members.

50. No amendment to, alteration in, or cancellation of, a by-law nor the enactment of a new by-law shall be made except at a general meeting of the members nor shall take effect until it shall have been approved by the Registrar.

51. Should any doubt arise as to the construction of the Act or any by-law, the Board of Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice.

52. The society shall prepare annually in such form as may be prescribed by the Registrar (a) a statement showing the receipts and disbursements for the year, (b) a profit and loss account, (c) a balance sheet and (d) such other statements as may be prescribed by the Registrar.

These statements shall made up to 30th June and a copy of each shall be sent to the Registrar within fifteen days after the close of the co-operative year ending 30th June. After the Registrar has verified the statements and granted his audit certificate the society shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

53. In the case of a dispute touching the business of the society between members or past members of the society, or persons claiming through a member or past member or between a member or past member and the persons so claiming and the Board of Directors a reference in writing may be made by any party to the Registrar. Similarly, in the case of a dispute relating to a debt due to the society 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. 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 of the arbitrator or arbitrators as the case may be, shall be final and it may be enforced in either of these 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 same manner as arrears of land revenue; or

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

PROCEEDINGS OF

The Central Co-operative Printing Works Ltd.

MADRAS.

A general body meeting of the Central Co-operative Printing Works was held on Saturday, the 20th April 1929, at 4 p.m. at the Press premises with Mr. P. Ramanathan in the chair.

Before the formal business of the meeting commenced there was the usual social.

Seventy-eight delegates attended the meeting.

PROCEEDINGS.

The printed copies of the Annual Report, the Audit certificates and the connected statements having been printed and circulated, it was proposed by Mr. S. Bavanandam Pillai and seconded by Mr. C. S. Srinivasa Chari and carried unanimously that the report be taken as read.

Mr. P.G. Krishna Iyer then proposed and Mr. T.V. Tirunavukkarasu Mudaliyar seconded that the ninth annual report on the administration of the Central Co-operative Printing Works, Ltd., for the co-operative year 1927-28 be adopted.

There was a general discussion on the report in which the following gentlemen took part:—

1. Mr. C. Theagaraja Mudaliyar,
2. „ M. Ramakrishna Rao.
3. „ Manikka Mudaliyar. (Manimangalam Co-op. Society).
4. „ M. Balasundra Mudaliyar.
5. „ V. Venkatasubbayya.
6. „ V. Manikka Mudaliyar.
7. „ G. Sriram Babu Nayudu.
8. „ C. S. Srinivasa Chari.
9. „ S. S. Sankara Mudaliyar.
10. „ A. Sivarama Menon.
11. „ C. N. Vydianatha Mudaliyar.

It was pointed out in the course of the discussion that a sum of Rs 63-0-0 shown in Appendix B was wrongly entered under disbursements and that the same should have been shown under assets. The

Directors agreed to make a reference to the Registrar on the point and the matter was dropped.

Mr. Theagaraja Mudaliyar next proposed that the rebate to customers be paid at the rate of 2 annas in the rupee instead of nine pies in the rupee as recommended by the Directors.

Mr. M. Ramakrishna Rao seconded the motion.

Mr. C. S. Srinivasa Chari proposed an amendment to the effect that one anna be substituted for 2 annas. This was seconded by Mr. M. Ramakrishna Rao.

After some discussion the house resolved to give rebate at the rate of one anna in the rupee. With this modification the ninth annual report was unanimously adopted.

After this the election of Directors was proceeded with. The Secretary explained to the meeting that under the revised by-laws seven members had to be elected to the Board of Management *viz.*, the President, the Secretary and five other Directors.

Mr. S. S. Sankara Mudaliyar proposed and Mr. C.S. Srinivasa Chari seconded that Mr. P. Ramanatha Mudaliyar be re-elected as President. The proposition was carried unanimously.

Mr. C. S. Srinivasa Chari then proposed and Mr. P. N. Swaminatha Mudaliyar seconded that Mr. A. Srivarama Menon be re-elected as Secretary. The proposition was unanimously carried.

The following gentleman were next nominated for the remaining 5 places in the Board of Management.

1. Mr. V. Manikka Mudaliyar.
2. ,, V. Venkatasubbayya.
3. ,, G. Sriram Babu Naidu
4. ,, S. Bavanandam Pillai
5. ,, P. N. Swaminatha Mudaliyar
6. ,, S. O. Abdul Gaffoor
7. ,, P. Krishnamoorthy Rao
8. ,, T. V. Tirunavukkarasu Mudaliyar
9. ,, C. Sambasiva Chettiyar
10. ,, P. G. Krishna Iyer
11. ,, M. Balasundara Mudaliyar
12. ,, V. Dharmalingam Pillai

Voting then took place and the following gentlemen were declared duly elected to the five places in the Board of Management.

1. Mr. S. Bavanandam Pillai—49 votes
2. ,, T. V. Tirunavukkarasu Mudaliyar.—44 ,,
3. ,, S. O. Abdul Gaffoor——41 ,,
4. ,, V. Manikka Mudaliyar—32 ,,
5. ,, P. N. Swaminatha Mudaliyar 32 ,,

The Secretary next moved the following amendments to the by-laws one after the other as suggested by the Registrar of co-operative societies.

By-law 17 :—The word 'Press' at the end of by-law 17 (3) be replaced by the ' works '

By-law 21 :—The word 'also' has to be inserted between "shall" and "do" in the 1st sentence as amended as the obligation to convene the meeting at the request of 10 or more members is additional to the obligation to convene the meeting once a year or oftener.

Add the following by-laws :—

RESERVE FUND.

By-law 26. (1) The reserve fund shall belong to the society as a whole and is intended to meet unforeseen losses. No member can claim a share in it. It shall be invested in such manner as the Registrar of Co-operative Societies prescribes and shall not be drawn upon except with his sanction.

(2) On the dissoultion of the society the reserve and other funds contributed by it under provisions of its by-laws shall be applied ;

(i) to discharging such liabilities of the society as may remain undischarged after the enforcement in full of the liability of the members of the society ;

(ii) to the repayment of the share capital paid up ; and

(iii) to the payment of dividend upon such share capital at a rate not exceeding $6\frac{1}{4}$ per cent per annum for any period or periods for which no dividend has been paid.

(3) Such portion of these funds as shall remain after payments mentioned in sub-clause (2) shall be applied to such local objects of public utility as may be selected by the general body and approved of by the Registrar. If within three months of the final closing up of the society the general body fails to make any selection that is approved of by the Registrar, the latter may use the abovementioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative bank until a new co-operative society with a similar area of operations is registered, in which event the funds shall be credited to the reserve funds of such society.

MISCELLANEOUS.

By-law 27. No amendment to, alteration in, or cancellation of, a by-law nor the enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by the Registrar.

By-law 28. Should any doubt arise as to the construction of the Act or any by-law, the Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice.

By-law 29. In the case of a dispute touching the business of the society between members or past members of the society or persons claiming through a member or past member or between a member or past member or persons so claiming and the Board of Management or Directors a reference in writing may be made by any party to the Registrar. Similarly in the case of a dispute relating to a debt due to the society 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. 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 these 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 same manner as arrears of land revenue ;

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

All the above amendments were duly seconded by Mr. P. N Swaminatha Mudaliyar and carried unanimously.

The meeting then terminated with a vote of thanks to the chair.

CENTRAL BANKS' CONFERENCE.

PROCEEDINGS

OF

The Sixth Session of the Conference

held on Saturday the 6th and Sunday the 7th April 1929
at the Madras Central Urban Bank Ltd.

The following Banks were represented by their delegates noted against each :—

1. Madras Central Urban Bank Ltd.
   (1) The Hon'ble Mr. V. Ramadas Pantulu.
   (2) Dewan Bahadur R. Ramachandra Rao.
   (3) Dr. S. Swaminathan.
   (4) Rao Saheb T. Srinivasa Rao.
2. Anantapur District Co-operative Central Bank Ltd,
   Mr. G. Rameswara Rao, M.L.C.
3. Chittoor District Co-operative Central Bank Ltd.
   (1) Mr. C. Venkataramana Iyer,
   (2) Mr. N. Balarama Iyer.
4. Co-operative Central Bank Ltd., Conjeeveram,
   (1) Rao Bahadur M. K. Venkatachariar.
   (2) Mr. A. Rajabadar Mudaliar.
5. Co-operative Central Bank Ltd., Vellore.
   (1) Mr. K. M. Singaravelu Mudaliar.
   (2) Rai Bahadur V. Murugesa Mudaliar.
6. Coimbatore District Urban Bank Ltd.
   Rao Bahadur T. S. Balakrishna Iyer.
7. Cuddapah District Co-operative Central Bank Ltd.
   (1) Mr. V. Pichayya.
   (2) Mr. K. Lakshmana Rao.
8. Christian Central Co-operative Bank Ltd,
   (1) Mr. V. Manikka Mudaliar.
   (2) Mr. S. Krishnaswami.
9. District Co-operative Bank Ltd., Cocanada.
   Mr. P. Venkataramayya.

10. Ellore Co-operative Central Banking Union Ltd.
    (1) Dr. B. Venugopal Naidu.
    (2) Mr. T. Veeranna.
11. Guntur District Co-operative Bank Ltd., Tenali.
    (1) Dr. K. Vullakki.
    (2) Mr. K. Sriramulu Pantulu.
12. Hospet Co-operative Central Bank Ltd.
    (1) Mr. M. Venkoba Sastri.
    (2) Mr. K. Krishnacharya.
13. Krishna Co-operative Bank Ltd., Masulipatam.
    (1) Dr. B. Pattabhi Sitaramayya.
    (2) Mr. G. Venkataratnam Pantulu.
14. Kurnool District Co-operative Central Bank Ltd.
    (1) Rao Bahadur S. V. Narasimha Rao.
    (2) Mr. R. Aiyakutti Iyengar.
15. Madura—Ramnad Central Co-operative Bank Ltd.
    (1) Mr. E. S. Sunda.
    (2) Mr. P. Krishnaswami Sastri.
16. Nellore District Co-operative Banking Union Ltd.
    (1) Mr. O. Viswanatha Rao.
    (2) Mr. V. Narasinga Rao.
17. Malabar District Co-operative Bank Ltd, Calicut.
    Rao Saheb V. Krishna Menon.
18. Ramachandrapuram Co-operative Central Bank Ltd.
    (1) Mr. G. Satyanarayana.
    (2) Mr. M. Narasimha Rao.
19. Sree Konaseema Co-operative Central Bank Ltd., Amalapuram.
    (1) Mr. B. N. Sastri.
    (2) Mr. N Sreerama Razu.
20. Srivilliputtur Co-operative Banking Union Ltd.
    (1) Mr. A. Srinivasachariar.
    (2) Mr. P. S. Kumaraswami Raju.
21. South Kanara Central Co-operative Bank Ltd.,
    Rao Saheb M. Ananta Rao.
22. South Arcot Co-operative Central Bank Ltd., Cuddalore.
    (1) Mr. R. A. Sivananda Mudaliar.
    (2) Mr. R. Krishnaswami Iyengar.

23. Salem District Urban Bank Ltd.
    (1) Mr. T. Adinarayana Chettiar, M.L.C.
    (2) Mr. T. K. Balakrishna Chettiar.
24. Trichinopoly District Urban Bank Ltd.
    (1) Mr. V. Jayarama Iyer.
    (2) Mr. E. V. Gopalaswami Iyer.
25. Tanjore District Co-operative Central Bank Ltd., Kumbakonam.
    (1) Mr. V. R. Srinivasan.
    (2) Mr. V. Raghava Iyengar.
26. Vizagapatam District Co-operative Banking Union Ltd.
    Mr. C. Subba Rao.
27. Viziavada Central Co-operative Banking Union Ltd.
    Mr. D. Vishnu Rao.

Mr. H. M. Hood, Registrar of Co-operative Societies, was also present.

Dr. B. Pattabhi Sitaramayya was unanimously voted to the Chair.

1. The Chairman called upon the Secretary to read the Report of work done on behalf of the Central Banks' Conference, since the last Session held on the 7th October 1928. This having been circulated to Central Banks in advance, the Report and Statement of Accounts appended thereto, were adopted.

2. The drafts of the constitution of the Central Banks' Conference circulated by Mr. T. Srinivasa Rao and the Hon'ble Mr. V. Ramadas Pantulu, were considered. The matter was discussed at great length and finally the following rules were agreed upon:

CENTRAL BANK'S CONFERENCE.

RULES.

1. The Institution shall be known as the "Madras Co-operative Central Banks' Conference."

2. All the Co-operative Central Banks in the Presidency including the Madras Central Urban Bank and the Christian Central Bank shall be eligible for membership of the Conference.

3. (a) Every member Bank other than the M. C. U. B. shall be entitled to depute two delegates to each session of the Conference, one of whom at least shall be a Society or Union representative on the Central Bank. The Central Bank's representative on the M. C. U. B's Board of Management may be one of the two delegates.

(*b*) The M. C. U. B. shall be represented by all such members of its Executive Committee as have not been deputed by the Central Banks as their delegates to the Conference.

(*c*) Attendance by proxy shall not be permitted in any case.

4. The Secretary of the M. C. U. B. shall be the *ex-officio* Secretary of the Conference.

5. Each delegate representing the member Banks other than the M. C. U. B. shall have one vote; the representatives of the M. C. U. B. shall *not* vote; and all decisions shall be by the majority of votes of those present and voting at the Conference. When votes are equally divided, the Chairman shall have a casting vote in addition to his own.

6. The expenses of the Conference other than the travelling and halting allowances of delegates shall be met from the funds of the M. C. U. B.

7. The Secretary of the Conference, in his capacity as such, shall communicate the Resolutions and other proceedings of the Conference to all the member Banks, the Madras Provincial Co-operative Union and the Registrar, and shall, unless otherwise instructed by the M. C. U. B, take appropriate steps to give them due publicity or to propogate them with a view to secure co-operative opinion in their favour.

8. The objects of the Conference are:

(*a*) To consider during its periodical sittings matters of general application relating to all Central Banks, matters of importance concerning them, questions of principle and policy relating to their management and administration; and to recommend its decisions for adoption by the member Banks;

(*b*) With a special view to ensure financial stability of the Central Banks and to the maintenance of such stability from time to time, to advise the manner of transaction of business in that respect, in the Central Banks, through the administrative section or otherwise, and as between the Central Bank on the one side and the primary societies financed by it, the local supervising unions, the District Federation, the M.C.U.B. and the Registrar on the other.

3. The question of the rates of interest to be allowed on the funds of the Local Bodies deposited in Central Banks, was considered.

Mr. Hood pointed out that he could see no reason why Banks should offer more than 4 per cent. on Local Bodies' Funds deposited

for a period of 3 years and under. If the funds were deposited for longer periods, he would have no objection to permit a small increase. It is the Banks' business to raise as much money as is required, at as low a rate of interest as possible, to finance rural societies and to help them with money required by the ryots. If 4 per cent. is not considered sufficient, then it may be necessary to increase the rate, provided the Local Bodies are prepared to deposit money for a longer period.

After considerable discussion in which several members took part, it was resolved that not more than 4 per cent be offered on the deposits of Local Bodies fixed for a period of three years and less and 4½ per cent. on deposits fixed for a period of over 3 years. It was also resolved to request the Registrar to address the Local Government to permit Local Bodies to invest funds for a period longer than 3 years.

In respect of current accounts of the Local Bodies it was resolved that 2 per cent. per annum on daily balances be allowed.

4. The revision of the form for the Statutory audit report was considered.

The Registrar stated that only last year a revision was made and the revised books were used for the audit of the year 1927-28. In June last, at his Conference with the Deputy Registrars, the matter was again looked into. The form has been further revised and these books will be brought into use for the audit of the year 1928-29. The books are already in print and it will not be possible to carry out any further changes that may be suggested by the Conference.

It was resolved that the matter be allowed to lie over for the present.

5. The Registrar's Circular No. 18 Spl. dated 29-5-1928 regarding the organisation of an audit union for Central Banks, was considered.

Mr. Ramadas Pantulu stated that some time ago, a scheme was drafted and the cost was estimated at Rs. 40,000 a year. As the Central Banks are now getting their audit free it was found that the contribution asked for of Central Banks was very heavy. He requested the Registrar to say whether the Government can make any substantial contribution towards the cost of the scheme, as it relieves the Government Department of a good deal of work.

Mr. Hood stated that he could recommend the scheme to the Government on condition that the subsidy provided by the Government would be less than the amount which they at present spent on Government audit staff.

It was resolved that a sub-committee consisting of Dewan Bahadur R. Ramachandra Rao, Rao Saheb T. Srinivasa Rao and the Hon'ble

Mr. V. Ramadas Pantulu be formed to confer with the Registrar and to evolve a definite scheme for an audit union for the Central Banks.

6. The Registrar's Circular No. 6110 of the 28th November 1928 regarding the introduction of pass books in respect of loans advanced by Central Banks to primary societies was considered.

Rao Bahadur M. K. Venkatachariar stated that in the Conjeeveram Bank, the pratice is to issue half yearly statements in trifoils of outstanding loans, one to the society, one to the union and the other to the Inspectors. He found the system to work very well. He commended this system for the acceptance of the Conference.

The Chairman stated that it is not possible for every Bank to adopt the Conjeeveram system owing to the limited establishment. What the Registrar's Circular contemplates is a pass book of the kind issued in regard to current accounts. It will be advantageous if the transactions relating to shares, Reserve Fund, suspense etc. were also entered in this pass book.

Mr. Hood stated that 21 Banks have agreed to the introduction of pass books.

After some discussion, it was resolved that the introduction of pass books in the Central Banks be approved; and that it should comprise not only loans but also entries relating to share Capital, Reserve fund, Suspense, Supervision Fund and any other necessary accounts and that the posting be made at least twice a year.

7. It was resolved to approve the Registrar's suggestion contained in his Circular No.A.4888 dated 19-9-1928 to have separate application forms and separate promissory notes on papers of different and distinctive colours, for short and long term loans issued to members by societies and by Central Banks to primary societies.

8. Srivilliputtur Bank's letter of the 8th January 1929 regarding delay in the grant of copies of audit reports and Kumbakonam Central Bank's letter of the 6th January 1929 regarding the department's refusal to furnish liability statments were considered.

It was resolved to request the Sub-Committee referred to in paragraph (5) to discuss the matter with the Registrar.

9. Registrar's letter No.37 Spl. of the 7th December 1928 regarding contractual guarantee with the Imperial Bank of India for the overdraft granted by them and for the revision of the standard of fluid resources to be maintained by Central Banks, was considered.

Mr. Ramadas stated that there are two views in regard to this question. One set of people hold that the Central Banks have to rely upon the Imperial Bank of India for fluid resources, while some others hold that it is unsafe for Central Banks to rely upon the Imperial Bank. As the matter is a very important one, he said that the consideration of the matter be deferred till the Banking Enquiry Committee reports. His suggestion was accepted.

B. PATTABHI SITARAMAYYA,

Chairman.

SECOND DAY'S PROCEEDINGS

MR. R. KRISHNASWAMY IYANGAR,

was Unanimously voted to the Chair.

10. Salem District Urban Bank's letter of the 18th November 1928 regarding amendments to model bye-laws of Central Banks, primary societies etc. (vide Registrar's circular dated 31-8-1928) was not considered as the Bank's representative was not present at the time.

11. Registrar's Circular No.36 of the 26th September 1928 regarding non-registration of pro-notes for short term loans, was considered.

It was resolved that the existing practice be continued until the matter is further examined by the Registrar.

12. With reference to Townsend Committee's recommendation No. 194 and Registrar's circular dated 15-12-1928 regarding investment of Reserve Funds in Government Securities, it was resolved that the existing state of things be continued.

13. It was resolved to recommend Alphonso's Handy Calculator for use in Central Banks.

14. Shiyali Supervising Union's letter dated 19-11-1928 enquiring whether a Central Bank is justified in calling for individual loan applications from members of a primary society for scrutiny, was considered and it was resolved that it is within the discretion of the Central Bank to call for individual loan applications of members.

15. Rao Saheb T. Srinivasa Rao's proposals for expediting the preparation of the Central Banks' Manual was considered. As it was understood that the department is compiling a Manual, it was resolved to request the Registrar to send a proof copy.

The other subjects in the Agenda were not considered, as the representatives who gave notices of the same did not press them.

R. KRISHNASWAMY IYANGAR,

Chairman.

THE CENTRAL BANKS' CONFERENCE.

Agenda for the VI Session held at 11-30 A. M. on the 6th April '29 in the premises of the Madras Central Urban Bank, Luz Mylapore,

1. Draft constitution for the Central Banks' Conference (vide Resolutions III and II of the conference held on 7-10-1928).

2. Refusal of certain Central Banks to pay contribution towards the funds of the Conference either in whole or part and the non-payment of the same by certain other Banks (vide Resolution IV of the Conference held on 7-10-1928), and para 7 of the Secretary's report.

3. Registrar's letter No. A. 4146/28 dated 29-1-1929 addressed to certain Central Banks and circulated to all other Banks stating that he sees no reason for the offer of a higher rate than 4 per cent. on the provident funds and security deposits of local boards and municipalities (vide Resolution No. VI of the Conference held 7-10-28 and letter to the Registrar, Ref. C. No. 3 C dated 23-3-1929).

4. Option to Central Banks to negotiate with local boards and municipalities the rate of interest to be allowed on their current accounts (vide Resolution VII of the Conference held on 7-10-1928 and letter to the Registrar, Ref. C. No. 3 C dated 23-3-1929).

5. A proposal to suggest to the Registrar the revision of the form for the statutory audit (final audit) report of the auditor and the draft prepared by the Secretary—(vide Resolution IX of the Conference held on 7-10-1928 and letter to members of the Standing Committee dated 29-11-28, C. No. 32).

6. An organisation for the conduct of concurrent audit of Central Banks-Resolution No. 1 of the Standing Committee dated 1-7-1928, and reports of some Central Banks on the subject—Registrar's circular No. 18/Spl 28 dated 29-5-1928).

7. Introduction of Pass book system in respect of loans advanced by Central Banks to primary societies (Registrar's Circular No. 6110/28 dated 28-11-28)-

8. Amendments to bye-laws of Central Banks as well as primary societies, unions and district federations and the pooling of the Supervision Fund and the supervisory staff on a district basis. (Registrar's circular No. N. D. B. 5408/27 dated 31-8-1928 and Salem Central Bank's letter 1172 C/28 dated 18-11-1928) and letter to members of the Standing Committee dated 28-11-1928.

9. Separate application forms and separate promissory notes on paper of different and distinctive colours (Registrar's circular No. A. 4388/28 dated 19-9-28).

10. Non-registration of pro-notes for short term loans with reference to Townsend Committee's recommendation No. 7 (Registrar's original circular No. 36/28 dated 26-9-1928 recommending non-registration and his subsequent communication to the effect that he is not prepared to insist on Banks stopping the registration).

11. Whether the M.C.U.B. and Central Banks are agreeable to the recommendation of the Townsend Committee No. 194 that Central Banks and primary societies should be encouraged to invest their reserve funds, in redeemable Government Securities. (Registrar's circular No. A. 6488/28 dated 15-12 1928).

12. Different interest tables in use in Central Banks.

13. Scale of distribution of copies of the proceedings of the Conference and of the Standing Committee.

14. Srivilliputtur Bank Secretary's letter dated 8-1-1929 in the matter of delay on the part of the Assistant Registrar in the grant of copies of audit reports.

15. Registrar's ruling (reported by the Seceretary of the Kumbakonam Central Bank in his letter No. 43 dated 6-1-1929) that it is not necessary to include liability statements in the copies of audit reports furnished to Central Banks for cost and that Bank's request addressed to the Registrar for the grant of copies of liability statements also.

16. Srivilliputtur Bank's request to Registrar (No. C. 755/28-29 dated 19-11-1928) to instruct auditors to note in loan ledgers the amount of interest that is due in each loan up to half year and up to 30th June respectively during interim and final audits.

17. Salem Central Bank's letter 722 C/28 dated 3-7-1928 with reference to Registrar's communication No. Nil dated 24-5-28 on the subject of Townsend Committee's recommendation No. 100 that accounts in Central Banks should clearly show repayment in respect of each promissory note.

18. South Kanara Bank's letter C.R. 962/28-29 dated 20-7-1928 in the matter of Central Banks collecting Societies contributions with reference to Townsend Committee's recommendation No. 161.

19. Shiyali Supervising Union Secretary's letter No. 28 dated 19-11-1928 enquiring whether the Central Bank is justified in calling for individual loan application from members of a primary society for scrutiny.

20, Standard of fluid resource to be maintained in Central Banks—Resolution No. 8 of the Standing Committee of the Central Banks, Conference dated 1st July 1928 and the circular letter addressed to Central Banks on the subject.

21. Secretary's report of work done for the half-year ending March 1929.

22. Secretary's proposals for expediting the preparation of the Central Banks' Manual.

23. Registrar's letter regarding contractual guarantee with the Imperial Bank of India and the scale of fluid resources.

24. The following resolutions of which notice has been by the Srivilliputtur Central Bank. (Letter No. C. 1329/28-29 dated 24-3-1929).

(1) The inspection staff and the administrative section shall be maintained permanently in each Central Bank, where the condition of overdues and defects demand it.

(2) The favourable rate of interest of 6 per cent. shall be given only to such Central Banks by the Madras Central Urban Bank as maintain an administrative section and inspection staff.

(3) In areas where there are no Federations, the Madras Central Urban Bank is requested to contribute a sum equivalent to that spent in Bank area for the purpose of training class of Panchayatdars of societies and the Government also is requested to pay an equal amount.

(4) When railway cess funds of District Boards, where there are two Central Banks, are being deposited in one or other in the same district or in the same area of District Board, permission will be given to the Central Banks to invest the surpluses in one another.

(5) In view of the fact that the Madras Central Urban Bank has invested, sufficiently a large amount, in Government Securities and has deposited its surpluses in Banks outside the Presidency, the Bank requested to reduce its rate of interest on short term loans to Central Banks,

Report of work done on behalf of the Central Banks Conference since the V Session held on the 7th October 1928.

The work transacted during the half-year under notice has not been considerable. Various reasons account for this which will be manifest from the succeeding paragraphs. The report for the previous

half year dealt with the progress of work under certain heads and the same order is followed in this report.

2. *Correspondence with Central Banks.* The subjects mentioned in paragraph 2 of the previous report still await final disposal and they appear on the agenda of the Conference. To the list in that paragraph has to be added the references to Central Banks regarding (1) improvements in the form of accounts in Central Banks with a view to effecting economy of labour (Townsend Committee's recommendation 107); (2) subsidiary rules in Central Banks (3) arrangements in vogue in regard to the concurrent audit of Central Banks and (4) the standard of fluid resource to be mintained in Central Banks. On these Subjects the replies of some Central Banks are still due.

3. *Correspondence with the Registrar.* Replies of the Registrar are awaited on the subjects of obtaining the sanction of Government for exemption ot societies from payment of money-order commission and for supply of copies of audit reports to Central Banks free of cost, with reference to Townsend Committee's recommendations Nos. 35 and 187 respectively.

Requests addressed to the Registrar await compliance in the matter of furnishing the Standing Committee (1) with copies of circulars and orders on important matters and matters of general interest issued to societies, unions and federations and Central Banks and (2) with copies of the latest reports, orders, circulars, instructions etc. issued by him or Government, bearing on the contents of the proposed Central Banks' Manual.

4. *Matters under consideration of the members of the Standing Committee.*

Nine subjects which come under this catagory and have a bearing, some directly and some indirectly, on the contents of the proposed Central Banks' Manual are referred to in para 6 infra.

5. *Matters under correspondence with the Provincial Co-operative Union.*

Replies of the Provincial Co-operative Union to the matters referred to them and mentioned in paragraph 5 of the previous report are awaited.

6. *Compilation of the Central Banks' Manual.*

As explained in para 6 of my previous report this work falls under the three heads therein mentioned.

(1) The following references to the Standing Committee members fall nnder the first of those three heads which relates to the laying down in certain cases what the rules and procedure should be.

(*a*) A comprehensive programme of rectification and consolidation of rural societies-letter dated 19-7-28 C. No. 4.

(*b*) The question of retention and destruction of records in Central Banks-letter dated 6-8-28 C No. 9.

(*c*) Manner of check of loan applications in Central Banks-letter dated 18th September 1928 C. No. 19

(*d*) Regulation of grant of extensions—letter dated 18th September 1928 C. No. 19.

(*e*) A proposal to suggest to the Registrar the revision of the form of the statutory (final) audit report—letter dated 29-11-1928 C. No. 32,

(*f*) Registrar's circular No. 5408/27 dated 31-8-28 proposing amendments to bye-laws of Central Banks and other institutions, etc.—letter dated 28-11-28 C. No. 35.

(*g*) Townsend Committee's recommendation No. 100 that the accounts of Central Banks should clearly show repayments in respect of each promissory note—letter dated 28-11-1928 C. No. 11

(*h*) Townsend Committee's recommendation No. 161 that Central Banks should collect societies' contributions to supervision fund—letter dated 8-8-28 C. No. 12.

(*i*) Shiyali Union's reference enquiring whether the Central Bank is justified in calling for individual loan applications of members of a primary society for its scrutiny—letter dated 28-11-28 C. No. 31.

As already observed in para 4 supra, these matters, some directly and some indirectly, have a bearing on the contents of several chapters of the manual.

(2) As regards the second item of finding out from the Central Banks themselves particulars as to the accounts, registers and ledgers maintained, with a view to introduce uniformity and also minimise labour in their maintenance, replies are still due from some Banks.

(3) As regards the third item, the orders,circulars and other records bearing on the contents of the manual asked for from the Registrar are awaited—vide para 3 supra.

My proposals for expediting the compilation of the manual are separately made.

7. *Payment of contribution by Central Banks.* All Central Banks which had not already paid their contribution of Rs. 100 in full or part, were addressed again, with reference to Resolution IV passed at the last session, to reconsider their decision. Since the last session of the Conference, remittances (of Rs. 100 each) have been received from six Central Banks and a remittance of Rs. 50 from one Bank. The contribution of Rs. 500 from the M. C. U. B. has *also* been received. There remain seven Central Banks which have not paid the contribution yet. Of these, the Central Bank at Tanjore has once again declined to pay, while the Rajahmundry Bank has not replied to the request for reconsideration of its previous decision regretting inability to pay. The Conjeeveram Bank Executive Committee has resolved in November to place the matter once again before its Board of Management which in July did not propose to vote for the contribution. The remaining four Banks, namely Ganjam, Aska, Chittoor and Coimbatore have not replied.

The two Banks which have paid Rs. 50 only are the Madras Christian Central Bank and the Hospet Central Bank both of which regret their inability to sanction payment of the balance of Rs. 50

Establishment for the Office of the Standing Committee.

8. Owing to want of adequate work for the staff, the services of the Shorthand typist and attender were dispensed with, with effect from 1st January last. As the Secretary, owing to private reasons, has not been able to reside in Madras permanently since 1st December last, no charge has been incurred since that date on account of his conveyance allowance.

9. *Account of Receipts and Expenses.* A statement of the receipts and expenses of the Conference Fund is appended. The Head Clerk of the M. C. U. B. has audited the accounts and certified to their correctness.

Account of Receipts and Expenditure of the Central Banks' Conference since 16-9-1929.

Receipts.				Disbursements.			
Closing Balance on 15-9-1928 with the M.C.U.B. ...	1,370	2	1	1. Pay of Establishment ...	260	0	0
Contribution received from six Central Banks since the 15th September 1928 (at Rs. 100) ...	600	0	0	2. Conveyance allowance to the Secretary ...	150	0	0
Do. 1 at Rs. 50 ...	50	0	0	3. T.A. of the members of the Standing Committee ...	...		
Do. from M.C.U.B. Ltd. ...	500	0	0	4. Printing and Stationery ...	79	9	0
				5. Cost of lunch and dinner provided to members assembled in the Fifth Session of the Conference held in October 1928 ...	145	4	0
				6. Hire of furniture.	12	12	0
				7. Postage ...	29	10	0
				8. Miscellaneous ...	3	11	6
				Closing Balance with the M.C.U.B. (20-3-1929)...	1,839	3	7
Total ...	2,520	2	1	Total ...	2,520	2	1

Audited and found correct.

(Sd). T. R. NAGARAJA RAO,
Head Clerk, M. C. U. B, Ltd.

OFFICE OF THE
STANDING COMMITTEE,
M. C. U. B. BUILDINGS,
LUZ, MYLAPORE 24-3-1929.

(Sd.) T. SRINIVASA RAO,
Secretary.

C. C. P. Works, Ltd., Madras.

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