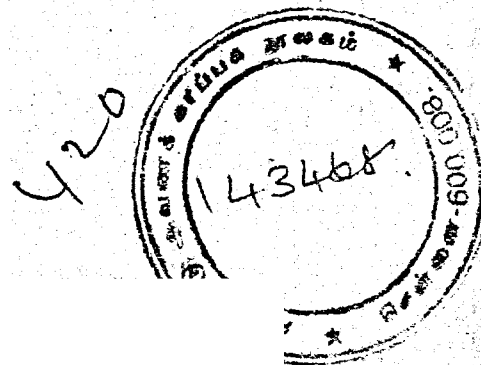


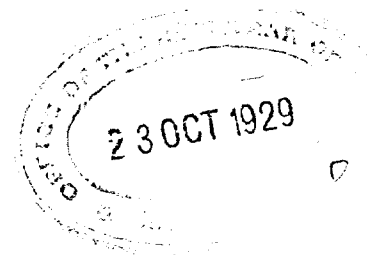
REG. No. M. 1284.
VOL. XXI No. 3.
SEPTEMBER 1929.

The Madras Journal of Co-operation



PUBLISHED BY
The Madras Provincial Co-operative Union,
Royapettah, Madras.

ANNUAL SUBSCRIPTION :
INLAND RS. 4.
FOREIGN 4.12.
E. COPY 1/6



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Editorial Notes.

It may appear to be a far cry from our journal, dealing with business aspects of an economic movement, to the convocation address of the University. Yet we find that the inspiring address delivered at the convocation of the Madras University held on the 14th of August by the Lord Bishop of Madras has got in it many hints to provoke thought.

We have observed more than once in these pages that the movement to be healthy and strong should not be a mere imitation of what it is in other countries but must take root in the soil and thrive along lines of growth most congenial to our environment. This hint was urged by two of the Presidents of the recent Provincial Co-operative Conferences, Professor R. K. Mukerjee and Mr. P. S. Srinivasan. The Lord Bishop of Madras lays stress on this aspect of national development in the following sentences which we quote from his address :—

"For no two countries are absolutely alike : and India, with her own wonderful past, has special needs which cannot be met by the unthinking application of remedies and ideals evolved in other lands and under totally different circumstances. We need above all things honest thinking and wise guidance based on deep search for truth. It is this that our Universities should be giving to us."

His Lordship very deservedly laid stress upon the supreme duty of a University in being the leader of thought in all fields of our life activity.

"The main difficulty of India," he said, "to-day lies in the fact that she is trying to crowd into one generation the problems of centuries. And in each one there is a life-time of hard and honest study needed. Industrial and economic problems are crowding upon us; and we find that the ready-made solutions which come from other lands do not fit our case. We have to work out our own salvation. Research work is needed in industry, in medicine, in co-operation, in land tenure, in hygiene, in agriculture—to mention only a few of the most obvious. Indeed, it would be difficult to find any great question concerning which honest research is not needed in this country: and it should begin in the Universities."

We hope that these wise words and true will be remembered by the authorities of the University and that no expense or pains will be spared to make the University really a leader of thought on our national problems, especially on the economic problems of the day.

The teaching staff of the University on the economic side consists of a professor, a reader and a lecturer and, besides their own research work, these are engaged in teaching students who take the diploma course in Economics. We hope that Rural Economics will be given its due importance in the scheme of University studies and that Co-operation, theory and practice, will be given its proper status and recognition in the University Syllabus and that these subjects will be taught in relation to Indian conditions and needs also.

The question of Co-operative education is one of considerable importance though beset with many difficulties. It is only in recent times that the Government has realised its duty to the masses, on whom it has imposed the movement, to educate them in the principles of Co-operation. The Co-operative car has been jogging on, pushed and pulled, tilting and jolting, and it almost threatened to come to a standstill. An examination of the causes that led to deterioration, conducted so far as this Province was concerned by the Townsend Committee and all over India in a very general way by the Royal Agricultural Commission, revealed the appalling ignorance of the people about the fundamentals of Co-operation.

The Townsend Committee went even a step further and said that most of the people actually employed in the working of the movement both in the ranks of officials as well as non-officials were not well versed in the theory and principles of Co-operation and pointed out the supreme need for getting them trained.

Our Government, however, did not wait till this was pointed out by the Committee. Urged on by the P. C. U., it rendered some

financial help to that institution to run a training class for Inspectors from the year 1925 onwards. It also gave small subsidies to a few district federations for conducting supervisors' and panchayatdars' training classes.

The Department realised the need for more training centres as the out-put of Madras centre was considered inadequate and started or induced district federations to start training centres at Coimbatore, Bezwada and Anantapur. Meanwhile a separate society was registered with the sole object of imparting co-operative education and that was the Hood Institute at Tanjore. Later on another training centre was opened at Vellore.

The newly started centres were practically under Government control. They had superintendents lent to them by the Department and they followed the syllabus prescribed by the Registrar and the students undergoing training were subjected to a common examination conducted by the Department. In the year 1928 the P. C. U. recognised the need for falling in a line with the other centres and conducted its training class exactly like the four other centres mentioned above, under departmental guidance.

Still the feeling has always been in the minds of non-officials that the control of the machinery for imparting education ought not to be in the hands of officials and that a non-official organisation like the P. C. U. should take the task upon itself. In this it has the backing of the unanimous recommendation of the Townsend Committee. The P. C. U. like Barkis was of course "willin." But erroneous views regarding local autonomy and centralisation had taken hold of the institutes and they looked upon the P. C. U. not as their own institution but as an outsider; and therefore they were not ready to get affiliated to the P. C. U. and entrust to it the co-ordination of their activities in order to make them more efficient collectively as well as individually.

In December 1928, at a meeting of the Executive Committee of the P.C.U., this question was seriously taken up, namely co-ordinating the activities of the training centres and the Registrar who was present at the meeting agreed to a proposal which was ratified by the Board of Management at its meeting held on 19th January 1929.† This agreement however remained practically a dead letter and the district federations that were running training classes, were induced to surrender that particular function of theirs to newly constituted co-operative educational institutes which were brought into existence for this purpose. The P.C.U. was not at all consulted

† See pages 481 and 482, January 1929 issue,

in this affair nor all the district federations and central banks which were expected to contribute and maintain the new educational institutions.

The Hon'ble Mr. V. Ramadas Pantulu, in his welcome address at the XVIIth Provincial Co-operative Conference, laid special emphasis upon this neglect of the P.C.U. and the tightening of the grip over co-operative education by the Department. Whether as a result of this or not, the Registrar called a Conference of the representatives of these various educational institutions and the need for some form of co-ordination was agreed upon. The only question then was who was to be the co-ordinating agent, the P.C.U. or the Department. This question was discussed at some length at the meeting of the training institute of Coimbatore held on the 4th August and the following resolutions were adopted at the General Body Meeting of that institute at which representatives of district banks and federations of the three districts, Coimbatore, Malabar and South Kanara were present.

Resolution V :—

"Resolved that the syllabuses may be drafted, the examinations conducted and the qualifications of the staff prescribed by a Committee of the Board of Management of the Provincial Co-operative Union consisting of the representatives of the co-operative institutes on the Board of Management of the P. C. U., the President of P. C. U. and the Registrar. Appointments and dismissals of the staff shall be subjected to the approval of this committee."

Resolution VI :—

"Resolved to affiliate the Institute to the P. C. U. on condition that the latter will give a seat on its Board of Management to one representative of the Institute."

We are glad to see that the Training Institute at Bezwada has followed suit and has passed similar resolutions at its meeting held on the 11th August.† We hope the remaining three institutes in

† Resolution No. 7. Resolved that a Central Committee of one representative from each of the training institutes in the Presidency, the President of the P. C. U. and the Registrar of Co-operative Societies, Madras, be formed to prepare the syllabuses, to conduct the examinations and to prescribe the qualifications for the teaching staff. The appointment and dismissal of the staff is to be subject to the approval of the Committee. Subject to the above conditions, the conduct of the training institutes will be entirely autonomous.

Resolved also that the P. C. U. be requested to provide on its Board of Management representation for each of the training institutes,

charge of co-operative education, that is at Vellore, Tanjore and Anantapur, will follow the good example set up by Coimbatore and Bezwada and make the P.C.U. the co-ordinating agency. The P. C. U. is not an undesirable alien in the movement. It consists of representatives of various banks and federations though not of them exclusively. Like all Provincial Institutions, it has tried to get as many representatives as possible and has not confined its membership to a few according to an ideal of theoretically perfect pyramidal structure. The committee of the P. C. U. consisting of its representative and representatives of the various co-operative training schools and the Registrar will be in charge of co-operative education hereafter. "All's well that ends well".

That village life is one complete whole, to be dealt with in a comprehensive way and not to be tinkered with in particular aspects only, is acknowledged by all social workers. The cry of Rural Reconstruction which is heard everywhere at the present time bears testimony, if one is needed, to this supreme truth.

Workers in the co-operative field realise this, the moment they take to their work seriously. The instant co-operative work is done in a village under efficient supervision, it is well known that it enables the farmer to have a few extra rupees which, but for co-operative institutions, would have gone into the pockets of the sowcar; but the real problem is not, however, to enable the farmer to save that: that is difficult enough, but having enabled him to achieve that, to enable him to retain it or use it in some useful manner. What with the proverbial illiteracy and lack of culture and what with the absence of amenities in our villages, the extra money, which co-operation pays into his hands, becomes often a source of temptation to the poor farmer and very often he wastes it in the drink shop. So prohibition is necessary in order to complete the good work effected by Co-operation. Most of the farmers have good sense to appreciate the evil effects of drink, but they have not developed their will-power to such an extent as to overcome the temptation of drinking which alone enables them now to forget, for the time being, their worries and miseries.

The remedy of the problem is simple. "Remove the arrack and toddy shops away from us," they cry in utter hopelessness. It is our duty, the supreme duty of co-operators, to see that in villages, which are certified by competent authorities to be co-operatively efficient, where surplus money is coming even though in small dribblets into

the pockets of the hard-working peasant, the peasant is given further facilities for retaining that small sum by the drinking evil being stopped.

We therefore respectfully urge upon the Government to sanction the removal of arrack and toddy shops from these villages, where the citizens through their co-operative societies apply for the removal.

We make no apology for our advocacy of Prohibition in the pages of our Journal or indeed of any other social evil which retards the growth of Co-operation. We look upon Prohibition as auxiliary to the healthy growth of Co-operation and hence our plea for the abolition of drink shops from select areas where co-operation has done satisfactory work. It is needless to urge that co-operative organisations themselves should afford no facilities to encourage drink by such unco-operative action as financing those who are addicted to drink or by financing liquor contractors to bid at arrack and toddy auction sales as is sometimes done.

Co-operation has been defined as capitalised honesty. In order to run a co-operative society efficiently, a certain high level of character and recognition by members of their own responsibilities is taken for granted. Where they are absent, we may say the soil is not quite congenial for the formation of the society. If, in the absence of such essential pre-requisite conditions among the people, a village co-operative society has been started, the next best thing is to supply an external agency which will develop the sense of responsibility among the members and act as a temporary substitute.

That is why supervising unions have been brought into existence. If a society consisted of ideal co-operators, supervising unions would be a superfluity. There is no use of spasmodic and inefficient supervision either; supervision to be efficient must be both continuous and personal. The farmer is to be helped in the framing of individual budget and making up a list of his requirements and the panchayat-dars are to be helped in the making of the loan application after examining the urgency of the needs of the members and later on when the loan is sanctioned, care must be taken to see that every pie is spent for the purpose for which it was granted. If there is supervision at all these stages, realisation of dues from members would not be very difficult and intensive supervision by an agent who knows every financial transaction of every individual of the society is bound to be effective and efficient.

We may say so in an apriori way; but these observations are borne out by actual experience. Even in the districts where as a

whole overdues are heavy, if a select area be chosen and intensive supervision be undertaken, we see how societies respond marvellously; their transactions expand and the supervision fund which is collected in other areas with much difficulty is easily collected and is also very much more in quantity than what it was before such supervision. Intensive supervision, therefore, may well be taken as more than paying itself. Its service to the District Bank is that it enables the bank to invest its surplus and get more profit. We therefore hope that district banks will select special areas within their jurisdiction and employ special staff for intensive supervision. They would then find as a result of their own experiment that money on intensive supervision is well spent and they would be able not only to benefit the societies and themselves; but they would perhaps indirectly help the public at large by solving to some extent the problem of unemployment of educated middle class people. Ultimately every village may have a supervisor on Rs. 30 to 50 looking after the affairs of the village. To start with, each group of 10 villages must have a supervisor. We venture to make these observations based on actual results of intensive supervision obtained in certain areas where it is being carried on. Under the able guidance of Dewan Bahadur R. Ramachandra Rao, the district bank of Salem is working the scheme with success so far and its results are being watched by co-operators.

When supervising unions were started, they affiliated to themselves all co-operative societies within their area of operation. Even big urban banks, building societies, stores societies and others, were affiliated to the unions side by side with village societies; but in course of time the big urban banks began to show a tendency to keep themselves off in some places and the supervising unions confined themselves more and more to village societies. When District Federations were formed, they were expected to look after all the co-operative societies in the district and especially those not affiliated to unions. The idea of there being one organisation for the district to look after not only supervision but also education and propaganda, has been accepted to be a very desirable one and now that the relationship between district banks and federations has been amicably settled, it ought to be the policy of every genuine co-operator to give a chance to federations to enable them to equip themselves properly and to function efficiently. But there are signs of revolt here and there. Urban banks have federated themselves into audit unions and there is a tendency for them to organise themselves into district audit unions. If the district audit union were to affiliate itself to the federation, well and good. But if it

sets itself to be a rival institution to the federation, we should sound a note of warning. There should be only one financial organisation for a district, the district bank, with branches where there is need for them. The affairs of co-operative societies would be better conducted if there be one organisation for supervision, education and propaganda and that ought to be the district federation. We are not against the formation of federations exclusively for co-operative societies of a particular type; but there is a need for co-ordination and just as every important type of society is allowed to affiliate itself to the P.C.U. including provincial organisations, so in a district organisations like audit unions should be affiliated to the Federations.

Evolution has been defined as a change from simplicity to complexity and from homogeneity to heterogeneity. It is true that when the co-operative movement was started in this country 25 years ago, the societies started were of a simple type, mostly rural credit societies. But as the principles of Co-operation came to be applied to other problems also, various forms of societies came into existence like the stores societies, urban banks, building societies, employees' societies, etc. The present tendency is for these latter to lay stress upon points in which they differ from the ordinary agricultural society and therefore they like to affiliate themselves with other societies of a similar nature and organise themselves into district and provincial organisations. There is a move on the part of store societies in the province to attach themselves to a provincial wholesale society to be formed. Urban banks organise themselves into separate organisations and hold their conferences at which only the special problems of urban banks are discussed by members who, though they may be conversant with the problems of the agriculturists, come there as delegates of urban banks and concentrate their attention upon urban problems. Recently at the time of the provincial conference the opportunity was availed of by Mr. G. Sriram Babu Naidu to hold a conference of those interested in building societies and the resolutions of the conference have already appeared in the pages of our journal.* The justification for sectional conferences consists in the fact that, in a bigger and wider conference, many may not be conversant with the specific problems of this particular group and resolutions passed at such big conferences may not carry any weight with the authorities concerned. No doubt there is some truth in this plea; but it cannot be pushed too far; and if

* See pages 85 & 86, August issue.

pushed to its logical conclusion, it will ultimately lead to dissension and breaking instead of to solidarity. Let there be sectional organisations even upto a provincial cadre; but let their accredited representatives be sent to the P.C.U. to which such organisations should be affiliated. Let there be sectional conferences, but the resolutions passed at such conferences should again be repeated in the provincial conference. That would be a line of growth which we would suggest to the champions of sectional organisations.

We have always been under the impression that a few commercial land mortgage banks can be established in India to supplement co-operative agricultural credit and that the two classes of institutions need not come into conflict. But to our great astonishment, we found from a report which appeared in the local daily press on the 19th instant, of the proceedings of the inauguration of a new joint stock venture called the Agricultural Bank of India, Ltd., that its Managing Director, one Mr. Shankar Lal, in his attempt to convince his audience and perhaps also his future clients, of the need for and the benefits of his bank, not only asserted that the co-operative credit organisations failed to benefit the agriculturists, but that he, along with a local daily, was thinking whether the co-operative movement as it was conducted in many places was not a curse to the country and its people. Comment is needless. It is very sad to reflect that a modern joint stock agricultural banker should exhibit the same hostility to the co-operative movement as the primitive mahajan does and that the movement has new dangers to face.

The relative spheres of commercial and co-operative credit for financing the agricultural industry are well understood in this country. Joint stock banks have great benefits to confer on the people. They are not only indispensable for trade, commerce and industry, but also necessary to promote agricultural enterprise by financing the movement and marketing of crops. But as instruments to lend directly to cultivators on the security of their holdings, they are not suited. The distinguishing features of agricultural finance are thus stated by Prof. Macgregor: "In important respects, it (Agriculture) differs from Manufactures..... The farm is an enterprise which is not financed or managed on joint stock plan. It depends mainly on the resources and administration of one man. It consists in a number of relatively small enterprises, the success of which depends on there being an adequate agricultural substitute for the industrial joint stock bank method of obtaining working as well as initial capital. This is the problem of agricultural credit." (Vide page 106 of the

Final Report of the Agricultural Tribunal of Investigation in England.) All competent authorities are agreed that, apart from agricultural land being unsuitable as a security for bank credit, in India where holdings are very small, cultivators are illiterate, agricultural standards of production are very low, rural indebtedness is mostly unproductive, and habits of punctual discharging of obligations are not well cultivated, commercial credit for agriculture is well nigh impracticable, and that special organisations are needed to handle agricultural credit.

In the current number of "The Banker," a leading English Journal of International Banking, there is an illuminating article on this topic. After setting out the Indian rural credit conditions, the Journal proceeds to say that "Clearly the only type of institution which can safely operate in such a field is one which attracts the sympathy and serves the interests of the borrower. The co-operative system offers an institution of this type. The salvation of the Indian farmer lies in replacing tyrannical money-lenders by an institution which will lend only for useful objects, will accept—and insist on—regular payment by instalments, and can subject him to the pressure of neighbours who have a common interest in keeping him up to his duties. The existing rural mortgage debt of British India (population about 250 millions) has been estimated (1924) at £400,000,000. * * * Its burden impedes agricultural progress, removing all incentive to improvement. The agriculturist cannot shake it off, since the interest accumulates faster than he can pay. The exchange banks and the Indian joint stock banks cannot take it over by transfer on reasonable terms, since they have no country branches, and the rural business would not justify their creation. Only a mortgage bank with local support, engaging in simple and uniform transactions with an inexpensive staff, can solve the problem."

The aim of a co-operative loan to discharge a prior debt and the like is "not merely to free the borrower from a specific burden, but to place him in a new economic position with a new standard of economic behaviour for the future." It is for these reasons that those who seek to promote schemes of land mortgage credit for India, have adopted the constitutions of the German *Land-schaften* and the Scandinavian Credit Associations as their models, and abandoned the alternative of a commercial agricultural bank. The experience of the Agricultural Bank of Egypt and certain other institutions of that type, working in conditions akin to those of India, justifies our action in preferring the co-operative to the joint stock type. If co-operative credit fails to serve the agriculturists aright, it is open to serious doubt whether commercial agricultural credit can, and we venture to ask in Chaucer's words, "If gold rusts, what will iron do?"

But has co-operative credit failed to serve the agriculturists of India, as a matter of fact? We are decidedly of opinion that it not only did not fail, but has actually shown an appreciable measure of success. The Royal Commission on Agriculture, in relation to India as a whole, and the Townsend Committee so far as this province is concerned, have definitely pronounced that the movement has proved beneficial as a whole, notwithstanding many defects in its working to which no co-operator shuts his eyes, and that there is great scope for its improvement. The Royal Commission summarise their appraisal of the value of the movement in the significant words that "if co-operation fails, the hope of the agriculturist is gone". It is in view of such definite and weighty pronouncements that the Government of India is anxious to make a thorough investigation into the possibilities and potentialities of the movement as a factor in mobilising and dispensing agricultural credit on an extensive and intensive scale, and entrusted this duty to the central and provincial banking enquiry committees now at work. In regard to the comparative magnitude attained by the Indian co-operative credit, the issue of "The Banker" from which we have already quoted, states that the share capital and reserve fund, together with the loans and deposits taken, of the Imperial Bank of India at the end of 1926 amounted to £69,000,000; the thirteen exchange banks (including loans and deposits in India only) held £ 202,000,000; and the seventy-three Indian joint stock banks £55,000,000, while the working capital of the co-operative credit organisations in India is £ 60 millions; in other words it exceeds that of all the indigenous joint stock banks put together. In this province alone, 12,000 credit societies, aided by 30 central banks and a provincial bank, have dispensed rural credit to the extent of about nine crores of rupees at 9½ per cent interest per annum. The allegation that is sometimes made to the effect that "the benefits of these societies are confined to the limited circle of influential men and not extended to the poor agriculturists" is baseless, unless the words "poor agriculturists" are intended to denote those who have no security whatever to offer. Such a person is equally excluded by joint stock banks, perhaps more rigorously. The facts are these: according to official statistics for 1927-28, out of a total number of 9 lakhs of members of these societies in this province, 1 lakh were Brahmmins and 8 lakhs Non-Brahmmins. The total working capital available for distribution among them was Rs. 821 lakhs. There is an individual maximum borrowing power fixed for a member in each society according to local conditions and no borrowing is permitted above the prescribed limit, except by recourse to benami transactions, which are being put down as far as possible. These societies therefore do not ordinarily lend themselves to the evil of monopoly. A few cases of abuse there will always be in any movement, but they do not justify a wholesale condemnation of its working. No other nation-building activity, in the economic sphere, has attracted so many disinterested workers in India as the Co-operative Movement and any attempt to discourage them or deprecate their motives or minimise the value of their work will be a great disservice to the country.

Letter from Henry W. Wolff to the Registrar.

THE REFORM CLUB.

S. W. I.

June 20th, 1929.

DEAR MR. HOOD,

I have read your last Annual Report, of which you were good enough to have a copy sent to me, with my usual interest. It does not appear to call for any special comment, and I am on the sick list with a bad foot and preparing for a curative visit to the East Coast. I expected to hear more about the progress of co-operation in busy Madras Presidency—which is producing a formidable output of co-operative literature—at a promised interview of Mr. Paul of the Townsend Committee who announced himself for a call in May in connection with his proposed visit to England, but the gentleman never turned up.

You have in your Province the same difficulties to cope with, that present themselves in some Provinces in an aggravated form elsewhere. But you appear to be grappling with them on quite the right lines. There is very much of that slipshod discharge of business to be corrected which makes you, among other things, urge the appointment of paid secretaries and I cannot see that consideration for honorary officers should deter you from prosecuting' criminous gentlemen of the class. I hope you may succeed in placing supervision and local unions on a better footing. It is very satisfactory to learn that the attention bestowed upon the improvement of supervision has to some extent lessened the accumulation of overdue debt. But one would wish to see co-operation put to extended use in the service of agriculture not necessarily in the collective holding and working of holdings. The small profits made in the co-operative sale of milk and, I hope, its consumption in a purer state, are likewise to be welcomed. But I wish that local authorities could show more favour to co-operative labour societies, which, I would think, must have some promise in them for the raising of the humbler class and the fitting of it to the use of co-operative distribution. The weaver and kindred trade worker also evidently need badly the teaching that you urge in respect of standardisation of quality and also regularisation of output of goods. I hope the Madras Central Bank is extending its business seeing how it is dealing with its accumulated capital and you seem in Madras to be pushing education and instruction which is the mother's milk for the healthy growth. For as soon as we have a sufficiently large posse of co-operators in the full sense of the term, we are sure to have successful and beneficent Co-operation.

Believe me, with best wishes in your career,

Yours very sincerely,

(Sd.) HENRY W. WOLFF.

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A Retrospect and a Suggestion.

BY DEWAN BAHADUR R. RAMACHANDRA RAO, C.S.I.,

The most conspicuous feature at the close of 1926 in the co-operative world was the large glut of funds in financing banks and was very paradoxical because it could not be that the Presidency at large had achieved cheap credit for agriculture to such an extent as to be free to avoid the use of bank funds at the permissible rates. Examination soon solved the paradox. Far from credit being unnecessary, it was very badly needed. But the existing societies had got out of hand, overdues had piled up and embezzlements were not rare so that the astute men who ran the banks held it unsafe to trust the village organisations. The general idea was how best to recover the amounts already paid and to wind up the whole movement. *Per contra*, when the movement atrophied, the bad spirits in every village society held on and tried to explore if they could not wriggle out of their legitimate dues. The department was undermanned; the men chosen were incompetent; registrars came and went ignorant of co-operative principles; and the non-officials, not being clearly told that they alone should work out their own salvation, were neither instructed what to do nor permitted to act for themselves.

2. A careful analysis of the whole situation revealed the nature of the remedy. The foundation is the village society and it has to be rectified and consolidated. All over the world, no co-operative society worked on correct co-operative principles has come to grief. Obviously we here ought to teach our societies the proper principles and see that they are enforced. Such enforcement implies a multiplicity of details of work. The purpose of each loan has to be checked and its application watched. In the case of defaulters, seasons have to be watched and produce seized when possible. There is no short or "made easy" method to co-operative work, much less to rectification of abuses. In passing, it may be stated that a liquidator of society not only means the end of co-operative work but does not even succeed in the realisation of dues. Incessant instruction was called for all over the area; and such instruction needs an army of instructors.

Government decline to employ more men; it is costly; the department does not yield revenue. The only other agency that has money is central banks. So a whirlwind propaganda to induce banks

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to employ inspectors was adopted. It is now a matter of common acceptance that the proper course to adopt is to engage sufficient non-official inspectors out of the funds of financing banks.

3. To the carrying out of this policy, there have been obstacles. The main contention was as to who should control these extra inspectors. I do not propose to discuss the controversy here besides stating that (1) when an union is enthusiastic, the best method would be to strengthen it; (2) where a federation will work in harmony with the bank, there cannot be any objection to the former controlling; (3) intrinsically there is no objection to the bank itself controlling. But I wish to record my experience gained on nearly three years' work.

- (1) It is essential for continuity of policy that the bank should have a capable executive officer who should have access to the diaries of the several inspectors and supervisors.
- (2) The number of inspectors appointed should be adequate. There is enough work for one inspector in *each* revenue village; but it will take a long time before this ideal is reached. Inspectors pay their salary over and over again by legitimate and careful expansion.
- (3) It is not enough if societies are rectified and then left to themselves. Even the best societies backslide and there must be provision for recurring supervision.

It is for central banks to adopt this programme or not but a way has been defined and the responsibility for misfeasance can no longer be disowned.

4. The second obstacle is want of funds. At present out of the net profit one-fourth has under the byelaws to be credited to the reserve fund; of the balance an amount equal to 9 per cent on the capital is the maximum provision for dividends; from the balance small allotments are made to common good fund etc., and the rest is necessarily reabsorbed in the reserve. In the case of the better worked banks, this last amount is fairly large and is available for entertainment of special staff. It has been suggested that the shareholders should not ask for the maximum dividend of 9 per cent and should selfdeny themselves with a lower rate. This is not practicable at present and any proposal of this nature will only antagonise the shareholders of the financing banks. At the most the society shareholders may be asked to surrender their dividends; but even this medium of ideal co-operation is not likely to be welcomed. Some people urge that the correct thing to do is to pile up

the reserve as fast as possible; but they forget that, however much it be piled up, the accumulation can never go beyond 5 per cent of the transactions and can never serve as assets to meet liabilities if the movement collapses and that the best reserve is to safeguard the stability of loans in the field.

5. Owing to the advance in figures comparatively judged, people are apt to think that the movement has developed extensively and to forget that it has not as yet served even as much as 5 per cent of public requirements. If confronted with what the public need and what co-operation might do, the work hitherto achieved is practically nil except in so far as to indicate on what lines the nation-wide movement can be directed to develop. The hesitation to expand is unfortunately justified by the soundness of the transactions at present and the absence of organisation to rectify and expand. In no country if co-operative principles be realised, has the movement led to lapse. While I admit that unrestricted and illorganised expansion is dangerous, legitimate expansion under close supervision is perfectly safe, and so if a financing bank provides for intensive supervision area by area, the increased staff itself will provide additional outlets of expansion and more than pay its way.

6. As a result of the last three years' work, district banks and the public are realising that the only possible lines of improvement are as sketched out above. If they have not wholeheartedly adopted the scheme, it is due to contentions aside the main issue, to apathy and to want of concentrated work on the solutions exposed. Of all districts, Salem is spending the largest on outside staff; and when in course of time its effects are realised, the other banks will fall in line. Meanwhile there is another source of funds not yet tapped and available immediately. The M.C.U.B., the apex bank of the movement, earned a net profit of Rs. 2,84,625 in the year 1927-28. Of this Rs. 65,365 was allotted to the Reserve as required by the bye-laws. A sum of Rs. 53,667 was disbursed as dividend—the maximum permissible. Of the balance of Rs. 1,65,593, a sum of Rs. 10,000 was earmarked for the common good fund and Rs. 2,916 was sanctioned as bonus to the staff. Even reserving Rs. 18,043 as a worthy reserve, the M. C. U. B. had no proposals to spend the balance of Rs. 1,34,634 which lapsed to the reserve. I contend that, instead of inflating the reserve, it is the duty of the M. C. U. B. to utilise all this excess for the sound development and consolidation of the movement.

7. Some people argue that it is wiser to add to the reserve against debacles than to spend the additional profit. Such a proposal is a pennywise and poundfoolish policy. The movement itself

requires stiffening; and to add a few thousands to a reserve will serve no purpose when lacs collapse. The money will be better utilised when spent afield. Secondly as the apex bank the profit of which is almost all derived from the transactions of the mofussil banks and societies, it is its duty to utilise its money for the benefit of its customers, especially as luckily the interests of shareholders are not adversely affected. Thirdly the present policy of outdoor staff is due directly to the initiative of the M. C. U. B. and surely advice should be backed up by deeds. Fourthly any policy of financial co-operation in this manner will induce central banks to pursue the policy of correction with greater zeal and liberality.

8. To prevent unjustifiable demands on the M.C.U.B., I consider that that body should be entitled to lay down requisite conditions if a grant be sanctioned—conditions like the following for example. The grant shall be limited to 25 per cent of what the Central Bank spends on outdoor staff over and above its statutory liabilities. The personnel paid from the grant may be appointed subject to the special or general approval of the M. C. U. B. Periodical progress reports may be insisted on and a grant need not be repeated unless the M. C. U. B. is satisfied that the movement gets full value for the expenditure. And so on. I was very pleased to note that the President remarked the other day that the Central Banks should be treated as members of the same body as the M. C. U. B. and the sole object of this article is to give effect to this wise appreciation of community in the department of consolidation along the only method which recent experience has demonstrated to be necessary and adequate.

RURAL RECONSTRUCTION IN ALAMURU

(PAMPHLET No. 11.)

BY

MR. V. VENKATASUBBAYYA, B.A.,

(Joint Secretary and Convener, Rural Reconstruction Sub-Committee,
The Madras Provincial Co-operative Union.)

A concise account of the remarkable results, mental and moral achieved by the Co-operative Movement in Alamuru, East Godavari Dt.

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Rural Co-operative Credit Movement—Problems for Immediate Solution.

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

The central banks, all of them, are surplussing. The ryots who have joined the movement are only 5 per cent of the population. The agricultural industry wants more circulating capital for successful conduct. The ryot population want credit for carrying on their profession (agricultural and subsidiary). The reservoir is full of water and even over-flows. The fields are getting drier for want of free flow of water. The conduit is choked up. The supply channels are silted up. In exactly the same way, the central banks are surplussing out of deposits. The overdraft with the Imperial Bank, about 50 lakhs, remain practically unused. The ryots in villages are in extreme want of credit and pay heavily by resorting to sowcars or traders or both. What is the obstruction to the free flow of credit from the central banks to the primaries and how to remove that obstruction so that the object of organising the agricultural industry and the agriculturist can be effectively realised?

2. A careful analysis of the figures shown in the last administration report shows that overdues under principal and interest by members to primaries mounted on the average to about 50 per cent (some districts reaching the limit of 60 per cent and beyond) and by societies to the central banks from 30 to 40 per cent. This state of affairs has created a panic in the financing central banks and in the provincial bank and nervousness to lend is the result of such panic. The nervousness may, perhaps, be justified and the panic may be based on real grounds. The remedy does not lie in the non-official agencies blaming the department or the departmental officers throwing the blame on their predecessors in office and the non-official agencies. The defects in the working of primaries are attributed to:—(1) defective organisation; (2) inadequate supervision; (3) want of education in business principles and procedure to the officebearers of primary organisations; (4) want of knowledge on the part of members of primaries to conduct the affairs of the primary institution free from fraud, misappropriation, benami bonds, and time-barred loans owing to inadequate intelligent control by the general body over the executive of the institution. These defects have

crept into the movement because (1) of the sudden withdrawal of inspection by Government, (2) of the transfer of such work to ill-equipped low paid and almost incompetent supervising staff in local unions, (3) of the departmentally forced attitude of central banks not to look into the affairs of primaries or local unions beyond contributing to the cost of the staff under the dictation of the department, (4) of the absence of personal human touch with the primaries by the inspecting agency, (5) of the practical conversion of the Government agency into a terraced chain of auditors, mechanical and soulless in their work and into a machinery to carry on office routine for arbitration and liquidation.

3. The responsibility for remedying these defects is morally cast upon the financing agency and self-interest confirms the position. It is immaterial whether it controls the work or gets the work done by a separate agency centralised or decentralised. Honorary, unpaid men who are well-equipped are wanted continuously. But this contingent is not available in all districts at all times. The best solution seems to be to equip the non-official agencies with expert staff to attend to the work of inspecting, guiding and educating the co-operative institutions and their members. The local unions should be autonomous in their working and should have expert staff to serve as the executive with clerical assistance and the funds required should be contributed by the primaries and by the central banks. The Government may give some subsidy for a fixed period of time, say three or five years, within which the past defects should be rectified and a smooth and efficient working of the unions should be secured. The Federation will do all the work which every local union cannot do except at heavy cost and will be the non-official agency to control all the co-operative activities of the district and not merely credit.

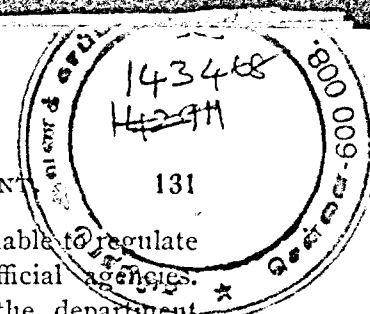
4. Mere rectification by a special *ad hoc* agency will do no good to the movement. Let it be done by the union agency with better paid and equipped staff. Such a step will keep up the efficiency of the union. Federation will regulate the common policy of the movement aided by the Provincial Union or by language federations.

5. Co-operarors should take stock of the defects and evolve a scheme for each district and with the underlying idea not to apply to Government departments for aid, but to rely on themselves, paying if necessary a poll tax for keeping up the co-operative movement. When this position is secured, the department will be able to do their statutory duties and will respect the opinions of

non-official co-operators, as they themselves will be unable to regulate their policy without consultation with the non-official agencies. The present position of being dependent upon the department for statistical ideas, enunciation of policy and procedure in lending and recovery is productive of inactivity, ignorance and loss of self-respect for the co-operators. Departmental men should be used as an expert staff whose advice need be listened to when it is good and beneficial and when it is derived really from expert knowledge in banking, trade and co-operation. Non-official co-operators should claim to lead the movement only being reinforced with expert knowledge and not on the mere ground of non-official opinion. Departmental men will conduct themselves in a spirit of service and not dictation, if non-official agencies are well-equipped with knowledge and ideas of progress.

6. Much energy is being spent in academical discussions on thorny questions of finance, supervision, education and administration. Uniformity in principles is a healthy feature but uniformity in the application of such principles should not be attempted. Each local unit should be asked to think out its own procedure. Outside agencies are generally at pains to find out *uniformity* in procedure. This is an unhealthy sign. Co-operators should take action suited to each district and not discuss such questions year in and year out. Language Federations should take stock of the experiences of various agencies and should serve as exchange halls of ideas. They should educate their constituents in matters of policy and principles to be followed in working co-operative organisations. The Provincial Union should be the non-official head controlling the whole movement, education, propaganda and administration.

7. The peasantry is disorganised. Community life in a rural village is non-existent. Co-operative enterprise has to meet with any amount of difficulties owing to fluctuations in seasonal rainfall, faction in villages, individualistic and competitive spirit gaining ground during the last 60 years and last but not least, increased expenditure due to vanity and indulgence in pleasures not attainable except at economically ruinous cost. The vested interests of money lenders and traders have to be grappled with. Their hold on the peasants has to be removed. The ryot population could not therefore be expected to be as scrupulously punctual as wage earners in urban areas or as traders in commercial concerns. Co-operators need not be afraid of overdues in rural primaries. They should however, see that monies lent are secure and safe, at least ultimately.



Such a contingency of failure to meet all liabilities in unlimited liability concerns will be rare in rural villages. Reconstruct the existing organisations by changing the personnel of management, employing paid well-equipped clerical staff in place of honorary service; treat the overdue debts to the society as prior debts and work out a scheme for their repayment either by extension of time or by taking steps under law; try to allow the members full scope for carrying on the agricultural industry on efficient lines with free flow of credit for productive purposes. Let not the punctual members suffer because of others who are defaulters. Remove the unworthy members but do not allow the extinction of the society by denying to the credit worthy members the deserved credit.

8. Finance the agriculturists for his legitimate needs to carry on the agricultural industry. Finance all agricultural operations from ploughing right up to the sale of produce inclusive of the member meeting his outside obligations. Do not be frightened by past debts. The interest charges alone are to be met out of the income. Why should you try to remove such debts all at once unless such debts can be removed within the time available by extra income in each year? Redemption of mortgages of land should be attempted only when the repaying power from the annual proceeds is assured. Increase the ryot's income by subsidiary industry. Let every society regulate its finance so as to meet in time the demands of the agriculturist for the agricultural industry. Let not poor men be excluded on the ground of poverty. Rich and poor can be financed in regard to the productive operations in agriculture.

9. If the co-operative movement can only arrange for better income for the agricultural population by financing agricultural industries or other subsidiary industries, the ryot's power of enjoying better amenities of life will become available. If all interested in the village life can be brought in a common platform to raise the income of the village and to arrange for the economic uplift of the residents, the desired end of autonomous village administration by the practice of self-reliance and self-sacrifice will be reached.

Central Land Mortgage Bank—The Proposed Scheme.

BY MR. N. KAMESWARA RAO.

The present scheme for the starting of a Central Land Mortgage Bank, as discussed in the Conference called for the purpose by the Development Minister at Ooty, though perfect to all appearances, requires a close examination. I think it may retard the already slow progress of the existing Primary Land Mortgage Banks by removing their autonomy and making them mere agencies of the Central Land Mortgage Bank for distributing its funds and thus it may completely remove the initiative with which they are now working. If this scheme is to be adopted, perhaps it would be better to make the Primary Land Mortgage Banks branches of the Central Land Mortgage Bank—and this will cheapen the rate of interest to the ryot for whose relief the scheme is intended—rather than make it a middleman with a margin of profit and a shadow of autonomy. Let this middleman be also eliminated and let this margin of profit go to the relief of the ryot's indebtedness.

Another defect in this scheme is, that it makes no attempt to solve the question of how to invest advance payments; as it is a bank intended for purely long term transactions. The members of the Primary Land Mortgage Banks are now complaining that a great injustice is done them by the 57th by-law which imposes an additional three months' interest on all advance payments. This condition is levying too heavy a fine on constituents who are able to repay from their savings sooner than they expected. It naturally creates a tendency to spend it otherwise in the interval which cannot be helped. He thus remains a debtor to the Bank till the expiry of the originally expected time. This curtails the scope for the liquidation of his debt sooner even if he can. In a country like our own, where agriculture is a gamble in the monsoon, the ryot may be able to repay most of his debt in a favourable season and such a condition will be too heavy for him. And with this heavy fine on advance payments our

banks will be to him of no better use than the Marwari or Sowcar. This is one of the reasons for the failure of the Land Mortgage Banks in our Presidency and these banks will never be able to relieve the ryot of his proverbially heavy indebtedness, if he is not offered better opportunities for repayments which is the sole aim of these banks. This question I hope is one essentially to be tackled by the Central Land Mortgage Bank; and I think an amendment of this by-law is necessary for the progress of these banks and the good of the constituents for whom they are started. Therefore I appeal to our brother co-operators and all interested to make an earnest attempt to get this by-law amended so as to suit the conveniences of the indebted ryots.

This question can be easily tackled if the Madras Central Urban Bank is allowed to issue debentures for long-term loans, and to finance the Primary Land Mortgage Banks directly. If the Primary Land Mortgage Banks are financed this way, any advance collections from members can be remitted to the Madras Central Urban Bank which can invest these sums in its short-term business. In this case the Madras Central Urban Bank should allow the Primary Land Mortgage Banks to float debentures and supply only the money that is required over and above the sum so raised. This leaves the Primary Land Mortgage Banks, as independent constituents of the Madras Central Urban Bank like the present District Central Banks. If this is not feasible, the Central Land Mortgage Bank as conceived by the Committee should be to the Primary Land Mortgage Banks in the same relation as the present Madras Central Urban Bank is to the District Central Banks.

Besides tackling the question of advance payments, this scheme confers another great advantage. Some of the local capital which may be unwilling to go to buy debentures in a bank in the Metropolis, will flow into this; and such inducement is necessary for the development of banking and investment habits in the Indian villages, where "capital is naturally shy". I think this one of the essential factors for consideration in any banking scheme for the Indian rural population.

The Place of Co-operation in Rural Reconstruction.

BY MR. S. S. RAJAGOPALAN, B. A., (HONS.)

India is a land of villages and from very early times the village has been the cradle of our national existence. According to Megasthenes, the village communities in ancient India were in full working order at the time of his visit and he described them as so many "republics." The Imperial Gazetteer (Vol. IV New Edition) says that Indian villages in pre-British days "enjoyed a large measure of local autonomy according to the immemorial custom of the country." As recently as 1830 Sir Charles Metcalf wrote of the village communities as "little republics having nearly everything they wanted within themselves and almost independent of any outside relations. They seem to last where nothing else lasts." Thus, in the ancient Hindu Polity, two characteristics stood out in clear relief: (a) autocracy in the Central and Provincial Government and (b) autonomy in the Local Government.

But today the thought of an Indian village brings before the mind a vista of scattered, dilapidated, insanitary and ill-ventilated dwellings occupied by impoverished ryots, inadequate means of communication and lack of good drinking water-supply so much so that it has almost become the veritable hotbed of epidemics like malaria and cholera. This problem of rural decadence is assuming such alarming proportions that adherents of different parties in the country have begun to talk of reconstructing the village. Some people interested in the cause of rural reconstruction believe that the village should be restored to its ancient condition of absolute self-reliance and self-sufficiency and plead for the resuscitation of the old village life in its entirety. Others with a progressive outlook would like to reconstruct the village on the foundations of the past with an eye on the future. It does not require any great effort to convince anybody of the modern era that at a time when India has been switched on to the international currents—economic, social and political—as a result of the annihilation of the two great barriers of time and space, it is neither necessary nor desirable to revert to the primitive conditions of old village life.

Understanding the term 'rural reconstruction' in the above light, it is now easy to appreciate the implications of the various proposals that have been put forward for the solution of this problem in recent

years. In South India the unofficial pioneery work in rural reconstruction was undertaken by the Y. M. C. A. in Coimbatore. Later the Chingleput District Board started early in 1927 on a scheme of rural reconstruction work selecting for intensive operation the three revenue firkas of Villivakkam, Uttiramerur, and Kannigai-pair in the Taluk Board areas of Saidapet, Chingleput and Tiruvallur respectively. In the East Godavari District a rural reconstruction centre has been established and it is gratifying to note that it is progressing well with its work. Through the departments of village panchayats and co-operation the Government have been making their efforts to revive the old corporate spirit in the villages. Still one is inclined to think that too much has been said and too little done but one good thing in the shape of a clear understanding of the problem has come out of this welter of discussion.

The reasons for this lack of progress in actual work in the measure in which one may reasonably expect are not far to seek. Primarily it is due to the popular belief that the work can be undertaken either by some non-official agency or by this or that particular department of Government. Another potent cause may be found in the lack of co-ordination of activities on the part of all the nation-building departments of Government which under the present Montague-Chelmsford dispensation are in the charge of Ministers, the elected representatives of the people. And some ardent Co-operators in their exclusive love for one type of institutions presume that the old village community has completely ceased to exist and affirm that if there is anything which can take the place of and supersede the old village panchayat system it is the co-operative society. This is no doubt extravagance *par excellence*. For, recent experience in the work of rural reconstruction has at least taught us that the problem must be conceived as a whole and not as a series of questions each to be dealt with by a different and separate department or by one department replacing another. Dr. Harold Mann, the Director of Agriculture in the Bombay Presidency, said speaking of this in his administration report for 1926-27 :—"In attempting to consider the rural reconstruction required, it is not one man nor one department which is concerned. It involves the consolidation of holdings, the communal or co-operative holding of implements which are beyond the power of individual peasant cultivators and the development of secondary occupations. It involves further the organisations of purchase of supplies and of sale of produce. It means the partial elimination of ill-health and malaria in the villages and extension of education. The necessity is beginning to be realised and this is the first step

towards that reconstruction which is needed as a complement to the technical improvement with which I am more immediately concerned". Thus this complex problem of rural reconstruction cannot be solved unless there is co-ordination of activities between the non-official agencies on the one hand and the nation-building departments of Government like Co-operation, Village Panchayats, Agriculture, Veterinary Service, Public Health and Public Instruction on the other. On the non-official side none are better fitted to take up this work than retired government servants who should make it a point to spend a few years towards the close of their lives in villages and help the villagers with their respective departmental experience and knowledge acquired during the period of their active service. And each of the government departments has got to play a distinct and definite part in the work of rural reconstruction if it is to become a full accomplishment in a few years.

If it is conceded that rural reconstruction involves the labours of the various departments, it is easy to assign the place which co-operation should find in the scheme. Since the object of co-operation is mainly if not exclusively economic, it can do a great deal towards the betterment of the economic condition of the great majority of the rural population now steeped in debt. Such betterment in material condition is a sure foundation for that heightening of moral stature, that acquisition of self-confidence and that assurance of capacity for self-development which are so essential for placing rural life on a virile basis. And during the last 25 years the characteristic feature of Co-operation in India has been its development on the credit side and an equally good record of progress is eagerly looked for on the non-credit side also in the years to come. Though it is claimed by some co-operators that co-operative societies may undertake the work which panchayats are at present carrying on, they lose sight of one cardinal fact (*viz.*) that by the very nature of its organisation a co-operative society can cater only to a limited clientele who come into it willingly and can go out of it at their pleasure. The revivification of our village communities involves activities for which coercion of the governmental type is indispensable. The co-operative society, however efficiently it may be developed, cannot therefore be a substitute for the village panchayat.

If co-operative societies are specially adapted to deal with the economic aspect of rural reconstruction even in this sphere, there are certain aspects of village life which require panchayat help. The working of village panchayats in districts like Tanjore shows that as against two co-operative societies doing kudimaramath work

in 1927, there were 30 panchayats in one Taluk of that district carrying on that work. Similarly in the making and maintenance of proper communications, protection of crops in fields, enforcement of customary communal services rendered by village artisans and other servants and in the management of elementary schools, the village panchayat can and does function more successfully than a co-operative society.

In the work of reconstructing the village in a predominantly agricultural country like India, the Agricultural Department has got to play a leading part. The primary duty and business of this department is to evolve better strains of seed which are pure and which will give high yields. But the duty of multiplying and distributing these strains over large areas does not, strictly speaking, concern the agricultural department. In Western countries, this work is undertaken by reliable seed merchants. It is therefore necessary that ryots' associations should be started for the purpose of multiplying the improved seed and keeping it pure. In distributing better seed, organising the sale of better implements, and in aiding in the demonstration of improved methods to the ryot, the Agricultural Department requires the help of the co-operative societies and the village panchayats. So also in propagating the idea of economic planting, in organising model demonstration farms, cotton seed societies and co-operative spinning, there is ample room for co-ordinate activity among these various departments. It is only by the adoption of these new measures like economic planting with an improved strain of paddy seed that the impoverished ryot of the village can be put in the way of earning more money.

Another aspect of rural reconstruction relates to the proper breeding and maintenance of livestock in villages. Steeped as he is in ignorance, the villager is not in a position to take advantage of the modern methods of treating cattle diseases. The mortality among cattle in villages due to rinderpest or *Sara Vekkai* is daily on the increase. It is in this matter of helping the villagers to breed as well as treat cattle when they fall sick that the Veterinary Department by means of the spread of the literature about the prevention and cure of cattle diseases may help the cause of reconstructing village life. By means of constant propaganda, the villagers should be made to appreciate the utility of protective inoculation which serves to prevent healthy cattle from catching infectious diseases like rinderpest, etc.

Along with a prosperous livestock there must be a growing and prosperous agricultural folk in the village free from diseases and

sound in body as well as in mind. Most of the villagers have to be initiated into the elementary lessons of hygiene and also the need for keeping private homes and public thoroughfares and streets clean and tidy. The dangers of soil pollution in Indian villages are great. Through the medium of soil contaminated with human excreta, infectious diseases like hookworm, etc., spread from man to man. It is therefore essential that the sanitary use of properly constructed latrines has to be taught to the villagers. In these as well as in other activities pertaining to the prevention and cure of epidemics in villages like cholera, small-pox, malaria, etc., the Department of Public Health has to play a very useful part and thereby help the reconstruction of village life on a virile basis. In this connection the work of the Bureau of rural sanitation under the department of Public Health promises to bear fruit. Further the Public Health Department may with the aid of the Co-operative department undertake the work of starting and running the existing rural dispensaries on a co-operative basis. The advantages of such a scheme will induce the villagers to take to rural dispensaries most willingly. For, medicine may be supplied at cost price to members of the society and non-members may be charged something extra so that the profits thus accrued may be distributed in the shape of increased dividends to members. The inspectors of co-operative societies may also be given training in first aid so that they may be of great help to the villagers during emergencies.

If the Public Health Department has to look to the physical needs of the villagers and thus keep them physically sound, the Department of Public Instruction has also to play an important part in keeping the minds of the villagers also sound. This can be done by the removal of illiteracy which is the bane of Indian rural life. It is also due to the prevalence of illiteracy in an abundant measure so that the villagers have not been able to appreciate adequately the efforts hitherto made by the Co-operative, Panchayat and Health departments in the cause of rural reconstruction. The maintenance of schools and libraries by village panchayats with the aid of government grants has no doubt served to reduce illiteracy. But if the problem of rural reconstruction is to be solved satisfactorily, it can be done only through the removal of illiteracy by the establishment of a net work of rural libraries containing books, journals, and newspapers in vernaculars on agriculture, horticulture, local industries, hygiene, physiology and other sciences. Along with the measures that are and that may be adopted to spread mass education, attempts should be made to spread the habit of reading among the villagers.

This alone will enable them to utilise the abundant leisure extending to nearly half a year in a profitable manner. These rural libraries must function first and foremost as an instrument of culture. Besides arresting the migration of the villager to the city, the existence and use of a rural library can prevent the educated from lapsing into illiteracy viewed from any standpoint—whether it be the cultural needs of the villages or that for the conservation of the village or that of the farmer in the matter of better knowledge and increased efficiency—the establishment of rural libraries has become a paramount necessity. And it behoves the various departments of government engaged in the work of promoting rural progress and the Department of Public Instruction in particular to set apart, a few lakhs of rupees every year out of their budget grants towards this end. In this connection mention may be made of the laudable attempts to start a rural uplift fund by unofficial agencies. A portion of the funds may usefully be set apart for the establishment of rural libraries.

Thus by a co-ordination of efforts on the lines suggested above, among the various nation-building departments of Government, the village has to be rebuilt again so as to make the rural folk enjoy all the amenities of modern civilised life. This co-ordination can find practical shape in frequent conferences at least once in 3 months among the provincial heads of departments like the Registrar of co-operative societies, Registrar-General of village panchayats, Director of Agriculture, Director of Civil Veterinary service, Director of Public Health and Director of Public Instruction with some recognised public workers as co-opted members in which measures may be devised after joint consultation for pushing on the work of rural reconstruction. A great impetus will also be given to the movement if the Government would countenance the proposal for and undertake the work of starting a monthly "Rural Uplift Bulletin" (to be published in English and the Vernaculars) under the auspices of Government with an Editorial Board consisting of the heads of departments referred to above. This will go a long way to educate the public in matters of nation-building which in our country must be broad-based upon village building. Self-government at the top is no good without self-government at the bottom and for the latter restoration of real life in the village is a *sine qua non*. And when that is achieved, we shall have every reason to exclaim "the village is good and hence the country (India) is good."

Correspondence.

TO THE EDITOR,

Madras Journal of Co-operation.

Sir,

I add an extract from a diary recently received from a co-operative inspector working in a part of Salem district. The bit will, I believe, be read with interest by your numerous readers and serves to emphasise at least three features.

First:—In the largeness of the credit figures already achieved especially when contrasted with the volume of non-credit transactions it is far too much the vogue to lay a flattering unction to one's own soul that we are nearly reaching all requirements. On the other hand the fact is that even in a small area of less than ten villages the ryots reported to be well to do and with tangible security have borrowed a lakh of rupees at not less than 100 per cent per annum! Surely the movement even in credit has to expand considerably.

Second:—If evidence were necessary, the diary shows that even well-to-do people require to be pressed to pay up their dues. When will the people responsible become conscious of the necessity to employ an ample field staff?

Third:—No genuine co-operative work is feasible unless the drink demon is scotched. The present Government is pursuing a policy of sheer hypocrisy. On one side they preach temperance; on the other side they open and multiply shops for revenue. On one side they ask Co-operative Societies to preach temperance; the Excise Department counter this movement. It is for the co-operators to arise and make their united strength felt so as to mend or end this hypocritical Government which cares so little for the good of the public.

Yours sincerely,
R. RAMACHANDRA RAO.

EXTRACT.

22nd and 23rd June 1929.

"STAYED AT N.....Here also we adopted the same plan of marching from farm to farm and thus we were able to find all the members. Rs. 41 were collected on the 22nd and we secured a promise for another Rs. 150 to be paid on the 23rd. The Section Inspector has collected the promised sum and thus the society also has cleared up its dues to the central bank. I believe that our stay in the villages of this firka has had some effect on the minds of the people because we were new to them. At A—the people are all well-to-do unlike the people of E—part and much pressure alone is needed to collect the dues from them. I find that 99 per cent of the people here (men) are all drunkards which is not the case in my area. But for the ever so many toddy shops, one near another, the people would not have degenerated so badly. I was surprised to hear that a certain member of our society who had borrowed Rs. 125 from a Nattukottai chetty of this town has been sued for Rs. 950. It is only 7 years since he borrowed the small sum of Rs. 125, and it has multiplied so enormously within 7 years' time. He owes to our Society (A.—) Rs. 100 by way of interest and Rs. 300 by way of principal. He has got money with him but refuses to pay to the Society now, because he expects the Nattukottai chetty with a warrant. The N—— section is indebted to the Nattukottai chetty to the extent of more than a lakh and all the loans thus contracted were utilised for toddy drinking mainly. There is no redemption for them until and unless all the toddy shops in the firka are closed."

Registrar's Circulars

III

[SUBJECT.—*Trading Societies—Maximum Borrowing Limit*
No. B. 6037/28 dated 18-4-29]

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 these societies is suggested :—

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

But any sums borrowed from the.....the Central Bank 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 (five) times the sum of the paid up share capital and the reserve fund.

H. M. HOOD,
Registrar.

IV

[Subject :—*Reserve Fund—Investments—Revised Instructions—Issued—*
No B. 1869/29 dated 28-4-29].

In supersession of the Registrar's Circulars No. C. 1606/09, dated 11th September 1909, and D. Dis. No. 1409/10, dated 7th October 1910, as modified by his Circular No. Gl. 2452/11, dated 4th July 1911 (copy enclosed), and other circulars, the following orders are issued in regard to the conditions under which Reserve Funds of societies shall be lodged :—

- (1) The deposits have no fixed term.
- (2) The deposits are not withdrawable wholly or partly without the Registrar's sanction unless the society owning them is liquidated.
- (3) Any sum deposited should be rounded to the nearest anna.
- (4) Interest shall be calculated on *daily balances* at $6\frac{1}{2}$ per cent or at such rates as may be determined either by the by-laws of

the Central Bank in which the Reserve Fund amounts are ordered to be deposited or otherwise.

- (5) Interest shall be made up for each co-operative year and added on the first day of the next co-operative year to the Reserve Fund account.

MADRAS,
28th April 1929.]

H. M. HOOD,
Registrar.

APPENDICES.

- (1) *Copy of Registrar's Circular No. C. 1606/09, dated 11th September 1909.*

In supersession of all former orders, the following orders are issued regarding the conditions under which the reserve funds of societies are ordered to be lodged in the Central Banks (Madras, Salem and Kulitalai Central Banks) :—

- (1) the deposits are never withdrawable wholly or partially without the Registrar's sanction. The Registrar should ordinarily give one year's notice of withdrawal ;
- (2) the deposits may consist of annas and pies ;
- (3) the deposits have no fixed term ;
- (4) the deposits carry 5 per cent interest per annum on multiples of five rupees held between the 4th and the close of any month (i.e., amounts deposited prior to 5th of a month and not withdrawn before the 1st of the succeeding month) ;
- (5) on the 30th September of every year, the Central Banks will calculate interest due and add it to the balance to the credit of the depositing society ;
- (6) no notice of maturity need be given by any society ; and
- (7) at every transaction the Central Banks will write a letter to the society concerned showing the nature of transactions and amount of balance. Formal deposit receipts will not be issued.

2. Societies will note carefully the above conditions. As the interest on the reserve fund merges in the general funds the society will, on receiving intimation of credit of interest, debit the payment in the accounts as payment towards reserve remitted to the Central Bank and credit as interest earned.

- (2) *Copy of proceedings of the Registrar of Co-operative Societies, Madras, D. Dis. No. 1409/10, dated 7th October 1910.*

READ again this office D. Dis. No. 1606 of 1909, dated 11th September 1909.

READ also this office letter Reference on the No. 1999 of 1910, dated 31st July 1910, to the Secretary, Madras Central Urban Bank Ltd., and his reply thereto, dated 12th September 1910.

ORDER:

The terms under which reserve fund deposits of co-operative credit societies are held by the societies are set forth in the paper first read above. They are briefly

* * *

and (6) on the 30th of September every year, interest would be calculated up to that date on the deposits held and the amounts added on to the principal with the Central Bank, due intimation of such credit of interest being given to the societies concerned.

3. Under the existing system a society will know what amount of interest it has earned on the reserve fund deposit accumulated in previous years, only on or after 1st October. But, the accounts of societies for the co-operative year ending 30th June previous are finally made up in the months of July and August. The audit notes submitted by auditing inspectors are checked as they are received and the Registrar orders remittances to the reserve fund as each note is passed by him, i.e., long before the societies know the amount of interest due to them on their reserve already held by the Central Bank. Some societies immediately on receipt of the Registrar's orders remit the amount ordered to the Central Bank.

4. Again to prepare a correct balance sheet on 30th June of the central society, a statement of interest accrued but not due and of interest accrued but not paid has to be necessarily drawn up. But under condition 6 supra, the same ground has to be travelled in October for the interest on reserve fund due up to 30th September.

5. To reduce labour by one half, to avoid subsequent adjustments and complications in accounts and to do away with the necessity of intimating in October to every society the interest earned on the accumulated reserve, the Registrar would like the Central Banks to prepare on 30th June 1910 a statement due on reserve funds on that date and credit the amounts in the ledgers of the respective societies. The statement will, at the time of final audit, be checked by the auditing officer. This statement should be forwarded by the auditing officer to the Registrar with a certificate from the Central Bank that the amounts of interest shown have been credited on the 1st of July in the accounts of the investing societies. The statement would reach the Registrar's office in the 1st week of July. In ordering remittances from societies, the Registrar would consult the list and order only the difference (amount due to the reserve fund minus the amount of interest up to 30th June on the accumulated reserve with the Central Bank and credited to the reserve fund account as per list furnished).

6. The above change in procedure will come into force from the current co-operative year. That is, the central societies will prepare the statements of interest on reserve fund up to 30th June 1911 to reach the Registrar's office in 1st week of July 1911. By that time the reserve fund deposits with fixed periods, generally two years, would have been worked off.

7. The following form may be adopted with modifications wherever necessary, for the prescribed statement:—

Serial No.	Registered number and name of society.	Amount of reserve fund held on 30th June of the penultimate year.	Amount remitted by society in the year of audit.	Amount credited by way of interest in the year of audit.	Amount credited on 1st July of the year of report.
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NOTE.—Due in Registrar's office before 7th July. To be submitted by the auditing officer.

(3) *Copy of Registrar's Circular No. Gl. 2452/11, dated 4th July 1911.*

In modification of paragraph 4 of this office Circular No. 1606, dated 11th September 1909, the following paragraph will be inserted:—

"4. Deposits carry interest at 5 per cent per annum which will be calculated every month on the lowest balance for that month. The lowest balance from the close of the 4th to the close of the last day of each month will be regarded as the lowest balance for that month and interest will be allowed on such balance for the whole month."

V

(Subject:—Register—Immovable properties purchased in auction by Co-operative Societies—Maintenance—No. B 1326 of 29 dated 23-5-29).

Many cases have come to notice in which Co-operative Societies have purchased properties brought to sale in execution of decrees obtained by the societies against defaulting borrowers. The properties so purchased are in many instances not disposed of for a long time but remain in the possession of the society. At present no record is maintained to show the nature and extent of the properties, the manner in which they are utilized, the income got from it and any ultimate disposal of the property. In the absence of such particulars it is difficult to make a correct valuation of the assets of the societies and to check the receipt of income from such properties. The Registrar considers that all credit societies should maintain a register in the appended form and prescribes it as one of the registers to be maintained by societies under rule VII(a) (9) of the rules framed under the Co-operative Societies Act.

H. M. HOOP,
Registrar of Co-operative Societies.

REGISTER—IMMOVABLE PROPERTIES OF DEFAULTERS PURCHASED
IN AUCTION BY CO-OPERATIVE SOCIETIES.

Name of the member to whom the property belonged.	Date and number of the decree.	Date of purchase in auction.	Auction amount.	Date of possession.	DESCRIPTION OF THE PROPERTY.					
					House or land (wet or dry).	Survey numbers.	Boundaries.	Extent.	Estimated value.	Nature of the title.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			Rs. A. P.							

IF LEASED OUT.				KIST PAID.		OTHER EXPEN- SES, IF ANY.		Net income derived.
General body resolution, number and date.	Name of the varandar or lessee.	Lease or varan Amount.	Date of realization.	Date.	Amount.	Date.	Amount.	
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
		Rs. A. P.			Rs. A. P.		Rs. A. P.	

IF THE PROPERTY IS SOLD.					Remarks.
General body resolution, number and date.	Date of sale.	Name and address of the vendee.	Sale price.	Date of realiz- ation.	
(21)	(22)	(23)	(24)	(25)	(26)
	Rs. A. P.		Rs. A. P.		

VI

(Subject:—Central Banks—Loans—sanctioned to primary societies—
pass book system—introduction—No. A. 6110/28 dated 12-6-29).

In Registrar's memo. No. A. 6110/28 of 28th November 1928 it was pointed out that it will be advantageous for Central Banks to introduce the system of pass books in respect of loans sanctioned by them to primary societies and that this system, if adopted, will not only enable a rural society to know its outstanding loans etc., at any time but will also obviate the necessity for reconciliation of outstandings at the time of the final audit. The subject was considered at the Bankers' Conference held on the 6th April 1929. They 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." The Registrar believes that the pass book containing additional particulars as suggested by the Conference will be very useful if the postings be done more frequently and at least twice a year and therefore commends the resolution to all Central Banks for early adoption.

2. The Federations are therefore requested to see that all societies send the pass books periodically to the Central Banks and get them posted up-to-date.

(By Order)
T. R. RANGANATHAN,
Ag. Manager.

VII

(Model by-laws—Unions and Federations—Amendments—
R. Dis. No. 3520/29 dated 26-6-29).

The following corrections of the model by-laws of Unions and Federations are made :—

By-law 32 of Unions.

By-law 31 of Federations.

Delete “(b)” a profit and loss account, (c) a balance sheet” and re-letter ‘(d)’ as ‘(b)’.

(By Order)

T. R. RANGANATHAN,
Ag. Manager.

VIII

(Subject : Amendments—Model by-laws—Unions—
No. R. Dis. B. 3599/29 dated 14-8-29).

The second sentence of by-law 12 of the model by-laws of supervising unions will read as below :—

“The meetings shall be held at the registered office of the union or of any of the affiliated societies”.

(By Order)

T. R. RANGANATHAN,
Ag. Manager.

RURAL INDIA.

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All-India Journal, the only one of its kind devoted to the discussion of rural problems and village reconstruction.

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Government Orders.

I

G. O. No. 3368/L. and M., dated 18th July 1929.

Establishment—Local fund servants taking up non-remunerative posts in co-operative societies—Declared permissible under certain conditions.

READ the following :—From the President of the Madura District Board, dated the 24th May 1929, R. O. C. No. 958/29.

Order :—No. 3368, L and M, dated 18th July 1929.

The President, District Board, Madura, is informed that the local fund employees are at liberty to take part in the promotion of co-operative societies, but that they should not hold office in any such society or serve on any committee appointed for its management. This restriction does not, however, apply in the case of a co-operative society composed wholly of local fund employees or partly of local fund employees and partly of Government servants, provided that the employee accepts no remuneration for his services and that he obtains the permission of the head of his office, who shall, however, satisfy himself that the work undertaken will not adversely affect his official duties.

(By Order of the Government, Ministry of Education and Local Self Government.)

(Sd.) HILTON BROWN,
Secretary to Government.

II

P. B. No. 3765, Routine, dated 14-6-1928.

READ the following :—

G. O. No. Mis. 1203, Revenue Dept., dated 6-6-1928.

Resolution :—

Co-operative Credit Societies—Rural—Details of property of members with S. Nos.—Karnams to supply—Board's proposals—sanctioned.

In G. O. Mis 1216 Revenue dated 27th June 1927, the Government accepted the recommendation of the Registrar of Co-operative Societies, Madras, that the free supply to Co-operative Societies of Survey Maps and Settlement registers of the villages included in the area of their operation which had been authorised in G. O. No. 2670 Revenue dated 4th November 1907 should be withdrawn. On the Board's recommendation the Government have now accepted the proposal of the Registrar of Co-operative Societies that village officers should be instructed to supply the secretaries of Co-operative societies with information concerning the survey numbers and other details of the property of the members of these societies.

The Collectors are requested to issue suitable instructions to their subordinates accordingly.

(Sd) B. G. HOLDSWORTH,
Secretary.

Co-operation in India.

(Reviews of annual reports for the year 1927-28).

I. TRAVANCORE.

The report on the working of the Co-operative Movement in the advanced State of Travancore is a document worth the special attention of co-operators all over India. It is a State where literacy is far more prevalent than in any part of India and hence the movement does not suffer from those general disabilities which hamper its growth in other parts of India. The report of the Registrar for 1927-28, like its predecessors, is full of interesting details about the development of the movement.

The statement given on page 12 of the report indicating the general progress of the movement during the last quinquennium, together with graphs and the map of Travancore, showing the distribution of co-operative societies in various taluqs, form special features of the report which the Registrars of other provinces will do well to copy. There was general progress under everyone of the usual headings taken up for comparison, namely, the total number of societies, number of members, working capital of the movement, reserve fund, net profit earned by primary societies and central banks and above all in the matter of collection.

We notice that the percentage of balance to demand so far as the central banks are concerned, has decreased from 21'71 to 19'4, though the percentage of balance to demand by societies from individual members has increased.

We are glad to be assured by the Registrar that, though credit societies continue to be popular, a change for other activities is discernible from the number of applications for registering societies, especially consumers' societies. Two other forms, which might well be tried at least as an experimental measure, are House-building Societies and Co-operative Loan and Sale Societies. During my sojourn in North Travancore in the summer vacation of 1928, I advocated the formation of Loan and Sale Societies for the marketing of certain agricultural products which are peculiar to Travancore, especially pepper.

One such address was delivered at a meeting presided over by the Registrar himself, who, in his concluding remarks, assured every support to such scheme. I hope that in the year just now over, some beginning at least would have been made, so that we could hear of the foundation for such societies being laid in the report for the year to come,

It is a matter for gratification that the co-operative societies have wisely confined themselves to short term loans and have not launched the ambitious programme of debt redemption, which, in the light of the wider experiences of the province of Madras, is found to be entirely beyond the scope of rural credit societies. The statements given in pages 9 and 10 show that the movement has been following safe lines of development.

I would only plead for a recognition of the fundamental principle that co-operation stands to support the poor man, but that it has limitations and that it is not a short cut to any millennium. We have in the first place to realise that co-operation has to help the agriculturist in all the three ways, of supplying him articles he needs as cheap as possible, accommodating him with credit and enabling him to get as decent a price for his produce as he can possibly get. As the Irish co-operators have put it in their famous slogan, 'better farming, better business and better living' is the ideal of the movement. In order that the available limited resources may be utilised in the most efficient manner possible, there should be a clear recognition on the part of financing societies of the fundamental distinction between the three classes of loans, which the ordinary agriculturists may require, loans which have now come to be called short term, intermediate and long term loans. It has now become the accepted practice in Madras for the central banks and primary societies to deal only with short term and intermediate loans and leave the long term loans to be handled by land mortgage banks, wherever they are in existence. A central land mortgage bank for the State, liberally financed and supported by Government, is a long-felt want and I hope that ere long such an institution will be established.

It is gratifying to note that steps are being taken for the formation of Milk Supply Societies in and about the Headquarters. The Registrar himself had the opportunity of witnessing the splendid work done by the Calcutta societies and has written about it in the co-operative journal of the State. I would in this connection invite the attention of the authorities concerned to the general observations made by the Madras Journal of Co-operation regarding the defects that attend upon the starting of societies for the supply of milk and other articles of consumption from the producers' point of view rather than from the consumers' point of view.*

It is not in the least surprising to be told that the societies of poor fishermen were not allowed to do their natural work on account of the harassing by middlemen who were enjoying all the profits before. Such opposition is bound to exist but it is the business of co-operators, officials and non-officials, to overcome it. It is also somewhat discouraging to be told that the various labour societies did contract

* Page 759 to 761, Volume XX. of the Madras Journal of Co-operation for 1928-29.

work to the extent of only Rs. 4,000. The P. W. D. of Travancore spends nearly 60 lakhs and a good deal of it is spent in the maintenance of roads and co-operative labour societies ought to be able to get a considerable portion of this business. The Registrar of Co-operative Societies is also the protector of depressed classes and, in his dual capacity, he can do a good deal for the poor workers of the State.

The formation of a mutual benefit fund is a step in the right direction. I am glad that the Registrar in Travancore sees nothing dangerous or unbusiness-like in an organisation of that stamp. The Registrar of this province, however, is not so easily convinced of its usefulness and has refused the registration of further societies of that nature.

With regard to the working of the central bank, I would like to add, what I said on a previous occasion, that it should aim more at becoming a banking union for the State and should give up its connection with individuals to the extent that it can safely be done. There is ample scope for the formation of a number of urban banks in the various taluq headquarters and the town of Trivandrum can very well have an urban bank of its own, independent of the central bank, an urban bank which will accommodate individuals, which is now being done by the central bank.

I would like to plead for a more generous treatment of the central co-operative institute. It is the duty of the Central Financing Bank to see that every individual member of every society is ultimately grounded well in the fundamental principles of co-operation. Then only will its investments besafe. So from the practical and business point of view, it must be prepared to set apart a considerable portion of its profits for education and propaganda. I take it the bye-laws of the Central Bank allow a portion of the net profits to be set apart as common good fund. Such a fund, if there be, cannot be better utilised than in the spread of co-operative knowledge among the people of the country. It may not be out of place in this connection to draw the attention of our brother co-operators of Travancore to the fact that the Madras Apex Bank has been pleased to give a very liberal donation to the Madras Provincial Co-operative Union as grant for education and propaganda. Over and above the six thousand rupees grant ear-marked for Rural Reconstruction and four hundred rupees grant for the equipment of the library, they also placed the no inconsiderable sum of five thousand rupees at the disposal of the P. C. U. which enabled the latter institute to send more propagandists and lecturers to the mofussil. This example is worthy of imitation by the Travancore Bank. The Government also must realise that co-operation is a popular movement, that ultimately the management of it should be vested in the people and their representatives and that the supreme duty of the Government is to train people for looking after their own affairs. Therefore any amount of money-help given to an educative and propagandist

institution, like the co-operative institute, for enabling it to carry the gospel of co-operation to every nook and corner of the State and to train up people gradually to take up the management of affairs into their own hands, would be absolutely justifiable. In this connection I would like to invite the attention of the Government to the remarks of Mr. Otto Rothfield, the former Registrar of Bombay, 'on supervision of co-operative societies' published in the latest number of the Bombay Quarterly. The central co-operative institute at Bombay gets about Rs. 60,000 a year and Mr. Rothfield pleads that its income should be quadrupled and he has no hesitation in saying that the money should be given as grant by Government and he pleads that Legislative Councils should be approached to make that grant. If such an ideal be kept before the movement both by the officials and non-officials, there would be no difficulty in getting the Legislative Council of the State to make liberal grants to the institution. In an enlightened country like Travancore, there is no necessity to slavishly follow the example of the various provinces of British India. They can very well go ahead of us and set an example for us to follow. They have virtually got what British India is agitating to get, that is, Swaraj. Under such favourable circumstances it must be possible for the co-operative movement to chalk out new lines of development with the ultimate object of making the movement serve the people of the country to the maximum extent possible. The formulation of a definite programme of work, as the Registrar of Mysore is doing, is well worth attempting, so that at the end of every year workers, both officials and non-officials, may have the satisfaction of having something attempted, something done.

S. K. Y.

II. MYSORE.

The report of the Registrar of Co-operative Societies of Mysore for the year ending with 30th June '28 is as usual a record of steady progress. The following statement will give at a glance the progress made quantitatively.

STATEMENT SHOWING THE GENERAL POSITION OF THE
MOVEMENT DURING THE PAST TWO YEARS.

Year.	No. of Societies.	No. of Members.	Working Capital.	Total Turn Over.	Net profits.	Reserve Fund.
			In lakhs of Rs.	In lakhs of Rs.	In lakhs of Rs.	In lakhs of Rs.
1926—27	1,748	98,933	112'39	358'11	4'59	17'57
1927—28	1,866	1,07,223	131'03	430'05	4'88	19'12

The steady increase of deposits is a testimony to "the undiminished confidence, which the Movement continues to enjoy at the hands of the public".

One possible explanation for the heavy overdues given by the Registrar is very interesting. "Even when the penal interest is levied, the penal rate is lower than the local market rate and therefore the borrowers discharge their obligations to the money-lenders first, as their rates are exorbitant". The Registrar is right in stating that this must not be taken as a general rule. He is equally right when he asserts "that the real difficulty seems to be the fact that the societies have taken up the work, namely, debt redemption, for which they are not suited". This is exactly the finding of the Townsend Committee so far as this province is concerned and that is why the Department and the M.C.U.B. are inducing the Central Banks to confine themselves as much as possible to short and intermediate loans.

We are sorry to note that the district banks do not seem to thrive well in Mysore soil. It would therefore be better if the Bombay system be adopted and the State Central Bank be induced to open branches wherever there is needed.

As a contrast to the report of the Registrar of Co-operative Societies, Madras, whose observations upon the store societies in our province is brevity itself,* the Mysore Registrar has the following details to give us about them.

"Sale of goods to members increased from Rs. 21'98 lakhs to Rs. 23'37 lakhs. The value of stock bought was Rs. 22'08 lakhs as against Rs. 21'69 lakhs in the previous year. The divisible profit increased during the year from Rs. 43,085 to Rs. 55,105.

Co-operative Stores, Stationery societies, Purchase, purchase and Sale, trading unions and hostels.

Fuller information under this heading is given in the district reports which form part of the report for the State as a whole.

In that comparatively little developed area, known as the Malnad, the Registrar feels the need for the starting of land mortgage banks and of societies that will take up "under a financially strong organisation, the question of marketing Araca" and other products of that place.

The weavers' societies are no exception to the general rule and do not seem to be very thriving. That is because, as the 'Madrass Journal of Co-operation' has attempted to point out in its Editorial Note (See P. 759-761 in Vol XX of the Madras Journal of Co-operation, under the caption 'Co-operative Production and its limitations.) There is no proper co-ordination between the producer and the consumer and we begin at the wrong end by producing articles for which there is no indefinite and settled demand.

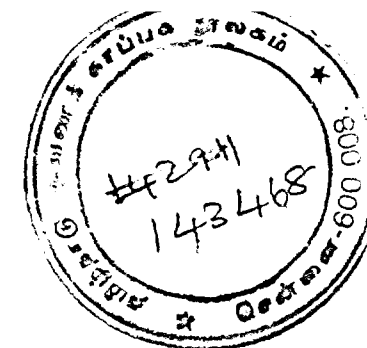
*Para 67 p. 47 of the report for 1927-28.

We are glad to note that the Registrar is bold enough to call a spade, a spade. In dealing with house building societies he tells us that they are mostly "not house-building societies in the accurate sense of the term, but only credit institutions granting loans for a specific purpose namely, the construction of new houses or improvement of existing ones." We have in fact in the South very few house building societies of the pure type, such as the Reddi Mahajana House Building Society at Dharwar, which we had the pleasure of seeing, where almost every stage of operation from the purchase of site to giving the finishing touch to the house constructed, is carried on on a co-operative basis.

The outside world will be watching with great interest the experiment, which the department is carrying on, of running an 'Adi-Karnataka Colony on a co-operative basis at Gottigere. The colonists are at present co-operatively cultivating the land available, that is, contributing joint labour and sharing the produce. They also repaired a pond, formed a road to the colony area and manufactured some thousands of bricks for the construction of their houses. We are glad to note that other departments are in hearty sympathy with the movement and are helping the co-operative department to the maximum extent possible.

The report closes as usual with a detailed account of the attitude of the public and officers of other departments towards Co-operation and with a definite programme of work intended to be carried out in the year 28-29. We are doing nothing but justice to the Registrar when we endorse the Government remark "that the department has done good work during the year under the direction of the Registrar, Mr. K. H. Ramayya".

S. K. Y.



Obituary Notes.

THE LATE RAO BAHADUR N. KRISHNASWAMI AIYANGAR.

BY MR. V. R. SRINIVASAN.

Rao Bahadur N. Krishnaswami Aiyangar was born in a village near Kumbakonam in March 1863. After graduating, he was for some time a school-master in Wesleyan Mission School, Triplicane. After taking his B.L. degree in 1884, he was apprenticed under the late Sir V. Bashyam Aiyangar. After a brief practice, he was employed as a District Munsiff, Salem, which appointment he resigned sometime later. Then he joined the Kumbakonam Bar and, for the last twenty-five years, was its accredited leader.

His activities were not confined to his profession alone. He was connected for many years with the local Municipality and the Taluk and District Boards. He was a member of the local legislative council for a term and was Secretary of the Town High School Association, for several years. He was connected with the Union Bank Limited, Kumbakonam, ever since it was started in 1908 and for the last one year, he was, in addition to his being the Chairman of the Board of Directors, the Managing Director as well. His activities were not confined to these. He organised and started in 1908 the Poundareekapuram C. S. and successfully guided its operations for a period of ten years. When the question of the formation of a Central Bank to finance societies in the district was mooted, he was one of the persons consulted by the late lamented Rao Sahib K. Vijayaraghavachariar, the then Assistant Registrar. He was connected with the Co-operative Central Bank ever since it was started in February 1913. When the office of the President of the Board of Management was created in 1919, he was elected to it and continued as such till his death. He was the Chairman of the Reception Committee of the District Co-operative Conference held at Tiruvalur in 1925 and his address in welcoming the delegates was considered to be a masterpiece. He never attended a meeting without studying the papers and was fully possessed with facts and figures. He was firm and courteous to his colleagues.

He had also a hand in the organisation of the Hood Co-operative Institute, Tanjore, of which he was President from the beginning, and the success that attended its efforts was chiefly due to the energy and enthusiasm of the gentleman. In his death, the various institutions, especially co-operative institutions, with which he was connected, have suffered an irreparable loss.



THE LATE RAO BAHADUR
N. KRISHNASWAMY IYENGAR.

THE LATE REVD J. M. BRAND.

A great worker among the Hill Tribes.

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

The muse of History, while particular about recording the passing events in the political arena, is proverbially blind about the doings of the real heroes of the world, whose life is spent in uplift work among God's humblest creatures.

The Kolli Hills separate the Salem and Trichinopoly districts. It is a fertile tract rich in sandalwood and "forest produce" from which Government derives a good income. The indigenous population consists of people known as "malayalees", who—though they claim to have migrated from a ruling community near Conjeevaram—are not very distinguishable ethnologically from the surrounding cultivator classes. But their isolation for well nigh four centuries has made them superstitious, ignorant and timid. They have been an easy prey to the enterprising money-lender, petty-trader and sandal-wood smuggler from the plains. The whole area of their occupation is infested with malaria of a particularly virulent type. In fact this was the only protection from worse exploitation from the wily plainsmen. Divisional Officers go up in dhoties and carefully return by night-fall drinking nothing but Spencer's Soda water all the time. Is it any wonder that within the last 50 years these miserable creatures became physical and economic wrecks so that a bad season or an attack of black-water fever killed them by the thousand.

Amidst such people and under such unalluring conditions, the Revd. J. M. Brand chose to settle sixteen years ago last March. He quickly built his log-cabin which his poor admirers called by the dignified name of 'bungalow' and which he continued to occupy till he left it for a better world on 15th June last. In the August of the same year he brought his bride on her wedding day to this shanty and the husband and wife lived sixteen happy years. They were father and mother to these people. Their common ailments and even their domestic troubles were gladly attended to. The late Mr. Brand soon discovered that co-operation was the only way to help these people economically. Usually, the Christian Central Bank at Madras has to finance what are known as "Depressed classes" societies. But the Salem District Urban Bank was very zealous about its solicitude for these poor people so that it insisted on lending all the money itself and my friendship with Revd. Brand thus formed in 1919 has been a most pleasing episode in our lives. And my District Bank was not wrong in its estimate of Mr. Brand's business acumen. Punctually on the due date, a cheque on the National Bank of India was sure to come—clearing off all arrear of principal or interest.

But Co-operation was neither the chief nor by any means the only activity of my departed friend. He started schools all over the settlement

but as want of an even bridle path stood in the way of proper inspection of these schools, he, with the help of Government, had an excellent bridle path constructed practically through wild jungles.

He has founded an orphanage and has successfully introduced sericulture and the girls are learning not only to rear the worms but to reel the silk as well.

In the beginning medical aid had to be administered only by Mr. Brand and his wife; but when the work became too heavy, Dr. Solomon was induced to settle.

The bereaved lady thus writes to me: "But were Mr. Brand here, he would assure you, as I do, that it has only been through the blessing and help of God that so much has been accomplished. He alone has sustained and kept us in this malarial district all these years".

The last few words of Mrs. Brand's touching letter to me reveals the true missionary spirit. "My heart will always be with these poor people on these Hills and if (after my furlough) a way is opened up, it will be my greatest joy to continue in some humble way to help these Hill-women".

Are not Rev. Brand and Mrs. Brand true heroes in the service of their fellow-men?

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Rural Reconstruction

I

MELPANAGUDI, BELLARY DISTRICT

1. Report for the period from October 1928 to 15th April 1929

Night School:—A night school was organised early in October 1928. 50 to 65 boys were attending. There was a fall in attendance from the beginning of December 1928 till the end of March 1929 as most of the villagers were employed in harvest of paddy and sugar-cane crops. The attendance is steadily increasing from the beginning of April 1929. Every attempt is made to induce the parents to send their children to the school. Three teachers were employed from 1st April 1929 to give better facilities to the students. Three classes are formed under the teachers, (1) to teach the beginners, (2) for those little advanced and willing to get themselves educated, (3) to those who can read and write and to those who are desirous of learning English.

The subjects taught in the school now are:—

- (1) Kanarese to read and write, (2) English to read and write and converse, (3) Arithmetic.

Girls' School:—A day school for girls was started from 1st April 1929 with 40 girls. The number of girls now attending the school is 15, and there is every likelihood of an increase in attendance. A teacher is employed on Rs. 12 per month. The subjects taught are:—

- (1) Kanarese to read and write, (2) Arithmetic, (3) Music and some indoor games in the evenings.

Panchama School:—A Panchama school was opened on 16th April 1929. The school was started with 10 boys and 2 girls and there are 15 on the roll now (both boys and girls inclusive). The Madiga parents are taking much interest and they are very enthusiastic. A teacher is employed on Rs. 8 per month. This school serves for Madigas of Melapanagudi and Kadirampuram.

Recreation:—Foot-ball game was started on 1st April 1929. About 40, both boys and grown-up men, play in the evenings. Madiga boys are allowed to take part in the game. Starting the Talimkana (Physical Culture) is under contemplation. Mr. Banada Jambayya, Pailwan of Hospet, has kindly consented to render all help

in the formation of Talimkana and has promised to give instructions now and then.

Village Panchayat Committee :—Many meetings of the villagers were arranged and the objects explained. There is a large consensus of public opinion for the formation of the Panchayat. 185 persons who are for the formation of the Panchayat have attested their signatures expressing their support. Attempts were made to get the signatures of all the members of the village explaining to them all the advantages of having the panchayat.

The desirability of formation of a village panchayat is reported to the organiser of village panchayats of the District. The formation of the committee is delayed pending the inspection of the organiser and his approval and recommendation for registration under the Madras Village Panchayats Act.

Agricultural Co-operative Society :—The Secretary, Hospet Co-operative Central Bank, was interviewed on the formation of an Agricultural Co-operative Society. After a long discussion, he has suggested the liquidation of the existing credit society which is not working well now and to organise a fresh Agricultural Co-operative Society for the benefit of the agriculturists. The matter is under enquiry and the final report of the Department is awaited.

At present all the ryots are advised to send all their produce to the Co-operative Loan and Sale Society, Hospet, and many of them have done so. They are really appreciating the benefits thus derived. The Co-operative Loan and Sale Society has given much help to the ryots of this village. Many ryots have realised the benefits of sale of their produce through the Co-operative Loan and Sale Society but are sorry for their previous entanglement in the clutches of the merchants. Early steps ought to be taken to get the ryots released from the hands of the merchants by giving them long terms loans to clear their debts and to give them money for cultivation expenses and for purchase of cattle etc. A census of villagers and statistics and property statement are prepared.

Distribution of Quinine :—Quinine is distributed in the village every day. On every Thursday every house is visited and quinine is given to those who are in need. The villages of Anantha-saingudi and Kondinayakanahalli are also visited on every Thursday and quinine is distributed. Persons suffering from other diseases are advised to go to the Government Hospital at Hospet. The Doctor of the Government Hospital pays visits to this village now and then and gives all possible help.

Opening of a Baby Centre under contemplation. The Lady Doctor has promised to give every help for the formation of the centre.

Provision of Latrines for Women :—The matter was discussed with the District Health Officer and he has paid a visit to the centre and after inspection, has suggested to adopt the sink-pit system of latrines according to the type design and has promised to send the plans and estimate list. And he has promised to make early arrangements for sink-pits.

Manure Pits :—The District Health Officer was taken round the village and his suggestions as regards conservation of manure and manure heaps are noted and attempts are being made to adopt his suggestions.

Village Sanitation :—Work in this direction i.e. removal of prickly pear and closing of pits round the village etc. is postponed till the formation of the Village Panchayat. The work in this direction is possible only after the formation of the Panchayat as the co-operation of the people is quite essential.

Stud Bulls :—The Agricultural Department was addressed for the selection of good breeding bulls suitable for the locality. They have given their suggestion recently and arrangements are being made to get two breeding bulls and a few cows to keep up pure breed. Getting good rams to improve the stock of sheep is also under consideration.

Poultry :—Arrangements are made to get some Leghorns for the construction of sheds etc. for them. Many ryots are anxious to rear them.

Bhajana Party :—Bhajana parties are arranged on every Saturday in the Mallikarjuna Temple and on special festival days when the whole party go in a procession in the village visiting all the temples. Many boys, girls and men take part in such parties.

A village drama is under preparation which will be enacted shortly. Two music teachers are invited from Kudathini to train up actors for the drama. Many parents take much interest and have sent their children to be trained and some of them also have agreed to take part in the play.

Acquisition of land for village extension :—The northern half of the present village is built on private land. All the houseowners are experiencing much difficulty and are much troubled by the landlord. A Mahajar is being prepared to move the Revenue authorities.

to acquire the present village site and also an additional extent of 14 acres for the future extension.

The panchamas are in urgent need of land for housebuilding. There is no suitable waste land available. The present place is inadequate and unhealthy and there is no scope for extension. The District Labour Officer was interviewed on the matter and his personal inspection is awaited.

The general health of the people is much better now.

The Health Department is also taking much interest in the movement. A health cinema show was given on Malaria. The villagers have appreciated it much.

The Veterinary Department also are giving the movement all possible help. One or two magic lantern shows were arranged by them. The touring veterinary assistant visits the villages now and then. The cattle of the place are free from all diseases. Many castrations were done by the Department. Bundizz's method of castration was demonstrated in the village several times, which the villagers appreciate.

Finance :—Rs. 1,250 has been received from the Madras Provincial Co-operative Union and is kept in the Hospet Co-operative Central Bank. Rs. 470 has been withdrawn. The following amounts have been spent.

	Rs.	A.	P.
Pay of the Superintendent (the Worker) ...	299	15	6
Travelling allowance of " ...	3	12	0
Pay of teachers ...	62	0	0
Furniture ...	20	10	0
Contingencies ...	76	9	11
Total Rs...	462	15	5

2. Report for the period from 1st April 1929 to 31st July 1929.

Night School :—The attendance in the night school has fallen considerably due to the busy planting seasons of sugar-cane and paddy. So the teaching staff is reduced from 3 teachers to one. There are about 20 to 25 students attending the school, both day school boys and adults.

Girls' School :—This school is working well with 8 to 10 girls regularly attending it. They are taught simple arithmetic, Kanarese and music.

Panchama School :—In spite of the school now being shifted to their quarters, the attendance has not increased. But there are 8 boys and girls attending the school regularly. They are making good progress. In the evenings the boys play football.

Recreation :—The village boys are not playing football now for want of playground. But, in the evenings, they are made to play some village games.

Village Panchayat :—The Honorary Organiser of Village Panchayats visited the village in the month of April 1929 and sent his proposal for registration to the Registrar-General of Panchayats, Madras. The Registrar-General of Panchayats has sent his recommendation to the President, Taluk Board, Hospet, for the formation of the panchayat and report. The papers are pending with the President, Taluk Board, Hospet, for the last 2 to 3 months without any action being taken.

Agricultural Co-operative Society :—The Assistant Registrar has sent his recommendation for the liquidation of the society for want of workers and non-collection of its overdues as one of the very bad societies. There is no possibility of doing anything in the matter.

Distribution of quinine :—From June 1929, the Health Department has entrusted the distribution of quinine to the presidents of taluk boards. The local schoolmaster is entrusted with the work and is not in easy reach of all the sufferers as the schoolmaster has already his own work to do.

Provision of latrines for women :—The boring sets for making bore hole latrines have come from the Rural Sanitation Department, Madras. We are not able to use the boring sets as the places selected by the Health Department happen to be private lands. Necessary steps are being taken for the acquisition of the plots. The Revenue Department's orders are awaited.

Village Sanitation :—Not much work is done in this direction as people are very busy now and the formation of village panchayat is awaited. But people are made to carry away the manure far away from the dwelling houses and not to put refuse in the streets.

Stud Bulls :—A breeding bull "KANGAYAM" is purchased from the Government Central Cattle Farm House. As the animal is young, it is not advised for service for 2 or 3 months more. Arrangements are being made to bring the bull to the centre. Purchase of Kangayam cows is dropped for the present for want of funds.

Poultry :—To improve the poultry of the village a flock of pure-bred white leg-horn chickens are being reared.

Bhajana Party :—On every Saturday in the evenings some of the villagers and children gather in the Mallikarjuna Temple and do Bhajana for an hour and prasadam is distributed to all that are present there.

Acquisition of land for village extension :—Proposals have been sent to the Sub-Collector, Hospet, to acquire about 16 acres of land for the village extension. The Tahsildar of Hospet paid a visit to the village on 31-7-1929, inspected the lands in question and made his recommendations.

The general health of the people is very good now. On 23-7-1929 a village drama was enacted in the village by the villagers and it was a great success.

On 29-7-1929, the Health week was celebrated and the function was a great success, and all the villagers co-operated. There were sports for children and prize-distribution. There was a magic lantern show on "HOUSE-FLY" and the injuries done by it to the people.

The Officer in charge of the centre was sent for Rural Training to Ramanathapuram Y. M. C. A. Summer School during the month of May and is now making special arrangements to make the undertaking successful.

II

TIRUPACHANUR, SOUTH ARCOT DISTRICT.

Report of work for two months ending 30-6-1929.

By MR. R. KRISHNASWAMI IYENGAR B.A., B.L.,

(Correspondent, Rural Reconstruction Committee, Cuddalore).

The pleasant function of opening a rural reconstruction centre for the South Arcot District at Tirupachanur, a village in Villupuram Taluk, was held in the village on 27-4-1929. The Hon'ble Mr. V. Ramadas Pantulu was obliged to be absent on that occasion owing to ill-health but he was pleased to send Mr. N. Satyanarayana, Secretary of the East Godavari District Federation and a very prominent co-operator in those parts. Mr. V. Srinivasachariar, one of the Directors of the Bank, presided on the occasion. Messrs. V. Venkatasubbayya, R.A. Sivananda Mudaliar, K. Sitarama Reddiar

N. Satyanarayana and others besides myself took part in the proceedings and drew the attention of the audience present to all the advantages of corporate life in a village in securing all that they wanted in order to promote their own civic interest. All the elements necessary to bring about Rural Reconstruction were brought home to their minds so that the villagers might combine to have the full benefits of the Scheme. About 200 persons attended.

3. The first meeting of the Rural Reconstruction Committee was held on 23-1-1929 at which Mr. K. Sitarama Reddiar was co-opted as a 3rd member of the Committee. In all upto 30-6-1929, 8 meetings of the Committee were convened of which one had to be adjourned for want of quorum.

4. The following work has been undertaken by the Committee :—

Rectification of societies in the villages chosen; educating the members of the Co-operative societies by constant talks with them by the honorary worker and Rural Reconstruction Supervisor in the matter of application for long and short term loans anticipating their needs in time. The Supervisor was instructed to instil into the minds of the members the scope and implications of all the by-laws of Co-operative societies with a view to enable them to reap the full benefits of co-operative activities specially with reference to the joint cultivation, purchase and sale. The establishment of Village Panchayats has also been taken up as one of the items of programme and the help of the local Organiser of Village Panchayats in the Villupuram taluk area has been sought in that connection. The question of opening native Gymnastic schools, night schools for males and females above the age of 7 and for supplying villages with Ayurvedic Medicines has also been taken up. The honorary worker has been asked to let this Committee know what scope exists for development of cottage industries in those parts and for imparting religious instructions in these villages. The preparation of economical statistics of each of the 6 villages chosen has been taken up and the work is nearing completion. Steps have been taken to open a road from Serndanur to Tirupachanur village to facilitate journey in those parts. Arrangements for digging manure pits in villages have been made.

5. The Panchayat Bulletin has been subscribed for and also the Tamil Daily "Swadesamitran" for the use of the villagers. The Supervisor is submitting his monthly tour programme and

is also submitting fortnightly diaries to the Committee which scrutinise the same.

6. The Establishment consists of a supervisor with a monthly pay of Rs. 50 and a fixed travelling allowance of Rs. 10 per mensem and a peon on Rs. 8 per mensem. In addition to the members of the Committee, there is the honorary rural reconstruction worker, Mr. R. Srinivasa Iyer, a resident of Olukkai and the Assistant Secretary of the Villupuram Co-operative Supervising Union.

7. The foregoing arrangements were chalked out only at a meeting of the Committee held on 12th May 1929 and it is quite obvious that it is too soon to give a report of the work turned out by the Committee during the short period of about 6 weeks viz., the period under review. It is hoped that with the joint co-operation of the Committee and the Villupuram Supervising Union tangible results will be achieved in course of time.

8. *Finance*:—The Central Committee, Madras, sent the first instalment of Rs 250 to the local Committee on 6-5-1929. I have sent a statement of the expenditure incurred upto 30-6-1929 leaving a balance of Rs. 136-10-3 in the current account of the South Arcot Co-operative Central Bank on that date.

III

INDUKURPET, NELLORE DISTRICT.

(Report for the 5 months ending June 1929).

The rural reconstruction centre was opened at Indukurpet on 27-1-1929 with Messrs. M. Venkatarangayya, M.A., K. V. Raghavachariar, B.A., B.L., D. Swamidas, B.A., J. Srihari Naidu and P. Pattabhirama Reddi as members of the Committee and with Mr. M. Venkatarangayya as the convener. Mr. G. Venkatasubbiah who was trained in reconstruction work by the Provincial Co-operative Union was appointed Supervisor and he took charge of his duties on 1-2-1929. This report deals with the work done during the five months ending 30th June 1929.

The committee included within the area of its operations the village of Indukurpet and the other villages lying within a radius of five miles from it. They are (1) Lebur, (2) Jagadevipet, (3) Narasapuram, (4) Mypaud, (5) Korutur, (6) Venkanapalem, (7) Kothapalem, (8) Potlapudi and (9) South Amalur. The first thing that the committee proposed to do was the collection of statistical information required to understand the general economic and social conditions of the different villages in the area. The Supervisor has been engaged on this work throughout the period under reference and he gathered much information regarding the education, the occupations, indebtedness, holdings, co-operative societies etc. An analysis of the information collected by him is given in the appendix.

At a very early stage of its work the committee came to the conclusion that the actual work in the villages should be carried on as far as possible through institutions which would inculcate among the people the idea of self-help. The village panchayat was found to be one such institution. Except in Indukurpet there was no panchayat in any other village in the area. Propaganda was therefore carried on by the committee in some of the other villages explaining the present condition of the villages and how by means of panchayats the sanitation, education, means of communication and the general welfare of the community could be promoted. The people eagerly caught the idea and village panchayats were started at Mypaud and Potlapudi. Proposals for a panchayat at Somarajupalli, a hamlet of Narasapuram, are awaiting the sanction of the Registrar-General of Panchayats, Madras. The village panchayats of Mypaud and Potlapudi have already begun work in right earnest.

In each of the villages included within the reconstruction area there is a co-operative credit society. The committee felt that these societies should be made to work on right lines so that they may be utilised as institutions for promoting all branches of economic welfare.

As a first step in this direction the Supervisor was asked to help the local co-operative union at Indukurpet in the collection of overdues and he spent most of his time in May and June on this work. His reports have incidentally revealed some of the defects in the working of co-operative societies and steps will be taken to get them rectified.

There are at present only two post offices in the reconstruction area, one at Indukurpet and the other at Mypaud. As Lebur is a fairly big village, the committee requested the postal authorities to open an experimental post office there and the authorities have promised to give a favourable consideration to the proposal.

With the object of reviving among the people a taste for ancient epics and puranas which were the chief means of popular education until recently, the committee organised for a period of three months a 'Puranam Study' at Indukurpet. It was a fairly good success and it is gratifying to learn that the inhabitants of the village are now eager to have at their own cost the study continued. A Harikatha was arranged at Lebur in May last, and it was highly appreciated by the inhabitants of the locality.

This is all the tangible work that the committee has been able to do during the five months under report. The experience obtained during the period and the knowledge of local conditions and requirements that the committee has been able to acquire have created the hope that more substantial work can be shown in the coming months. The fact is that rural reconstruction is so elusive that its results cannot be accurately measured. The test of its success will be found in the improvement in the tone and the general character of the people and this will necessarily have to be a work of time. The age-long lethargy of the people and the absence of enlightened local leadership in villages are obstacles which can be removed only slowly and gradually.

The committee proposes to pay attention to some more items of reconstruction during the current year in addition to the starting of panchayats, viz., (1) Arranging regular demonstrations by the officers of the Agricultural and Public Health Departments (2) starting of a circulating Library, (3) supply of cotton to the spinners in the area who are not able to get it systematically at present and helping them in the disposal of yarn and (4) organising classes in adult education.

The Committee met three times during this period, at Indukurpet, Lebur and Potlapudi.

INDUKURPET,
Dated, 11-8-1929.

M. VENKATARANGAYYA,
Convener.

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