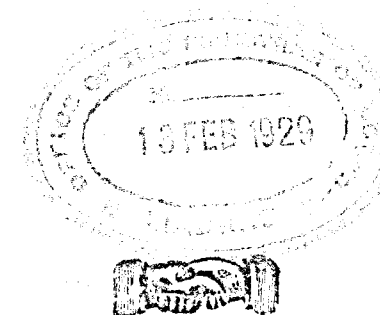




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THE Madras Journal of Co-operation.

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Mr. Wolff's Letter to the Editor.

REFORM CLUB,
PALE MALL, LONDON, S. W. I.
October 31st, 1928.

DEAR MR. IYER,

I could not inflict myself upon your readers so soon. But I am truly alarmed at gathering from an article in your last "Journal" and also from Mr. Pantulu's excellent address to the Conference, what a gross and dangerous misconception of the meaning of the not-over-happy term "Decentralisation—administration" appears to prevail in India. That term means, not that administration and control are to run in every society or district in their own distinctive way—that is the very opposite of what co-operators are striving for—but that in respect of administration and control, responsibility should be brought home forcibly to every member and that the direction should be placed in the hands of elected persons—elected by the members collectively and wholly responsible to them, being the members' representatives. In finance the direction wants to be placed in the hands of the most competent persons of whom there

are comparatively few. I am wholly in accord with Mr. Ramada Pantulu in his advocacy of societies, now appointing their own, frequently, incompetent, supervisors, writing to district organisations, employing more capable supervisors, of collectively a smaller number, to carry out the supervision work. If, under centralised finance, you have a thoroughly competent body at the head, that body which will be able to lay down general rules for the local supervisors under its direction and control will be made to apply in their own districts. In this way, we may arrive at the desirable result of the whole movement being governed and in practice acting on the same one principle. That will be a source of benefit not only to the separate societies or banks, but to the entire movement, as inspiring greater confidence. On other grounds the benefits of centralisation of finance are, I think, self-apparent. For £10,000 collected in one fund at the disposal of a district, is sure to be financially very much more useful than if divided into 100 lots, each separate by itself, and available only for one little district.

I hope that it will be possible to make what I am now writing understood by Indian co-operators.

Believe me,
Yours Sincerely,
HENRY W. WOLFF.

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Memorandum on Primary Land Mortgage Banks.

By RAO BAHADUR A. VEDACHALA IYER.

The model by-laws which have been framed by the department for primary land mortgage purposes have to be scrutinised with care, when a large number of them have to be started, should the scheme for a central land mortgage financing bank mature early as it is expected that Government will accelerate the matter. Unless the central land mortgage bank is started at present in the Presidency town, land mortgage credit business will not be successfully carried on even in the few mortgage primary banks which have been started under the stimulus of the department. The principle involved in the model by-laws is to make the primary mortgage banks responsible for raising their own money by debentures and for granting loans to their members and for their holding responsibility to meet the dues of the debenture holders. The unsuccessful feature of these primary banks is the non-attraction of long term money from the public by the sale of debentures. Being small isolated units with direction purely in the hands of direct borrowers, the depositing public have not confidence in such primary land mortgage banks even though the departmental staff are appointed as *trustees* and even though departmental supervision is assured. The charm of departmental supervision and of regulation of work under their guidance in regard to co-operative institutions has, at present, not very much force or stability as it once had in the early stages of the movement partly due to the fact that the personnel in the departmental staff have not exhibited clear knowledge of all matters they are expected to know nor have they shown the heartfelt earnestness to work up to a high standard of efficiency to the satisfaction of the public.

2. The successful working of mortgage banks so as to secure the full confidence of the public should not be made dependent on the assistance given by the departmental staff in the direction of valuation, supervision or serving as Trustees between the debenture-holders and the borrowing institutions, but it should be dependent on the business working of such banks by *financially responsible directorate* who should be assisted by *paid experts* where necessary over whom they can keep adequate control and who will assist them in discharging their responsibility. Primary land mortgage banks or the central land mortgage bank ought to be conducted purely on the responsibility of the directors aided by the departmental subsidised officers as *mere experts* if available

but with the full consciousness that the directors alone are financially responsible. The central land mortgage bank should be conducted as far as practicable, by its own business-men employees and by *financially responsible* directorate and should be responsible to see to such management being made available in primary land mortgages whose mortgage documents are used as cover or security for the raising of long term money by the issue of debentures. The primary land mortgage banks should aim at adequate efficiency in management, valuation and business working even at the sacrifice of dividend and even when necessity arose, by the benefitted members paying a defined contribution to maintain the expenses of such management. These points deserve special attention by persons interested in the floatation of such primary banks as the scheme is to work for the redemption of purely agriculturists in rural areas on the security of purely agricultural productive lands and as such banks have to be conducted by the borrowers who are agriculturists and many of whom have not the requisite business capacity to manage such institutions from the start.

Government assistance to the primary mortgage banks or the central financing land mortgage bank, in the direction of (1) valuation of property, (2) enquiry in the distribution of loan, (3) management of the bank and (4) Trustees appointed and paid for by Government may be very useful in the early stages and is welcome subject to the condition of the directorate feeling their responsibility with such assistance. Similarly Government assistance in the form of guaranteed interest or by investment of Government money in the purchase of debentures is welcome if available in the initial stages of the movement to rouse confidence in the depositing public, local and foreign, but the real stability of such land mortgage institutions depends upon adequate constitutional safeguards for valuation, management and supervision secured by the institutions themselves even at heavy cost *in a self-reliant spirit*. Spoon-feeding of financial institutions by Government or philanthropic bodies may be advantageous for a time but it is likely to get perpetuated to the permanent disadvantage of the stability of such institutions. Such a system should be carefully regulated so as to avoid deterioration in efficiency. Smallness of transactions in such institutions without extraneous financial assistance does not appear to be discouraging: on the other hand, it is the true ideal to be aimed at and worked for.

I note below the proposals in the model bylaws which should advantageously be considered by the public when primary mortgage banks are started to be financed by the central land mortgage bank.

MODEL BY-LAWS.

AS AT PRESENT.

2. Its objects are to promote the economic interest of its members and more particularly to arrange for the creation of funds to be lent to its members on mortgage security for—

- (1) the redemption of mortgages on agricultural lands;
- (2) the improvement of agricultural land and of methods of cultivation; and
- (3) any other measure designed to encourage in the members the spirit and practice of thrift, mutual help and self-help.

PROPOSALS.

To insert as 3, 4 and 5 the following and convert (3) in the present by-laws into clause (6).

(3) The purchase of machinery for agricultural purposes and for improvement of irrigation facilities.

(4) The sinking of wells or the formation of tanks whenever such schemes are expected to be financially successful.

(5) The purchase of lands for cultivation by land-holders or tenants.

By-law 7. Withdrawals of share capital before 10 years shall however be permitted when mortgages are redeemed in full by any member, and after redemption.

Para 14. Loans from central land mortgage bank—to be added as item 4 and entrance and other fees to be noted as item 5.

Para 15. Value of each share shall be Rupees “5” in place of “10” in the model.

Para 16. Deposits can be obtained by such banks “only with the special permission of the Registrar and up to the limit fixed by him”. These words are to be added after the word “receive” and before the word “deposits”.

Para 17. The Board of Directors will ordinarily draw their funds by way of loan from the central land mortgage bank. Where however the Registrar permits, the Board of Directors may issue debentures etc.

Para 25. Insert “borrowings from Land Mortgage Banks,” after the word “deposits” and before the word “issue.”

In the place of “8 times” the paid up share capital substitute “20 times.”

By-law 47. The maximum borrowing power of a member shall be fixed at $\frac{3000}{5000}$ in place of Rs. 1,000 in the present model. The borrow-

ing power for each share valued at Rs. 5 shall be Rs. 100 on a par with the borrowing power of the society, instead of at 8 times the paid up share capital, which alone is acceptable to the department.

By-law 46. Purposes of loan should be amplified by inserting new clauses 3, 4 and 5 of by-law 2 in this by-law.

By-law 48. The interest rate shall be "8" instead of "9". The model by-law rate is very high. It is fixed at "8" as it is the lowest which can be arranged in the "financing arrangement leaving 1 per cent margin for the central financing bank and 1 per cent for the primary. Even if the debentures are issued at $6\frac{1}{2}$ per cent, the loan rate to primary should not exceed 7 per cent. Even if the loan rate to primary is raised to $7\frac{1}{2}$, that to the member should on no account exceed 8 per cent as the scheme of using such long term loan by the rural population will become unworkable at 9 per cent, spread over a period of 25 years.

By-law 49. Existing by-law—Loan should not exceed 50 per cent of the estimated market value of such land. Instead "40 per cent" is proposed to be substituted because the yield from such land may be sufficient to redeem the debt by annual instalments from out of the land mortgaged and because the security will be better especially when the paid up share capital is proposed to be lowered from $\frac{1}{3}$ th to $\frac{1}{20}$ th of the loan. The altered arrangement will give as security Rs. 5 (share capital) + 60 (balance) as security in place of Rs. $12\frac{1}{2}$ share capital + Rs. 50 (balance).

49. Provision is made for taking charge of property in defaulted cases. It is unwise to do so and to allow primary banks to undertake generally the responsibility to redeem the debt out of annual income. It may perhaps be allowed in special cases provided the central financing land bank permits such a course for special reasons.

53. Directors may be appraisers and should get appraising fee. They are more financially responsible than paid employees or even Government officers deputed in the early stage. The latter may however educate the directors in this respect.

54. Maximum period of loan may be 25 to 30 years.

58. Closing of account for cases of default need not be fixed soon after 3 months as in model by-law but may be allowed up to 1 year to enable defaulters to tide over the failure of crops in a year. Interest should however be paid without failure.

64. Remuneration may be allowed to Directors to secure efficient and earnest work. It may be fixed at 25 per cent of the net profits. The last clause of by-law 36 has to be deleted.

The following rules of procedure should be laid down either as by-laws or subsidiary by-laws in the primary mortgage banks:—

(1) Primary mortgage banks should invariably get encumbrance certificates from the Registration Department before the bank sanctions the loan and before the mortgage document by the borrower to the society is executed. The Registration Department has to be asked to allow this procedure by Government.

(2) Primary mortgage banks should get loans only with reference to the mortgages sent up by them to the central financing mortgage bank and accepted by the latter. Primary mortgage banks should not advance such loans beforehand to be recouped from the loan from the central financing mortgage bank and they should also not be given a lump amount as loan beforehand by the central financing land mortgage bank.

(3) Primary mortgage banks should disburse the loan direct to the private creditors in the case of prior debt redemption and should on no account make it over to the borrowing member as is done in the ordinary credit society—The bank will have no protection if misapplied by the borrower.

(4) All collections in respect of each mortgage bond should be sent *intact* by the primary to the central financing land mortgage bank.

(5) Share capital collected by the primary land mortgage banks should be invested as share capital in the central financing land mortgage bank.

(6) *Withdrawals* of share capital should be permitted and *not the entrance fees* when applications for loans are rejected by either the primary bank at its own enquiry or by the central financing mortgage bank.

(7) Each mortgage case must be separately accounted for by the primary to the central financing land mortgage bank in regard to recovery, extension and foreclosure and with the sanction of the latter—in regard to the deviations from the agreed terms.

Teachers and Co-operation.

A paper submitted to the Salem District Secondary—School Teachers' Conference by T. Adinarayana Chettiyar, M.L.C., Bar-at-Law President, the Salem District Urban Bank, Ltd.

At the very outset I must state that I never expect a school to be everything and to do everything in the area in which it is working. It is usual in addresses to students to exhort them to be leaders, politicians, social reformers, and everything, except perhaps good students. But I am old fashioned enough to believe that the primary function of a student is still to be a student and the primary function of a school to be a good and efficient school. Moreover, with the starvation wages and the poor prospects we generally hold out to primary and secondary-school teachers, it is too cruel to expect the schoolmasters to be more than schoolmasters.

Moreover, as things are at present the schools—whereby I mean the schoolmasters really—have to do many things which their hearts and brains do not approve of. For example many teachers feel that the system and syllabuses are not of the right sort for the building of character or even for the prosaic work of bread winning. Yet, the teachers have to trace the beaten track. No doubt there are some teachers who in spite of these depressing conditions have in them the inspiration to do great things for the less educated brethren among whom their lot is cast. Such men can do much. Such men must be encouraged—specially by Co-operative organisations in that area. A schoolmaster who can take real interest in real things, the things that count—things beyond the four walls of school building—is a real asset to the country.

Next, granting we have discovered such a schoolmaster, let us see what are the ways in which his public spirit can be utilised for the good of the country. In towns and cities perhaps he would hardly count. But thanks to centuries of tradition, the poor schoolmaster passing rich with less than £20 a year still counts as a "some-body". He can be made to teach not only the youth of the locality but their parents as well who perhaps need his large hearted attention even more than the children. Cottage industries, hand-spinning, temperance propaganda, village libraries, rural sanitation, and night-classes for adults are only a few of the items that can be tackled by the schoolmaster

who has had the "vision" and who can command the affection of the people. Owing to availability of funds for such purposes—thanks to the common good fund at least in the older and larger co-operative societies, finance is happily not the insuperable bug-bear it was until recently.

Moreover, the phrase *Rural Reconstruction* is now on everybody's lips. The Salem District Urban Bank has undertaken this in a small selected area in this District in right earnest under the excellent guidance of Dewan Bahadur R. Ramachandra Rao, C.S.I. We have begun the work so recently that we cannot boast of any tangible success so soon. I mention this fact simply to show that co-operation has got out of its old narrow groove of facile credit merely but now embraces the real work of nation-building or rather rebuilding. And in work of this nature it is not possible to conceive how the schoolmaster can be kept out.

It would be easy for me to go into details and mention the names of places where the schoolmasters have helped the revival of Rural Life and Rural Prosperity; but I have no time. The Rev. Father Finlay under whom I had the privilege of studying Economics in the National University of Dublin, is, along with Sir H. Plunkett, the Father of Irish Co-operation. Generations and generations of Irishmen will bless this poor schoolmaster for conferring prosperity on long suffering and famine-stricken Ireland. I appeal to you the hitherto neglected schoolmasters to imitate this great schoolmaster in far off Ireland. Booker Washington is an illustrious example of a teacher nation-builder. Our own Triplicane Stores—the largest in India—owes its life to three Madras Schoolmasters.

I would ask you to think of yet another schoolmaster, Captain Petaval, who has been persistently telling us in the pages of his monthly, "Bread and Freedom", how the bread problem which is really the problem in India to-day can be successfully tackled by Co-operative method. One word more and I must finish. If you decide to adopt the method of Captain Petaval, I am sure the Government will place at your disposal the necessary (hitherto) waste-land as well as the services of the agricultural experts. On behalf of the District Bank, I think I can safely venture to promise financial backing. I once more appeal to the large number of schoolmasters assembled here to try this experiment at an early date. This they should do not only for the sake of the poor unemployed and (for the greater part of the year) "unemployable" ryots but also perhaps for their own sons who, if things are allowed to go on at this rate, must one day swell the ranks of the already large army of the middle class unemployed in this country.

The First Hyderabad Dominion Co-operative Conference.

28th September 1928.

PRESIDENTIAL ADDRESS

BY SIR AKBAR HYDARI HYDAR NAWAZ JUNG BAHADUR,
(The Hon'ble Member for Finance and Co-operative Departments,
H. E. H. The Nizam's Government.)

LADIES AND GENTLEMEN,

It is a matter of great rejoicing to all interested in the advancement of the State to see that the Co-operative Credit Department has given proof of its progressive spirit, usefulness, and enthusiasm by bringing this Central Conference into existence. I cannot find words to thank the officers and workers of the Department and the representatives of the Societies who have done me the honour of electing me as the Chairman of the First Dominion Co-operative Conference but real gratitude must take a practical shape, and I can assure my co-workers in this field that they will ever find me marching shoulder to shoulder with them.

Gentlemen! I have been interested in this movement even from my College days, and when I used to read of the progress it was making in European countries, I longed for the day when it would take root in this country also to the great advantage of my countrymen. My wishes were at last fulfilled when in the opening years of this century, the movement was introduced into this country, and now it has become popular throughout the length and breadth of the land.

The beginnings of the movement in this State date from 1324 Fasli (1913 A.D.) and it has made steady progress year by year. There are at present 2,065 Societies in the State with a membership of 56,634, and a paid-up capital and reserve fund of Rs. 57,34,488 and a working capital of Rs. 1,58,31,410. Most of these Societies are meant for agriculturists, as they are most in need of such help. There are also Societies for artisans, tradesmen, and clerks in Government Offices, but when we compare the conditions of these Societies with those in British India or foreign countries, we find that we have just begun our work and that we have still a good deal of leeway to make

up. There are in this State societies with elaborate rules and regulations and they are seemingly in a prosperous condition, but I feel (I hope I am wrong) that the true spirit of co-operation is still wanting amongst us and that the movement has not taken deep root in this country. This state of affairs does not cause me to despair for its future progress, and I can assure you that there is no cause for despondency. We should always be prepared to face the stern realities of the situation and it should be our earnest endeavour to do all that lies in our power to extend the movement and to remove its defects.

The Co-operative movement is controlled by a Department of the Government, but its success and development depend to a great extent on the efforts, foresight, and enthusiasm of the people of the country. Government aid is very often necessary but the success of a movement depends to a large extent on its appreciation by the people concerned, the realisation of its merits, and a passionate desire on their part to make it a success. There are various departments of human life, social, economic, moral and political, which seem to be different from each other, but in reality are inter-dependent. The Co-operative movement is a wonderful force which infuses a new spirit into every phase of our life. It saves us from those ills which have become embedded in our social life and confers on the people the blessings of true liberty, diligence, fellow-feeling and prosperity. Even a cursory glance at its principles and methods of work will show us that a revolution can be effected in the various departments of our life by acting on them with sincerity.

India is one of the largest countries of the world, and is sometimes called a continent on account of its immense size. When we are asked what sort of a country it is, several replies will occur to us, but the first thing which comes to our mind will be that it is an agricultural country. Agriculture is a sign of civilisation, and it has developed with the progress of civilisation. It is the most important aspect of our civilisation, and in fact our civilisation owes a great deal to it. This is also true of this State which forms a part of India, but just as in other spheres of life, the path of the agriculturist is beset with peculiar difficulties,—want of water, good seed, manure, capital, indebtedness, and absence of facilities for the marketing of produce. These difficulties have existed from time immemorial and it is only recently that we have found that they cannot be removed either by Government or by the individual efforts of the people. The only remedy is the starting of Co-operative Credit Societies the blessings of which are now known all the world over.

Suppose for instance that the cultivator requires money for the purchase of seed or for live-stock or for any other necessity. He has

naturally to go abegging to the Sowcar which is the first step to his life-long economic servitude, as he cannot repay the capital, not to say anything of the interest. There is no effective arrangement for the marketing of his produce and he has therefore to deal with the village *banya* or corn-dealer at a great loss to himself. He has to purchase the worst seed from the Sowcar at an exorbitant price. To save the cultivator from these and similar evils. Co-operative Credit Societies have been established. They give credit on moderate terms, supply good seed, and make suitable arrangements for the marketing of the village produce, so that the cultivator may get the profit which used to go to the middlemen. In addition to this, these societies teach them to lay by something for a rainy day. The societies belong to the cultivators; for the capital and the banks are theirs, and it is they themselves who are both the debtors and the creditors, the buyers and the sellers. They learn to settle their transactions by means of panchayats. The net result is that besides the monetary gain in becoming free from the exactions of middlemen, they learn to understand business transactions and to be free from debt. They acquire self-confidence and a spirit of mutual help which lead to prosperity and freedom from worry.

The movement is however not confined to agriculturists alone. Artisans and industrial workers have their own societies. Their woes were the same: want of capital, and raw-materials, and adequate arrangements for the sale of their finished products. Co-operative societies have proved their salvation also. In some places the societies have succeeded in suppressing evil customs, superstitious beliefs and extravagance and have made specific rules the contravention of which is punished by fines. This is the social side of the movement. These societies can prove most effective in preaching social reform as they are based on business principles, and the interest of members are bound up with those of each other. The members of the societies can thus see social reform actually at work, a result which cannot be achieved by the preacher through his discourses or by the teacher through his books.

The greatest service has been rendered by those societies that they have made education compulsory within their sphere of influence. They have dispelled the forces of ignorance and illumined the country with the light of knowledge, thereby placing progress on a sure foundation. The Co-operative movement can never flourish so long as the blessings of knowledge are not brought within the reach of the people. Nor is it possible for Government or for any public body to grapple with the problem of illiteracy with that success which will crown

the efforts of these societies in this direction. The diffusion of knowledge should form the most important part of the activities of the Co-operative movement, otherwise our efforts for self-amelioration will prove fruitless.

The movement will be greatly strengthened by the diffusion of primary education which will prove very helpful to its progress. At the same time it is imperatively necessary that students in our educational institutions should become familiar with the theory and practice of Co-operation. To secure this end, it should form a part of the school and college courses, and societies should be formed in educational institutions so that students may be able to study their practical working and utility. Our department should take up this work at once, for there are several officers of outstanding ability who can do this work efficiently. They should make it a point to visit schools and colleges when they are out on tour and try to make teachers and pupils interested in the movement by delivering lectures or by personal discussion. We would be placing the movement on a sure foundation if we were to make the students of this generation interested in it, for it is out of their ranks that there will rise forth the enthusiastic workers and leaders of the future.

I lay great stress on education for it will enable the members to understand and appreciate the basic principles of Co-operation and to become more efficient in transacting business. Their eyes will be opened, when they will read of the achievements of the movement in other countries. Their powers will be roused and they will be spurred on to great deeds. The societies too do not merely aim at financial or economic gain, but by teaching thrift enable the members to take a longer view of things. They are saved from ruinous litigation and are taught the valuable lessons of cleanliness, righteousness, mutual good will, and unity. And above all they serve to make the village the centre of their affections, a sentiment which will form the basis of an ever expanding patriotism.

It is my firm belief, based on experience, that there is no greater force for the reform of character than these societies as their moral influence and pressure are more effective than law and all other forces. The society can be likened to a chain of which the members are the links. If one end of the chain is pushed slightly, all the links come into motion. In the same way members of societies gain strength from each other and their collective power can do things which cannot be dreamed of by unorganized individuals. In fact co-operative societies make men of their members in addition to improving their financial condition.

POLITICS.

Strange as it may seem to your ears, the Co-operative movement has an important political aspect also, which can be discussed here without any misgivings. You will agree with me that the objects of the people and of the Government are practically the same, namely, that the people may be happy and prosperous and enjoy the blessings of peace. When a country is in a disturbed and disaffected condition, you will find several reasons for this undesirable state of affairs, but most of them are temporary, except poverty and its twin-sister ignorance; these are the most important and of a lasting character. The Co-operative movement cuts at the root of these evils, and with its success, political disturbances will be a matter of the past. Another disturbing factor in our political life is the question of communal differences, which will also yield to this movement. This is not merely a pious hope, but it has been proved by experience in many places and countries that the movement has succeeded in obliterating differences of race and creed and in inculcating among the people the feelings of equality and brotherhood. Every society is not only a brotherhood but part of a greater brotherhood wielding immense power. In addition to promoting feelings of brotherhood between persons of different races and sentiments, it seeks to promote unity between the people and the Government. For the sake of illustration we can take up the case of the officers of the department who are as it were the ambassadors of the Government to the people carrying to them the glad tidings of peace, prosperity and assistance. But whilst they are representatives of the Government, they are also at the same time sincere well-wishers of the people. They are prepared to offer all facilities on behalf of the Government which are necessary for the prosperity of the people and try to strengthen the ties of unity and brotherhood which are necessary for the welfare of the country.

Then remains the question of rights and duties. Governments generally insist on the performance of duties and the people on the grant of their rights, but in reality only those deserve to be given the rights who have a lively sense of their duties. Rights and duties are correlative adjuncts and cannot be separated from each other. The Co-operative movement produces among the people a sense of their duties, teaches them to work together and rouses their latent powers. It is when they get on with their work and success crowns their efforts that they realize the extent of their powers. In our country, the Co-operative movement owes its existence to the Government i.e., Government is helping the people and at the same time teaching them to help each other. Thus the objects of Government and the people are the same

and if they are sincere in their objects, the question of rights and duties does not arise at all. Besides when the people of a country make such progress with the assistance of the Government in their agriculture, education and industries that they become immune from the calamities to which they were subject, their resources and powers will be greatly extended and they will make progress in every walk of life. This prosperity and advancement which is due to the moderation and the mutual good-will of the Government and the people, will lead to the people getting their rights without making any formal demand, as in this State there is no divergence between the two parties.

PITFALLS.

Gentlemen, this movement is bound to increase and to become powerful as it is in keeping with human nature, for man with a few exceptions puts in the forefront all that concerns his own welfare. This movement is also based on individual gain, but its basic principles are of so extensive and exalted a character that a man's gain is bound up with that of others, and it is impossible for an individual working on these principles to gain all the benefits without benefitting others. In short, the gain of the individual is the gain of the society, and the gain of the society is the gain of the individual. This is as true as the famous dictum of the Sufis "*Diversity in unity and unity in diversity*," and it is owing to these reasons that the movement has proved more successful than those based on merely self-interest or on mere theories.

The smallest spot on a beautiful object mars its beauty. It is therefore our bounden duty to keep this movement free from all defects which are likely to injure it or bring it into disrepute. I am pained to see that some persons are trying to enter the department simply to earn a living without having the least sympathy with its aims and objects. I therefore entreat you to save the department from such persons. Every Head of a Department should treat his subordinates with courtesy and be even mindful of their welfare, but to retain the services of such wastrels and pirates who have absolutely no sympathy with the movement is not only improper but is positively a sin. To treat them with mercy will be an offence against the whole body. In this instance we should follow the Surgeon who cuts off a diseased limb, to save the whole body from infection, for such men prejudice the people against the movement and if its credit is now gone there is no hope for its future.

Another pitfall to be guarded against is that there should be no Society for members of a particular race or followers of a particular religion, as one of the outstanding principles of Co-operation is that it knows no difference of race, creed or colour and is based on the ideals

of fraternity and equality. All members of a class for whom a society is intended should be free to join whatever be their caste or religion. In the beginning the formation of sectarian societies will seem to be most harmless, but I can assure you that it is like a poison which acts slowly but kills in the end. Remember that it will be difficult for you to get free from the tentacles of communalism and your efforts will end in failure if you transgress from the golden rule of Co-operation. Our country is already a prey to these evils, and if the Co-operative movement follows the same lines, its failure is written large. But when I see representatives of all societies of the people in this memorable gathering (the first of its kind in H. E. H. The Nizam's Dominions), my heart is filled with joy and I am led to hope that this healthy movement will serve to unify us and those foolish distinctions which divide us in the name of religion or race, will be things of the past.

SUGGESTIONS.

I have just referred to the class of men required by the Department. They should be full of energy and enthusiasm with a burning passion for their work. But their energy and enthusiasm will be wasted if they do not possess the requisite knowledge. They should be thoroughly familiar with the principles and objects of this movement and with the progress it is making in other parts of the world. They should be well up in the rules and regulations of the Department and with its mode of working, *e.g.*, the matters to be noted during inspections, auditing of accounts, working of societies, etc.,

The members of Societies should know what their rights and duties are, and on what principles the societies are worked. As the majority of them are illiterate, and are thus unable to shoulder their responsibilities, it should therefore be the greatest object of the Department to remove illiteracy, a question which is being tackled in various ways in other countries. In the Punjab, demonstration trains are being run to bring useful knowledge within the reach of the agriculturists by means of Cinema shows, etc.

A wide dissemination of the principles of Co-operation is also necessary. It is gratifying to note that the Union is publishing a quarterly journal which contains useful articles, but it should be made more useful and attractive. An attempt should also be made to give due publicity to the movement through the medium of the influential papers enjoying a large circulation. Attractively printed booklets written in simple language will also prove useful. There are scores of books on this subject in European languages, some of which may be translated with profit for our purpose. In fact no means of giving due publicity to our work should be neglected.

The work of the Co-operative Credit Societies should not end with the provision of cheap capital to agriculturists, for this will not lead to any progress in agriculture or being added opportunity to the farmers. What we also want are societies which will provide them with better seeds and agricultural implements. This will improve the soil and increase the produce. In the same way there should be societies for the marketing of this produce, so that farmers may be saved from the rapacity of middlemen.

The most important thing to which I would draw your attention is the promotion of cottage industries. It is the bounden duty of Co-operative Societies to help them and to save them from ruin. The existence of societies which could provide raw materials and arrange to dispose of the finished goods will be a real boon to the country. Take for instance the spinning and weaving of cotton and silk which should be revived in all towns and villages. Only a generation ago, women and girls even in well-to-do homes used to spin; and durries, prayer-carpet, table-cloths etc., used to be made from the yarn thus produced. It was a means of livelihood for poor widows of decent families who thus maintained themselves and their children. By reintroducing this, you will not only increase the prosperity of the people but will be providing an occupation for their spare moments, which will save them from many ills. I do hope that energetic officers of the department will take this up in right earnest and I shall watch with anxious pleasure the record of the work in this direction in the next year's report.

I would now draw your attention to a matter the utility of which is acknowledged by all, but unfortunately very little practical work has been done with regard to it so far. There are various aims which the Co-operative Societies that have been established have had in view, but there is none within my knowledge here which deliberately aims at the amelioration of the condition of our women, although we need such societies most, as the status and condition of women affect the entire race. The Department would be doing a signal service to the country by organising such societies. There are several things, *e.g.*, mode of living, bringing up of children, management of the household, which require to be considered. The matter is one which requires immediate action, the stages of deliberation and discussion being long past.

In conclusion I would place before you a proposal with which you will all agree, and it would be no wonder if some of you have thought of it also as I have done. The Co-operative movement has made

great head-way in the State. Societies can be found in every nook and corner, but it is a matter for regret that it has no home of its own. I do not refer to departmental offices, but to a building where the votaries of co-operation may assemble and discuss and devise means for its further extension and advancement, and where they could house a library containing books and periodicals on the subject. The building will be symbolic of a temple where the service of the people will be the highest object of worship, or of a monastery from which will go forth the preachers of co-operation bearing glad tidings to the people, or it will be symbolic of an electric power-house from which the light of unity will penetrate into all households. I am reminded in this connection of the building dedicated to this sacred purpose in Bombay by the late Sir Vithaldas D. Thackersey, a sincere friend of co-operation, and I fervently hope that some munificent nobleman of this State will earn immortality by making a similar gift.

Gentlemen, co-operation is full of blessings for the people and its importance is recognised on all hands, but its path is beset with certain difficulties. To overcome these difficulties we want men who place the services of the country over monetary gain, who possess not only ability but sincerity, enthusiasm, selflessness and missionary zeal. We shall have to face difficulties even then, but we shall be better prepared for the fight. It is these difficulties which form our character, prepare us for the battle of life, and make the path of success easier for us. Organisation is the one requisite of progress in every department of life, and it can be obtained only by a study of the principles of co-operation which is based on wide experience of human nature and will be a panacea for our economic, moral and mental evils.

We should never forget that man as a stray individual is only an animal. Real manhood or as the Moslem calls it 'Regency of God' can be achieved only by co-operation with others. We are ordinary mortals so long as we regard ourselves as distinct entities, but the moment we unite, we are invested with a divine force and this force is Co-operation.

The 1st Hyderabad Dominion Co-operative Conference.

RESOLUTIONS.

I. The by-laws of primary rural societies shall be amended in accordance with the draft placed before the Conference.

II. (a) The Conference approves the proposal to separate audit from finance and supervision.

(b) It also approves the proposals that managers borne on one cadre for the whole dominions shall be appointed for each Central Bank, *on the requisition of the Bank*. Their duties will be to manage the Central Bank and to supervise and inspect the societies affiliated to it. For the time being those inspectors available for the purpose may be lent to Central Banks as Managers, without payment of leave and pension allowances, and Government will bear such proportion of their pay and allowances as the Central Banks may be unable to pay from time to time.

(c) That in order to help them to bear this expenditure, they should be authorised to charge interest at 10 per cent to primary societies instead of 9 per cent as at present, but these primary societies shall in future be exempted from payment of the 5 per cent Audit Fund.

(d) That such Sub-Inspectors as may be available shall work under the Central Banks as Supervisors of Societies, and that other supervisors shall be appointed on a pay of 25—1—35, with a conveyance allowance of Rs. 15, subject to their maintaining a conveyance to the satisfaction of the Registrar. They shall contribute to a Provident Fund, the details of which will be arranged subsequently. Supervisors must at least have passed the middle school standard, but preference will be given to those with a school-leaving-certificate. They must be well conversant with the language of the area to which they are appointed.

III. (a) The cost of maintaining the supervisory staff shall be met from a separate fund for each area, which will be financed from a levy of as. 8 per cent on the working capital of primary societies in that area. The fund will be maintained and administered by the Registrar.

(b) The Central Banks shall also contribute to the supervision fund at the rate of 4 annas per cent on the principal of all loans outstanding from the societies on the 31st Amardad of each fasli year.

(c) Subject to the control of the Registrar, the Supervisors shall be appointed, punished and granted leave by the Assistant Registrars of their respective areas *in consultation with the respective Banks.*

IV. No Central Bank or society shall employ any paid officer or clerk to supervise societies or to work in its office unless he holds a license from the Registrar. If the Registrar cancels the license of any person, he shall automatically cease to be in office.

V. Since in no country can the credit branch of the Co-operative movement succeed without the system of cash credit, the Hyderabad Co-operative Dominion Bank should arrange for a cash credit as soon as possible.

VI. It is essential that

(a) Government should hold Revenue officers responsible for the speedy execution of arbitration awards, and call for quarterly reports of such executions. In view of the delay made by the Revenue officers so far in the execution of arbitration awards, if such a procedure is not adopted, the credit movement will collapse.

(b) With a view to effect speedy execution on the application of the Society, the Registrar may be empowered to attach and auction the standing crops and immovable property belonging to the member in order to realise the amount due to the society *according to H.E.H. The Nizam's Government Civil Procedure Code.*

VII. The Co-operative Societies Act shall be amended so as to give the choice of the execution of the liquidator's awards either through a Civil Court or the Revenue Department, in whatever manner it may be convenient.

VIII. The interest free advance of 2 lakhs sanctioned by Government for Industrial Societies has been a great help to these societies to which loans have been given. The Conference recommends that the amount available be increased to 5 lakhs and the period of the loan extended to 5 years.

IX. For the successful working of the Industrial Societies it is essential that there should be a well-managed Central Store. Government should, therefore, be requested to depute an experienced officer to manage such a Store.

X. With a view to safeguard the hand-made paper industry from ruin, Government be requested to direct the Government Central Stationery Depot to purchase annually desi-paper up to a certain proportion of its total requirements. *The Co-operative Department should use this paper as much as possible.*

XI. To audit the Dominion Bank, Central Banks, Stores and all such societies whose working capital is more than Rs. 50,000, a Special Audit officer shall be appointed by the Department as is done in British India. The special audit officer should be an experienced and efficient man.

XII. The Hyderabad Co-operative Union shall select a village near Hyderabad and begin rural reconstruction on the lines of Srinikethanam, Bengal, and this shall be a model village for rural development.

XIII. To facilitate the working of the Dominion and District Banks, it is desirable that the present system of fixed deposits be changed. Irrespective of the date of deposit, the fixed deposits should be repayable on only one date in the year on which the banks will be in a position to repay depositors from its recoveries. *This procedure shall be left to the discretion of the Banks.*

XIV. For the financial stability of the Dominion and Central Banks, it is essential that only such interest as is actually recovered should be reckoned among the profits of such banks for the purposes of the declaration of dividends.

XV. In view of the importance of arousing the interest of women in the movement, the Union should try to organise a Co-operative Women's Guild.

XVI. In view of the great necessity for providing the cultivators of Hyderabad with credit on reasonable terms and thus ensuring them a better price for their produce, Government should take steps

(a) largely to increase the number of village societies as soon as possible and

(b) to organise open markets as recommended by the Royal Commission on Agriculture.

XVII. All money collected from members of societies should be credited first to interest due, then towards share capital and finally towards the repayments of principal.

XVIII. The System of Kistbandi should be abolished in *Agricultural Societies*. All loans should be made repayable in a definite number of kists in accordance with the bye-laws of primary societies, and any member desiring postponement should apply to the general meeting of his society for the purpose. *According to existing by-laws of the non-agricultural societies, the postponement shall be subject to the sanction of the Board of Management.*

XIX. This conference desires to emphasise the importance of the study of co-operative literature and principles. All Central Banks should maintain libraries containing the most important books and reports on co-operation and the directors and the staff of the banks should be familiar with them. The Union should undertake the translation of as many books as possible.

XX. The Conference regrets to note the ignorance of the members of the existing societies regarding their by-laws and the principles of co-operation. No pains should be spared to teach the members to manage their societies in accordance with their by-laws and to understand the principles on which they are based. The Conference considers that the teaching of the 12 main points of co-operation will greatly assist progress, and recommends that they should be translated into verse in the various vernaculars of the province and distributed as widely as possible among the members. The Educational Department should also be asked to encourage their being taught in the schools.

The Conjeevaram Co-operative Central Bank Board of Management.

*(The President of the Provincial Bank explains its policy and programme.)**

At the special invitation of this Bank, the Hon'ble Mr. V. Ramadas Pantulu, President of the Madras Central Urban Bank, visited it on the 14th October 1928, on the occasion of the meeting of its Board of Management at which the Administration Report of the Bank for the past Co-operative year and other important subjects were considered. Rao Bahadur M.K. Venkatachariar, the President of the Conjeevaram Central Bank, introduced the distinguished visitor to his board. He referred to Mr. Pantulu's advocacy of Land Mortgage Banks in the Council of State of which he was a highly useful member and before the Linlithgow Agricultural Commission, and also to his valuable services in the Townsend Committee and other public bodies of which he was a member. He took that opportunity also to thank the Hon'ble Mr. Pantulu on behalf of the Bank for his supporting the proposal for reducing the rate of interest from 7 to 6 per cent on loans from the M.C.U.B., to Central Banks, despite strong opposition to the reduction from some quarters.

Mr. Pantulu then addressed the Board on various important topics of the day connected with the working of Central Banks and their relations with the M.C.U.B., on the one hand and with primary societies on the other, more especially on questions in which there were differences of view between the M.C.U.B., and some of the Central Banks.

Before commencing his address, he referred to the Administration Report of this Bank, for the past year, as a useful document which contained many interesting and instructive features of educative value to rural Co-operators in particular with regard to various aspects of Co-operative Banking and remarked that it was a literature by itself.

He first dealt with the question of Inspection of Central Banks by the M.C.U.B. In a very lucid speech, he explained in what respect Inspection was necessary in the best interests of the Central Banks and the movement in general. So far as the depositors were concerned, he said they were satisfied with the business capacity and honesty

* This report is sent to us by the Conjeevaram Central Bank and is published as it elucidates some general questions of policy.

Editor.

of Central Banks' management. So far as the M.C.U.B., was concerned, the instalments of loans due to them were regularly re-paid and so far as the Imperial Bank was concerned the engagements with it were also faithfully kept up. In these respects therefore, no inspection was called for. More important however than these, he pointed out, was the soundness of the assets of the Central Bank which depended upon the soundness of its investments in the societies, which, in its turn, depended upon the soundness of security behind the loans advanced to the ultimate borrowers who are the individual members of societies. It was important therefore, he said, that the working of the societies should be carefully studied before expressing an opinion as to the financial soundness of a Central Bank. He mentioned that in some Central Banks which he visited, he noticed that records essential to ascertain the financial soundness of societies, such as an up-to-date record of their working, a compilation of audit reports or certificates in regard to the security for the loans advanced to members, and a sustained record of the property statements of the members, revised up to date, were not forthcoming; and the records generally available were only the loan applications and the Union recommendation of the loans and a property statement received in support of it often not revised annually. The administration reports of Central Banks will not by themselves suffice and some matters can be learnt only on personal inspection. For instance he was gratified to find from the Bank's report that there was absolutely no arrear in interest from societies in this Bank which was undoubtedly a good feature; but he said that that alone could not be accepted as a true index of the soundness of the Bank as it was quite possible for societies to pay the interests due to the Bank from out of payments received from punctual members while at the same time heavy over-dues in interest were due from defaulting members to societies, as was actually the case in many districts. He said, therefore, that what may appear to be a very sound factor may prove to be a weak one if other factors are not also sound. He referred to the fact that he noticed in a certain Central Bank inspected by him that while certain societies were not in default to the Bank, the members had heavy overdues to the Societies. The repayments to Central Banks were obviously not made from deposits, for there were very few deposits in primary societies which made the repayments and the conclusion he formed was that when loans from societies became overdue the societies perhaps applied for fresh loans and paid the amount towards dues for a previous loan, in other words adjusted. Such misdeeds, he said, could not be found without a close study of the working of Central Banks and their constituent societies. A comprehensive study of the working of various Banks was quite essential, he said, to formulate the general principles and methods for the

efficient working of all Banks. It was with the object of making such a study, he said, that the M. C. U. B. passed a resolution, that some members of its Board of Management might go and study the working of Central Banks. He feared that the word "Inspection" might perhaps have irritated some of the banks by giving a wrong impression of its object and he would welcome the substitution of any other word, the intention being only to study the working of Central Banks. The resolution of the Madras Central Urban Bank, he pointed out, was after all one passed by the representatives of the Central Banks, that is by the Central Banks themselves. He referred incidentally to the difference between centralized form of Administration and Federal working. Federal working was based upon the authority derived from the bottom, while in Centralized working the authority rested at the head over which the people had no control. In the former the people have got power to check the authority but not so in the latter. But the authority so long as it is allowed to function must not be interfered with. So the power of inspection vested in the M.C.U.B. by vote of its Board of management should not be disputed. The power if improperly exercised may be withdrawn by another vote of the Board; until then it will be subversive of all disciplined activity and business efficiency for individual Banks to decline to be inspected. The M. C. U. B. in order to earn the confidence and loyalty of its member Banks must in its turn discharge the function of an apex financing bank and balancing centre more properly than it does now. So, he said, Central Banks could rely upon their powers to turn out any executive of the Provincial Bank who did not use the power properly. The case was different, he said, for instance, with regard to the Imperial Bank, which is quite an external body, which did not derive its power from Central Banks and which therefore had neither control over nor was controlled by them. He then explained the benefits of the Central Bank working under a Federal system under which they could place effective restrictions on the rates at which money can be borrowed and lent to the maximum advantage of the institutions financed by the Apex Bank working under such a system. He gave the assurance that the inspection by the M.C.U.B., will be undertaken only by the Directors and not by its establishment.

He next spoke on the subject of heavy accumulations of overdue interest in societies and pointed out how it was not a healthy sign in the growth of the movement. The steady increase in overdue interest indicated one of two things both of which, he said, militated against the soundness of the

assets of the Bank; either the economic condition of the members of the societies who were unable to pay interest year after year was deteriorating to the extent of their not possessing capacity of even paying interest or that the management of the society was so bad as to neglect even the collection of the interest. He explained how in granting loans to societies it was therefore very important that the state of the overdues both in principal and in interest from members should be carefully examined. He pointed out also that the accumulation of Reserve Fund was not by itself a factor to be depended upon very much in granting loans as that fund was intended only to meet any unforeseen losses. A thorough examination of the overdue debts in societies, if conducted in a systematic manner would, he said, disclose the financial position of a society, and the credit of the Central Bank, he added, was dependant in a large measure upon the soundness of the financial position of societies. The larger the accumulation of overdues either in interest or in principal in societies, the greater, he said, was the symptom of unhealthiness of the Central Bank's financial condition. He then passed on to the question of the large number of decrees pending execution in the primary societies of a district. While he would not say that the procedure was wrong, he would point out what amount of trouble it involved and how difficult it was to collect by such procedure. He advised therefore, that the occasion for the adoption of that procedure should be avoided as far as possible.

Then he took up the important question of long term loans for over five years on which the view of the Madras Central Urban Bank is materially different from that of this Central Bank. Of late the Apex Bank has practically stopped the grant of loans for over five years while the majority of applications from societies in the District are for 10 year loans. Mr. Pantulu explained to the Board how in the view of the Apex Bank the grant of loans for periods under five years would be sufficient to meet the ordinary requirements of agriculturists, how the large development of suretyship loans would be beneficial to the agriculturists and the movement; and he pointed out that mortgage loans for longer periods should be obtained from Land Mortgage Banks. Mr. Pantulu said that it was not safe to rely merely on the resolution of the Panchayat in proof of correctness of valuation and soundness of title of the mortgaged properties, that there should be some other record and that property statements not containing survey numbers might not by themselves give sufficient data to identify properties in case of disputes arising in execution sales. As Land Mortgage Banks are very few yet in this District, the members of the Board raised questions as to how the requirements of societies in the District for long term loans to which they have

been long accustomed by reason of the special conditions there, should be met. Mr. Pantulu was kind enough to hear patiently the difficulties expressed by the several members and after enquiring into the methods of valuing the mortgage securities in vogue in this District and the procedure in dealing with applications for long term loans in societies and also the practical difficulties inherent to the working of the model by-laws of primary societies with maximum limits for suretyship to get sureties for the loans required by members as impressively explained by the President, Rao Bahadur Mr. K. V. Venkatachariar, he expressed his willingness to place this matter for the reconsideration of his Board, if the Report of the Director of his Bank who has inspected this Central Bank shows that the business methods of the Bank were good and no objection to grant ten year loans was discovered in the report.

He then passed on to the subject of the employment of the Field Staff by Central Banks. He said that he was not one of those who held that the Field Staff should necessarily be maintained by the Bank directly and expressed that what he wanted was that, though the field work may be done by the agency of the Federation, the Bank should realize its responsibility for the work and possess all records of such field work. In this view therefore, he saw no objection to the Federation rectifying the societies though it is for the Bank to see that the Federation did this work properly. The Apex Bank, he said, had no direct-connection with the Federation and it was the duty of that Bank to see that, for the good working of societies financed, the Central Bank was held responsible, whatever may be the agency employed by it. It was important, he pointed out, for the Central Bank to keep itself correctly and fully informed of the work of the agency employed for the rectification work by getting reports from the Federation and that it will not do for the Bank to say that the Federation has rectified a society without being in possession of records to satisfy itself that the rectification has been properly done.

The Vice President of the Bank raised the question of the insufficiency of the cash credit accommodation now given by the M.C.U.B., to this Bank and of the recent increase from 6 to 6½ per cent in the rate of interest charged by it on this account. The Vice President pointed out the anomaly of charging interest at 6½ per cent on drawing from the Cash Credit account while ordinary loans granted by the M. C. U. B., were charged interest at only 6 per cent. When the object of Cash Credit accommodation is to facilitate obtaining loans from the M. C. U. B., easily and quickly without the difficulties and delays incidental to a formal application for

an ordinary loan, the recent increase of interest, it was urged, defeated that object and restricted the free use of the cash credit.

Mr. Pantulu said, in answer, that the increase in the rate of interest was necessitated by the fact that the M. C. U. B., had to pay the higher rate of $6\frac{1}{2}$ per cent to the Imperial Bank of India on funds obtained from it for the purpose of the Cash Credit account and referred to the benefit to the Central Banks conferred in this connection by the M.C.U.B., by abolishing the rule previously in vogue to charge interest even on undrawn cash credit amount up to 20 per cent of the cash credit allowed. He pointed out that an overdraft carried with it the responsibility of keeping money in readiness which can be only done for an adequate price. In fixing the amounts for each Bank he pointed out that the total of sum of about Rs. 15 lakhs available was insufficient to go round to all unless some limit was placed. The M.C.U.B. and Central Banks should adjust as conveniently as possible. Mr. Pantulu was then requested to reconsider the question both of reducing the rate of interest in view of the altered circumstances in obtaining funds for the cash credit provision of the M.C.U.B., and of increasing the amount of cash credit as the abolition of the 20 p.c. limit was not a concession at all. He was pleased to hold out the hope of increasing the cash credit provision and the Central Bank cherishes the hope also of a sympathetic consideration by the Apex Bank of the other request. The Board was gratified to learn from Mr. Pantulu that the reduction in the rate of interest charged on loans from his Bank though considered at the time to be only a tentative one, it will not be raised as the financial position caused by the reduction was quite reassuring.

The whole interview of the President of the Apex Bank with the Board of Management of the Central Bank was highly beneficial to both sides for the mutual understanding and appreciation of the difficulties and needs of the respective Banks.

The Vice President, Mr. A. Rajabadar Mudaliar, in proposing a hearty vote of thanks to the distinguished visitor, referred to his visit as a fortune of the Central Bank, as it was enabled by such visit to have a heart to heart talk with him on various difficult problems which confront the Board in the working of the Central Bank, particularly in its relations with the M. C. U. B. He then paid a tribute to the marvellous progress made by Mr. Pantulu, in his study of the subject of Co-operation during a comparatively short time of his entry into the field, and his eminent fitness to lead the movement in the province on sound lines which justified his holding the Office of the President of the two chief Provincial Co-operative Institutions namely, the M.C.U.B.,

The Vice-President's Speech.

and the P.C.U. The visit he added, enabled Mr. Pantulu also to understand the needs of this Bank and to explain his difficulties better than from a distance. His sympathetic heart, Mr. Mudaliar said, was a great asset of the movement and a guarantee, that with a correct knowledge of the district and rural conditions, he would steer the ship of Co-operative Finance in this Presidency with the greatest benefit to the agricultural masses for whom the movement is mainly intended. He only voiced the general feeling of his Board, he said, when he expressed personally to Mr. Pantulu, its deep gratitude to him for all the invaluable help he had rendered to the cause of Co-operation and concluded with an appeal to him to repeat his kind visit to the Central Bank at frequent intervals for mutual benefit of all.

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THE CITY BOOK Co., P. B. 283, MADRAS.

Co-operative Central Banks in the Madras Presidency.

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

BY THE HON'BLE V. RAMADAS PANTULU

II

Administration Reports of 10 more Central Banks for the year 1927—28 have been received by us during the last month. Of the Reports received, 3 are from the Circars, 1 from the Ceded Districts, 4 from the Tamil districts and 2 from the West Coast. This review of their operations will be on the same plan as the one that appeared in the November Journal.

The statement on the reverse exhibits the position of business as on 30—6—1928 of the 10 Banks referred to above :

Membership and Share Capital.

In all the Banks except Ramachandrapuram, the Society shareholders far out-number the individuals. In the Ramachandrapuram Bank, the number of individual share holders and Society shareholders are nearly equal. In regard to paid up share capital, Societies have contributed the bulk of the share capital except in the Trichinopoly Bank. It is taking steps to increase its authorised capital to enable it to allot further shares to societies.

Reserve Fund.

Of all the Central Banks in the Presidency, the Trichinopoly Bank has the largest amount of Reserve Fund of about 2½ lakhs. It was able to build it up as it had small paid up share capital in its earlier stages but made large profits. The Conjeevaram Bank has a Reserve fund of one lakh. Reserve Funds of other Banks are very small in proportion to their working capital. In the group of Banks whose reports form the subject matter of this review, 3 Banks have Reserve Funds of about Rs. 20,000 each, 2 of about Rs. 45,000, 3 of about Rs. 60,000 and 2 over one lakh.

Working Capital.

The working capital of these 10 Banks is Rs. 2,33,18,195 as against 1,63,39,789 of the 10 Banks referred to in the first instalment of the review which appeared in November. The Conjeevaram Bank is the

CO-OPERATIVE CENTRAL BANKS IN THE MADRAS PRESIDENCY

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Bank.	No. of Shareholders.		Paid-up Share Capital of		Total paid-up Share Capital.	Reserve Fund.	Working Capital.	Loans to Societies.	Overdues.		Loans issued in 1927-28.	
	Individuals.	Societies.	Individuals.	Societies.					Principal.	Interest.	Long term.	Short term.
1. Guntur	124	347	24,900	1,42,948	1,67,848	60,091	23,24,532	21,24,233	2,73,052	11,026	4,22,100	8,52,203
2. Ramachandrapuram	104	106	...	...	1,29,940	20,000	16,04,942	14,99,043	5,691	143	6,12,640	6,30,370
3. Kistna	152	392	56,900	1,24,819	1,81,719	69,911	23,42,884	21,28,265	1,46,217	8,208	7,98,325	6,59,391
4. Anantapur	120	459	41,421	1,79,441	2,20,862	45,932	19,00,803	18,07,624	6,49,897	9,983	2,98,242	4,07,655
5. Trichinopoly	99	447	...	...	1,73,790	2,30,523	41,52,843	30,09,297	2,22,954	9,556	11,63,260	2,72,764
6. Tinnevely	121	639	50,000	1,45,973	1,95,973	61,510	20,84,580	19,72,000	1,94,407	4,444	4,73,220	7,39,845
7. Conjeevaram	94	774	1,00,000	2,94,968	3,94,968	1,00,000	49,57,000	48,88,000	5,00,784	...	14,61,000	2,69,000
8. Srivilliputtur	75	221	...	...	1,06,436	20,053	10,48,000	10,80,990	1,40,078	1,955	2,56,441	1,05,737
9. Malabar	147	518	47,889	64,266	1,12,155	21,564	13,07,000	11,65,000	1,91,245	13,612	2,07,433	1,06,850
10. South Kanara...	248	409	...	...	1,56,052	45,700	15,95,611	9,48,627	3,02,321	4,433	1,78,677	5,04,234

biggest Central Bank in the Presidency with a working capital of 50 lakhs. Next comes Trichy with 41 lakhs. Except the Srivilliputtur Bank whose working capital is 10 lakhs, all the other Banks have a working capital of between 15 and 25 lakhs.

About 30 per cent. of the borrowings is from Local Bodies; but in the Ramachandrapuram, Krishna and Tinnevely Banks, deposits from local bodies constitute nearly half their borrowings. In this group of Banks, except in the case of Ramachandrapuram, we find substantial deposits made by Co-operative Societies. In Conjeeveram, South Kanara and Trichy Banks, Societies' deposits are between 4 and 5 lakhs. One-third of the working capital of the South Kanara Central Bank consists of Societies' deposits.

The Banks at Conjeeveram, Srivilliputtur and Anantapur have borrowed substantial amount from the M.C.U.B. (Provincial Bank). The South Kanara and Trichy Banks have considerable surplus funds. The Trichy Bank has invested a portion of its surplus in Government Securities. The surpluses in the other banks have been invested in the Provincial Bank.

Loans to Societies.

As observed in the first instalment of the review, the greater portion of loans issued by the Circar Banks is for short term. The bulk of the loans issued by the South Kanara Bank is also for short term. Amongst the Tamil districts, only the Tinnevely Bank has issued considerable proportion of short term loans. The bulk of the loans issued by the Trichy, and Conjeeveram Banks is for long term. The Tinnevely and Conjeeveram Banks have published a statement of long and short term loans disbursed to Societies arranged union war. We find that in two of the Unions in Tinnevely district, Ottapidaram and Pudur, almost the whole amount of the loans issued is for short term. It is very pleasing to find that out of the 51 societies affiliated to Ottapidaram Union, 39 societies are of the A Class i.e., with overdues of only 5 per cent and under. The Conjeevaram Bank has published also a list of societies which have defaulted in the repayment of short term loans, and another statement showing the progress in the issue of short term loans during the last 5 years. Defaults in short term loans in the Conjeevaram Bank have risen from 3 per cent, in 1924-25 to 14 per cent. in 1927-28 though the amount of short term loans disbursed has not increased. The Bank recognises this unsatisfactory feature and is taking steps to set right the matter.

The South Kanara Bank has a special scheme for long term mortgage loans to societies. The Bank has nominated certain lawyers at each Munsiff's Court centre and mortgage loan applications

of members of societies, together with the title deeds and other connected papers have to be submitted to the Bank through these lawyers who verify the title and other particulars and advise the Bank in the matter.

There is no information in the reports of other banks about the safeguards adopted to ensure due valuation of properties and proper investigation of titles regarding mortgage loans. It appears that in Chinglepet, the resolution of the Panchayat sanctioning a mortgage loan seems to be the only record of such safeguards. While the local knowledge and personal certificate necessarily implied in such resolutions of Panchayats are valuable evidence, it is perhaps better to have some more tangible record of the enquiries made in that connection.

We find that the working capital of all the banks except South Kanara has increased since 30-6-27, while that of the South Kanara Bank has fallen since 30-9-1927, and there is also a corresponding fall in the loan outstandings of societies.

"The value of any credit system depends not only on the efficiency of the lenders but also on the efficiency of the borrowers." Our Central Banks may, no doubt, be efficient as lenders but the borrowing Co-operative Societies are not equally efficient, as their growing overdues to the Central Banks would show. In the Bank at Ramachandrapuram, the overdues are a few thousands; but in every other Bank, overdues have actually increased since 30-6-1927.

Unionwar statements of overdues are published by every Bank. We find that in the Anantapur Bank, 82 Societies have not paid anything *towards the principal during the last 5 years*. In Chinglepet district, 147 Societies had overdues to the Bank for 2 years and more. In Tinnevely district, 58 societies had overdues to the Bank for 2 years and more. The other reports do not furnish information on this head. The Ramachandrapuram Bank has published a very interesting table showing the names of societies which have paid their dues on or before the due date and those societies which paid after the due dates but before the 30th June.

More important it is to see how far the individual members of primary societies were able to keep up their obligations. It is upon this that the ability of a society to repay the Central Bank loans depends; but information on this matter is not available in any of the reports. Tinnevely and Conjeeveram Banks have published statements showing the audit classification of societies based on overdues: the former as on 30-6-1927 and the latter as on both 30-6-27 and 30-6-28. We find that

in the Tinnevely Bank, out of 496 societies for which audit classification was available, 157 societies were of the A Class (with overdues of 5 p. c. and under; 90 societies of the B Class (with overdues of over 5 per cent. but under 30 per cent); 24 of the C Class (with overdues of over 30 per cent. but under 45 per cent); 17 of the D Class (with overdues of over 45 per cent and under 60 per cent); and 19 of the E Class (with overdues of 60 per cent and over). 189 societies are not classified. In the Chingleput District, the classification of the societies stood thus:—

	30—6—1927.	30—6—1928.
A Class	... 24	56
B "	... 119	117
C "	... 77	83
D "	... 77	89
E "	... 218	284
Unclassified	... 145	93
	660	722

It is pleasing to note that the number of A Class Societies has more than doubled itself between 30—6—27 and 30—6—28, though the number of such societies is very small; but in regard to other classes, the position is practically stationary, and there is a small increase in the number of societies under each of the lower classes, in spite of the active work of the Federation in the district. The Tinnevely, Guntur and Malabar Banks have filed suits against a few societies and have obtained decrees.

The Malabar Bank entertained seven agents for collection work. It is stated that their services were found to be very useful. The Trichinopoly District Bank lent the services of two of its Supervisors to the Federation for stimulating collections. The Krishna Co-operative Bank has entertained two Inspectors for the same purpose. The other Banks look to the efforts of Unions and Federations for collection of overdues.

The Conjeevaram Bank has resolved to open an Administrative Section, while in the Trichinopoly and Krishna Banks an Administrative Section was opened and was at work during the year. The report of the Trichy Bank shows that very good work was turned out in the Administrative Section "though the societies and Unions have not perceptibly responded to the call made on them by these reviewe (of the Administrative Section)". The other reports do not contain any reference to the Administrative Section. Apparently they have not yet considered the matter.

CO-OPERATIVE CENTRAL BANKS IN THE MADRAS PRESIDENCY

The report of the Conjeevaram Bank shows that 18 societies were inspected by Directors during the year.

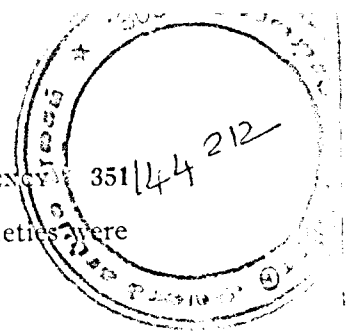
Central Banks and Federations.

The South Kanara Bank made a special grant of Rs. 3,500 to the Federation for rectification work, while the Conjeevaram Bank made a grant of Rs. 6,000 for the same work. The Trichy Bank made advances from time to time to the Federation to carry on its work. From the reports, it would appear that the results of the work of the Federations have not begun to show themselves tangibly. Elsewhere in this number appears a summary of the reports received from twelve District Federations about the work done by them in the matter of consolidation and rectification. It will be useful if the Central Banks' reports contain a brief account of the Federations work and of the action taken by the Banks to keep themselves in touch with such work.

General.

The report of the Conjeevaram Bank is particularly interesting and a number of statements showing the position of the finances of the Bank and the condition of its societies have been given. From the names of the members of the Board of Management of that Bank published with the report, we find that there is a system of co-optation of Directors. This is the only Bank that seems to have adopted this method of appointment of a small number of Directors. On the whole, the Banks have had a successful year of business.

V. RAMADAS PANTULU.



The Madras Provincial Co-operative Union.

PROCEEDINGS OF THE EXECUTIVE COMMITTEE,

2nd and 3rd December 1928.

PRESENT: 1. The Hon'ble Mr. V. Ramadas Pantulu
(In the Chair.)

Messrs. 2. A. Ranganadha Mudaliyar
3. V. Venkatasubbayya
4. S. K. Yegnanarayana Iyer
5. N. Satyanarayana
6. G. Sriram Babu Naidu
7. G. Venugopal Rau
8. Rao Bahadur V. Murugesu Mudaliyar
9. Kala Venkata Rau
10. A. Sankunni Menon
11. S. Nagaswamy Iyer.

Mr. H. M. Hood, I.C.S., the Registrar, and Mr. S. P. Perumal Pillai, the Deputy Registrar, were also present. Messrs. Rao Bahadur A. Vedachala Iyer, Rao Sahib T. K. Hanumantha Rau, K. C. Ramakrishnan, V. C. Rangaswamy and K. L. Narasimha Rau who are resident members of the Education and Non-Credit Sub-Committees, also attended the meeting on invitation and took part in the discussions.

PROCEEDINGS.

Subject I. Criticisms made by the Malabar District Co-operative Federation about the Provincial Co-operative Union.

The matter arose from a note circulated by Prof. S. K. Yegnanarayana Iyer, conveying to the Executive Committee of the P.C.U., that the Malabar District Co-operative Federation made three specific complaints against the Provincial Co-operative Union, namely:—

- (1) That the Provincial Co-operative Union had not given the country any lead in the matter of the Townsend Committee's Report;
- (2) That it did not give any guidance in the matter of the controversy over Central Banks and Federations; and
- (3) That the Training Class run at Madras was an unnecessary duplication of the classes conducted by District Federations.

Each one of these charges was taken up for discussion separately. On the first charge, the attention of the Committee was drawn to the fact that as soon as the Townsend Committee Report was published and made available

to the public some time early in March 1928, the Provincial Union took steps to collect the opinions of the prominent co-operators all over the province on the recommendations of the Committee, and to print those opinions and circulate them as Notes and Papers for use at the XVI Madras Provincial Co-operative Conference held at Rajahmundry on the 6th, 7th and 8th April 1928. Attention was also drawn to the resolutions passed by the Conference, the action taken by the P. C. U. thereon, the Registrar's comments on them and to the resolutions of the Provincial Union itself on some of the recommendations. The members were invited to state which other recommendations of the Committee remained to be considered by the P. C. U. Only one such recommendation was urged by Mr. Venugopal Rao from S. Kanara; that related to the question of collection of Supervision Fund by the Central Bank to be pooled in the Dt. Federation and distributed by that body to the Unions with the proviso that the allotment made to any Union should not be less than the amount of contributions made by the societies in the area of operation of the Union. It was pointed out that the Committee's recommendation was itself based upon a resolution passed by the Advisory Body of the P. C. U. on 24th December 1927 and published in the Bulletin of March 1928 on page 363. After some discussion, the Executive Committee affirmed the recommendation of the Townsend Committee with Mr. Venugopal Rao alone dissenting. It was brought to the notice of the Committee that the Registrar in his circular omitted the proviso about the contributions from the societies being made over to the Unions. The attention of the Registrar will be drawn to this omission. On the President asking every member individually whether there is any other recommendation of the Townsend Committee which he wished to place before the P.C.U., for its opinion, no one came forward with any such recommendation.

Regarding the second charge, it was pointed out that the resolution of the Provincial Conference endorsed the Townsend Committee's recommendation regarding inspection by central banks and supervision by Unions and Federations, with the addendum that the Conference disagreed with the recommendation of the Committee that the Central Bank should obtain the previous sanction of the Registrar to take steps to safeguard its financial interests, and that it should be at liberty to take all such steps on its own initiative when and where the unions and federations failed in that regard. This resolution of the Conference for the time being set at rest the controversy so far as the P.C.U. is concerned, and it was stated that the lead given by the Conference was being faithfully followed by the P.C.U.

On the third question, after a great deal of discussion, the following resolution was adopted and the President was authorised to prepare a scheme in collaboration with the Registrar, for the future conduct of the Training Classes by the P. C. U., subject to the conditions to be agreed upon between the P. C. U. and the Registrar. Accordingly a scheme was drawn up and placed before the Committee for approval on the 3rd December, and was

adopted without any modifications. The original resolution, the agreed scheme and the final resolution thereon are as follows :

Original Resolution :—The Executive Committee express its entire concurrence with the recommendation of the Townsend Committee that the conduct of the Training Classes should be entrusted to the Provincial Co-operative Union. The Committee resolves that, if the conduct of the Training Classes is entrusted to it, it should appoint the teachers and settle the syllabus for study and examination with the approval of the Registrar.

The Scheme : The present classes should as far as possible continue for the present ; but it is desirable that these schools should cater for a specified number of districts and should be managed by a special Local Committee of 5 or at most 7 and should be ultimately constituted as a society under the Act, with a membership extending to institutions and individuals all over the districts of the area of operations. The management should be in the hands of a Committee consisting of

1. Three representatives of the Federation of the district in which the school is situated, one being a representative of the Central Bank in that district.

2. The Deputy Registrar.

3. The District Educational Officer (or any other local Educationist) to be co-opted by the other members of the Committee.

4. Two representatives of the Federations of other districts in the area of operations, nominated by the Provincial Co-operative Union.

The President of the Provincial Co-operative Union and the Registrar will be ex-officio members of all the Committees but their travelling allowance should not be a charge upon the Committees.

The syllabus prescribed for the existing courses should continue and all modifications thereof and syllabuses for other courses should be framed or passed by the Provincial Co-operative Union with the approval of the Registrar.

The examination will be common for all schools and will be conducted under the auspices of the Provincial Co-operative Union.

The teachers will be appointed by the Provincial Co-operative Union on the recommendation of the Local Committee with the approval of the Registrar.

When teachers are required for short courses in different schools in rotation, they will be appointed by the Provincial Co-operative Union with the Registrar's approval. The appointments may be temporary or permanent according to the necessity of the particular case.

The staff may be included in the permanent staff of the Provincial Co-operative Union during the term of their appointment, e.g., for purposes of provident fund.

Final Resolution on the Scheme :—Resolved that the scheme be accepted and the necessary steps taken to work it, provided the Government gives the necessary financial assistance on the lines already proposed by the Registrar, with reference to the continuing of the present classes.

Subject II. Expansion of the activities of the P.C.U.

This item was discussed at length in all its aspects and items X, XIV and XV in the agenda were also taken up with it, as they were all inter-related. Ultimately attention was concentrated upon two matters, namely, appointment of a paid Secretary and immediate arrangements for propaganda in the districts. And the following resolutions were passed :

1. That it be a recommendation to the Board of Management that a full time Secretary be appointed on a salary of Rs. 150 per mensem, on probation for one year.

2. That, in the meantime, the President be authorised to appoint an additional hand to the existing staff if necessity is felt.

3. That the following programme of propagandist tours be carried out, in the next four months, December 1928 to March 1929 (both inclusive).

NAME OF MEMBER.	DISTRICTS ALLOTTED.
1. Mr. A. Ranganadha Mudaliyar ...	Kurnool and Cuddapah
2. Mr. N. Satyanarayana ...	Ginjam and Vizag
3. Mr. Kala Venkata Rao ...	West Godavery and Kistna
4. Rao Bahadur M. K. Venkata-chariar ...	Chingleput & S. Arcot
5. Mr. G. Sreenivasaraghavachariar.	Madura and Tinnevely.
6. Mr. A. Sankunni Menon ...	Malabar and S. Kanara
Messrs. S. K. Yegnanarayana Iyer, T.K. Hanumantha Rau and K. L. Narasimha Rau, are deputed to carry on Non-credit Co-operative Propaganda.	

4. That a sum of not exceeding Rs. 200 be allotted for the T.A. of each of the first six gentlemen and a sum of Rs. 200 for non-credit work.

5. The scale of T.A. within the limits of the allotment shall be a single second-class fare by rail, or 4 annas per mile or Bus Charges as the case may be, and Rs. 2 per diem as halting allowance.

6. That the Madras Central Urban Bank, Ltd., be requested to allot for the calendar year 1929 a sum of Rs. 5,000 to enable the Provincial Co-operative Union to carry out the expansion proposals and the propaganda programme detailed above.

Subject No III.—The scheme of the Hon'ble Mr V. Ramadas Pantulu, Chairman of the All-India Provincial Co-operative Institutes' Standing Committee, for the formation of an All-India Co-operative Organisation.

Resolution :—The scheme embodied in the circular letter of the Chairman of the Standing Committee is approved by this Committee.

Subject No. IV.—Letter dated 3-10-1928, from the Secretary of the Arasavilli Local Co-operative Supervising Union, Ltd., to the Registrar of Co-operative Societies, Madras, regarding certain practical difficulties in filling up the Property Statement prescribed by the Registrar.

Resolution :—With reference to the difficulty in obtaining the information, the Committee was informed by the Registrar that instructions were issued to the Revenue Officers to furnish the societies details of the survey numbers and area of the concerned properties. With regard to the difficulty in filling up the form, the Committee agreed with the Registrar that somehow societies should manage to prepare Property Statements in the form prescribed by him, and that Unions and Federations may be requested to help the societies in this behalf.

Subject No. V.—Letter No. 299 of 1928 dated 31-10-1928 from the President of the Moolimangalam Co-operative Credit Society enclosing a copy of the Mahazar from the representatives of societies in the Trichy district to the Registrar of Co-operative Societies, Madras, praying for the formation of a separate central bank for the district.

Resolution :—The Provincial Co-operative Union requests the Trichy District Urban Bank to modify its bye-laws so as to secure for the societies adequate representation on the Bank's Board of Management preferably in the proportion recommended by the Townsend Committee, and also to adopt the co-operative principle of "one man, one vote" in its General Body meetings.

Subject No. VI.—Letter No. F. 3765-28 dated 16-9-1928 from the Registrar of Co-operative Societies, Madras, to the Provincial Co-operative Union, regarding the action taken by him on certain resolutions of the XVI Madras Provincial Co-operative Conference.

Resolution :—Read and recorded.

Subject No. VII.—Action taken by the District Federations in the matter of Rectification and Consolidation of Rural Societies.

Resolution :—Read the Reports. The Editor be requested to summarise and review them in the Journal from time to time.

Subject No VIII.—Procedure to be adopted in actually running the different Rural Reconstruction centres that have been started.

Resolution :—Resolved that the salary and allowance of Rural Reconstruction Supervisors should be the first charge upon the Rural Reconstruction Fund and subject to this, each local centre is given freedom to decide the manner in which the Fund is to be spent upto the limit of Rs. 1,750 out of the Rs. 2,000 allotted to it.

Further resolved that each centre should keep the P.C.U. informed from time to time of its activities and the manner in which the money is being spent.

Subject No IX.—Proposal of Mr. K.L. Narasimha Rau regarding the P.C.U. taking up non-credit co-operative business activities.

Resolution :—Resolved that no expenditure should be incurred on any business transactions and that the P.C.U. should merely assist the business organisations by the publication of information relating to their business activities and by the carrying on of propaganda incidental to the encouragement of such activities.

Subject No. X—Proposal of Mr. K L Narasimha Rau requesting the P.C.U. to allot funds for non-credit co-operative study and propaganda.

Resolution :—Disposed of under Subject No. II.

Subject No. XI.—Holding of the next meeting of the Board of Management of the P.C.U. and the letter No C. 109-28-29 dated 24-9-1928 from the S. Kanara Central Co-operative Bank to the P.C.U. regarding the T.A. of the members of the Board of Management.

Resolution :—Resolved that the meeting of the Board of Management be held on the 19th and 20th January 1929. The Executive Committee meeting shall be convened at 12 noon on the 19th and the Board of Management at 3 p.m. on the same day.

The organisations sending the representatives may be addressed again regarding the Travelling Allowance. But it is understood that the P.C.U. is to bear it in case the organisations do not agree to bear it themselves.

Subject No. XII:—Printing of Chapters XII and XIII and other extracts relating to Co-operation in the Report of the Royal Commission on Agriculture, in English and in the chief vernaculars of the Presidency.

Resolution:—*The publications of the Chapters XII and XIII and other portions relating to Co-operation in the Report shall be brought out in parts as supplements to the Journal (English) and 1,000 reprints shall be taken of each supplement. The question of the vernacular translation was postponed, in view of the information given by the Registrar that he has addressed the Government to publish translations of the Report in the chief vernaculars.*

Subject No. XIII:—Letter dated 23-11-1928 from the Co-operative Central Bank, Conjeevaram, requesting to publish under the auspices of the P.C.U. the Tamil translation by Mr. M. Rajagopalachariar of Mr. Calvert's "Law and Principles of Co-operation."

Resolution:—*The P.C.U. agrees to be the Publisher of the book on the understanding that the Conjeevaram Central Bank undertakes the entire financial responsibility for the costs of printing, binding, publication and sale of the book.*

Subject No. XIV:—Copy of letter No. R.C. 86 of 28-29 dated 29-9-28 of the Anantapur District Co-operative Federation to the M.C.U.B., requesting for a grant of Rs 1,000 for education and propaganda. (Copy sent to the P.C.U. for recommending the grant).

Resolution:—*The P.C.U. prefers to await the results of its own propaganda programme before making any recommendation to the M.C.U.B. for grants to the Anantapur and other District Federations for propaganda.*

Subject No. XV:—Letter No. R.C. 39/23-29 dated 30-8-1928 from the Alamuru Local Co-operative Union to the P.C.U. requesting for a grant of Rs. 200 for training classes.

Resolution:—*To lie over for the next meeting.*

Subject No. XVI:—Disaffiliation from membership in the P.C.U. of (1) The Madras City Co-operative Bank, (2) the Tiruvannamalai Co-operative Trading Union and (3) the Villupuram Co-operative Stores.

Resolution:—*Disaffiliated and the arrears of annual contributions written off.*

Subject No. XVII:—Letter No Dis 4981/D-28 dated 9-10-1928 from the Registrar of Co-operative Societies, Madras, regarding the presidency allowance payable to Mr. Md. Hayat, Superintendent, Co-operative Training Class, Madras.

Resolution:—*Sanctioned.*

Subject No. XVIII:—Office Note regarding the purchase of almirahs, etc, for the P.C.U. office.

Resolution:—*Sanctioned subject to a maximum of Rs 60.*

Subject No. XIX:—Contribution of the P.C.U. towards the entertainment arranged to Sir K. V. Reddi Naidu, Kt. by the Co-operators of Madras, in honour of his appointment as Agent-General to the Government of India in South Africa.

Resolution:—*A contribution of Rs. 20 is sanctioned.*

Subject No. XX:—Letter No. 31/27-28 dated 27-4-28 from the Madras Pudupet Co-operative Union and letter No 159/28 dated 15-6-1928 from the Kurnool District Council of Supervision, nominating Messrs. Rao Sahab C. Gnanaprakasam and S. Narasimhalu Pantulu Garu to the Board of Management of the P.C.U. from the districts of Madras and Kurnool respectively.

Resolution:—*Nomination accepted and Recorded.*

V. RAMADAS

President,

The Madras Provincial Co-operative Union.

CO-OPERATION, MONTHLY

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SUBSCRIPTION PER ANNUM—ONE DOLLAR

RECENT UTTERANCES.

CO-OPERATIVE CENTRAL BANK, CONJEEVARAM OPENING OF NEW PREMISES, 4-12-1928.

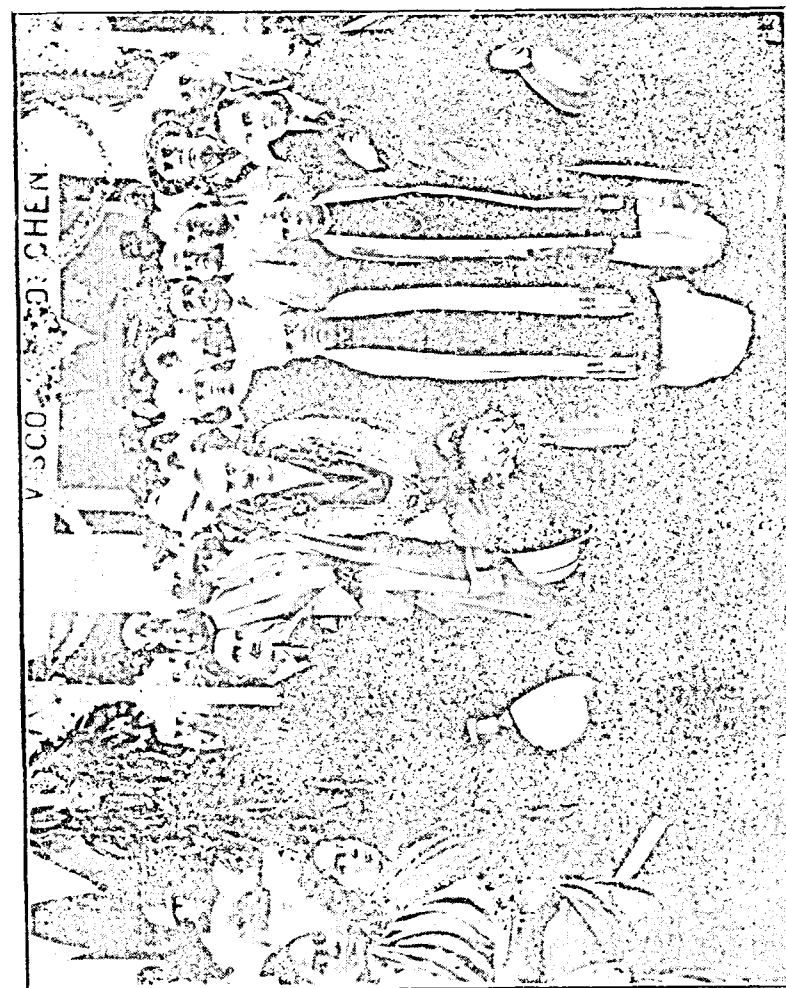
RAO BAHADUR M. K. VENKATACHARIR'S ADDRESS.*

Co-operative societies in this district were financed by the Madras Central Urban Bank, Ltd., till the 23rd May, 1915, when this Central Bank was registered. The creation of a separate financing institution for this district was not thought of for a long time, as it was believed that the Madras Central Urban Bank, located as it is at Madras, the natural headquarters of this district, might well continue to discharge the function. But no sooner did the illuminating report of the MacLagan Committee express the opinion that an ideal co-operative financing institution should be constituted only by the societies financed by it and be managed by themselves, co-opting, if necessary, to the required extent, philanthropic individuals of knowledge and distinction to help them in the management, than the leading co-operators of the district organised this Bank on that model under the guidance of the then Registrar, encouraged by the high degree of success they had achieved in the various experiments ventured in this district for the introduction of the movement in the Presidency. Great were the difficulties which this institution had to encounter in its early career owing to the novelty of the experiment. But thanks to the courage and enterprising spirit of its early workers, the unfailing support it had from the successive Registrar and the loyalty to it of the rural and urban Co-operators of the district, they were all easily overcome without a material deviation from the ideal, of the institution being owned by the societies themselves, with the individual members, who were admitted subsequently, being only its helpers as friends, philosophers and guides. Indeed, though at present the societies have a predominant share in the membership, capital and management of the Bank, a comparatively smaller number of individuals of picked character, capacity and experience brought into its Board render very material and valuable service. The Bank from the date of its starting has been progressing year after year gaining in strength and expanding in its business and usefulness and has had noteworthy strides in the last few years. It is, at this moment, the largest of its kind in the Presidency. There are on its roll now eight hundred society and ninety-five individual members. Its Board of Management consists of forty-four directors, of whom nine are representatives of individual shareholders and three co-opted members, while all the others are elected by societies. Its immediate management vests in an Executive Committee of nine members, of whom four are elected representatives of societies. It has a subscribed share capital of Rs. 8,31,500 of which

* (Extracts from the address presented to H. E. The Governor of Madras on behalf of the members of the Board of Management.)

CO-OPERATIVE CENTRAL BANK, CONJEEVARAM.

4th December 1928.



Mr. D. N. Strathie, I.C.S., Dt. Collector, Chingleput.	H.E. Lord Goschen, Governor of Madras.	Rao Bahadur M. K. Venkatchariar, President of the Bank.	Rao Sahib V. Venkatchariar, Ex-President.	Mr. H. M. Hood, I.C.S., Registrar of C.S., Madras.
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Rs. 3,99,370 has been paid up. Its working capital has risen to over half-a-crôre. It has recently opened two out-agencies at Chingleput and Uttukottah to receive and disburse moneys on its behalf. The Imperial Bank of India and the Madras Central Urban Bank have granted overdrafts amounting to five lakhs available at Madras and Conjeevaram and they afford considerable banking facilities otherwise also.

Our Bank, ever since it was started, has been housed in rented buildings. With the rapid growth in the number of societies in the district and their transactions, the volume of work of the Bank has increased largely with a corresponding increase in the strength of its staff. The rented premises having been found to be inadequate and unsuitable to meet the growing needs of the Bank, the General Body decided to provide a permanent habitation for it. The present site was chosen for this building as specially suitable, in that it is situated in the central part of the town, on the trunk road from Madras to Cheyyar and just opposite to the premises of the Taluk and other Government offices and several non-official public institutions. The portion of the site, on which this building has been raised, measuring 4,800 sq. ft., was covered by two old houses which were acquired at a cost of Rs. 8,850. These houses were demolished and the foundation stone for the new building was laid thereon on the 18th June, 1927, by the Hon'ble Minister for Development. While the construction was in progress, the need was felt to have some open space to make the building comfortable and airy; and two additional houses on the east measuring 3,936 sq. ft., have been purchased at a cost of Rs. 4,450. The entire cost of the building including the value of the premises and deducting the sale proceeds of the superstructure of the old houses demolished comes to Rs. 44,638.

It may be out of place, on an occasion like this, to lay before Your Excellency, any prayers for further Government help to the co-operative movement. But the desire is irresistible not to lose this opportunity to bring to Your Excellency's gracious notice a few of the chief wants which materially handicap the efficient working of the movement. The famous Ljnlithgow Commission has rightly criticised the lack of patient and persistent education of the members in the principles and meaning of co-operation by competent teachers. Indeed, Your Excellency has already recognized this need by opening on the 19th July, 1926, the Hood Institute at Tanjore for the systematic training and equipment of such co-operative teachers. We share the hope of the promoters of that institution, that such training schools, will, in the fulness of time, take an appropriate place in our Universities, where co-operation will be a recognized subject of culture and research. Since the inauguration of the Institute by your Excellency, five more training classes have been opened in this Presidency. We venture to request that it may be laid down as a definite policy that at least one such training school shall be established for every district or a group of districts which has not less than a thousand primary societies in it. While these classes for a higher course will train and equip leaders and instructors, separate training classes for actual workers in rural parts, including supervisors and

other non-official subordinates, conducted mainly in the vernacular, are no less urgently needed. Such classes should be established immediately at least one in each district. We pray Your Excellency will be pleased to grant this boon of incalculable value without delay.

Though the movement has expanded far and wide with a rapidly growing number of institutions which require the services of paid men with special skill, training and experience, yet an efficient non-official cadre, from which they can be drawn, has yet to be organized. We are afraid that till the two sets of training classes above referred to have been systematically conducted for a number of years, this serious want will continue to exist. The department has been kind enough to meet this difficulty by sparing on deputation a few of its good subordinates. While feeling grateful to the department and Government for this favour, we venture to bring to the notice of Your Excellency that the levy of pensionary contribution for officers so lent stands in the way of our institutions securing this necessary help more freely. Till an efficient cadre of suitable non-official subordinates is established for propaganda, supervision, banking, and audit, we pray that, not only the loan of the services of Government officers may be liberally spared, but also that an exemption may be granted from payment of pensionary contribution for them.

The next matter about which we are no less concerned, is that more liberal practical help is most urgently needed from Government for the erection of granaries in market centres and central villages. This point has already been brought to Your Excellency's notice in the address presented on the 19th July, 1926, by the Management of the Tanjore Central Bank on the occasion of Your Excellency opening the new buildings there. Though the credit movement can claim to have reached more than half the number of villages in this district, it is heart-rending to see that a large bulk of our poor agriculturists are deprived of their profits by having to dispose of their produce on the thrashing floor itself for want of credit of accommodation. With all sorts of facilities and concessions accorded by this Bank to our rural societies they find it difficult to advance loans to these poor members on the pledge of their produce for want of godowns to secure the produce pledged. Though the Townsend Committee has appreciated the advantages of such loans and praised the scheme of the "loan and sale" societies created in our Presidency for this purpose, it is most unfortunate that they have stated that the want of granaries in villages is overemphasized. We can emphatically assert that this want is both real and urgent and is the chief handicap to progress. We pray, therefore, that the conditions laid down in G. O. Devl. No. 386, dated 21st March, 1927, for the grant of loans for the construction of granaries may be relaxed materially by reducing the rate of interest and the proportion of share-capital to be contributed by the society and by raising the maximum amount of the grant and the period for its repayment.

One word more. The Townsend Committee have recommended that the exemption from payment of money order commission on moneys transmitted between co-operative institutions through Post Offices which has been already granted in the Punjab and Bombay Provinces, should be extended to our Presidency. The Linlithgow Commission has also expressed themselves in favour of the grant of this concession. It is very urgently necessary to avoid accumulation of dribble collections in primary societies which often tempts to misappropriations. We pray that this long-looked-for boon may be secured for us without delay.



HIS EXCELLENCY LORD GOSCHEN,
GOVERNOR OF MADRAS.

SPEECH BY HIS EXCELLENCY LORD GOSCHEN, GOVERNOR OF MADRAS.

GENTLEMEN,

It has long been my desire to pay a visit to this famous and sacred town but up to the present I have never been able to do so. When I was approached to know if I would consent to open the new premises for your Bank, I accepted all the more readily because I at last saw some prospect of being able to gratify my wish. I would not have you think however that I am merely fitting in this function in a few spare moments during the visit, for had it not been for your request to me to open your Bank I do not suppose that I should have been able to visit Conjeevaram at all.

I have listened with the greatest interest to what your President has said about your town and about the progress of the co-operative movement here. I—and I think I may speak on behalf of my Government also—consider that the co-operative movement holds out great promise for the amelioration of the financial condition of the ryots in this country. I will not go so far as to say—as some are apt to do—that in my opinion the movement is a panacea for all the ills to which the ryot is subject but I do think that if this movement can be maintained on sound lines it will be of immense benefit. I need not refer to the great problems which have still to be solved,—you yourselves know what they are, only too well. I would however say that the co-operative movement is essentially a non-official movement—the vital force must come from the people themselves and whatever my Government might do they could not breed life into an inanimate corpse. Do not think that I am inferring that the Government are doing all to promote the movement and non-officials nothing—far from it. The growth of the movement, at any rate as far as the credit organisations are concerned, has been so phenomenal that my Government thought it necessary last year to appoint a Committee to enquire into its present state and to suggest measures for the solution of outstanding problems. The warning however which I wish to give is this. Up to the present the Government have very largely taken upon themselves responsibility for the movement; as co-operation expands it will no longer be possible to do this and though Government will continue to lend you such aid as they can, it will be necessary in an ever increasing degree for the societies themselves to make arrangements to see that the various organisations are conducted on sound lines.

“Has the baby had the measles yet, Mr. Smith?”

“Sh-sh! Don't speak so loud. Whenever he hears anything mentioned that he hasn't had, he cries for it.”

In the light of what I have said above, you may more readily be able to understand the position of the Government with regard to the various requests which you have made. You first ask that at least one class for co-operative workers should be established in each district. It is only a little over two years ago that I opened the Hood Institute at Tanjore, an Institute which I had great pleasure in visiting during my recent visit to that district. As you yourselves point out, 5 more training classes have been started and I would suggest to you that it might be more conducive to economy and good training to concentrate effort at these five centres rather than to dissipate it throughout the Presidency. I may say that the Registrar has three special assistant registrars at present doing this work and we are considering whether we can give him any further assistance.

As regards the teaching to be given to panchayetdars and office-bearers of rural societies, I would remind you that Government are already making an annual grant of Rs. 21,000 to district federations for this purpose.

You next ask that the Department should be more liberal in lending subordinates and that societies should be spared the payment of pensionary contribution. I would like you to realise that the Registrar cannot spare an unlimited number of subordinates to be lent to societies but he does his best. As regards payment of the contribution towards pension, I am sure you will understand that when Government lend one of their servants it is only fair to expect that the private employer shall bear the entire cost. If the pensionary contribution is remitted, it means that Government are indirectly imposing a financial liability upon themselves and I am sure you will understand that before doing so we must be thoroughly satisfied that there is a good case. I should point out however that we have been remitting these pensionary contributions in certain cases.

I regret that I am unable to hold out very much hope regarding the grant of your other two requests, which are that Government should relax the rules relating to loans for the erection of granaries and that money order commission should be remitted in the case of money sent through the post office from one co-operative society to another. The grant of these requests would entail a further drain upon the revenues of this province and while I and my Government view the co-operative movement with the greatest sympathy and interest we cannot grant everything asked as our resources are limited.

This Central Bank has been in existence some few years and I am in thorough agreement with you in your conclusion that it was high time that it had premises of its own. The Bank has been doing a great work for co-operation in this district and I am confident that as the movement grows your Bank will maintain its tradition of service.

Gentlemen, I thank you most heartily for the welcome you have given to me to-day and I wish you and your Bank every success.

Professor—"Name some liquid that won't freeze,"
 Sophomore—"Hot water,"

THE SEVENTH SOUTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE

Vriddhachalam, 30th October 1928.

*(Extracts from the Welcome address by
 Mr. M.G. Parthasarathy Mudaliar).*

"Since last we met in Conference, two important Committees, the Townsend Committee on Co-operation and the Royal Commission on Agriculture, have finished their labours. Their recommendations are before us. It is but right that we must consider and suitably adopt and be benefited by the recommendations of these Committees."

After giving statistics about the growth of the movement in the District during the past 20 years and about the overdues, he continued as follows:—

"At the same time it must also not be forgotten that the year under report was very unfavourable to the agriculturists throughout this district. Rainfall was neither adequate nor seasonal. Wells were dried up and much difficulty was felt even in getting good water for drinking purposes in many places. Cattle mortality was large in many taluks. Government was also pleased to remit a sum of Rs. 64,466-7-0 in Land Revenue.

To all of us who are acquainted with the inner working of co-operative societies and the condition of the ryots in the villages it must be clear that the credit activities alone will not carry us far in solving the economic problems of the ryots and relieving the people of their poverty. No community in the world hoped to save its people from poverty merely by creating facilities for borrowing. This is what we have mostly done in this district. I have very good reasons to believe that in many cases the credit facilities served to increase the ryot's indebtedness more than to lighten it without any counter-balancing advantages. What has our co-operative movement done to help the ryots to increase their wealth and their repaying capacity? Have we helped them to grow 2 blades where one grew before? What have we done to help them to market their produce and the goods they manufacture to the best advantage? Are they able to help themselves in these things? Much has surely to be done in the productive and distributive departments if the ryots are really to be benefitted. More non-credit societies have to be started to develop agriculture, arts, industries, labour, purchase and sale etc. It is only then that the condition of the ryots could be bettered and their prosperity assured. To work up such societies is no doubt not easy. It is not possible without the help of paid officials to work up such societies. The Agricultural and Industrial Society at Tindivanam has come to grief for want of proper men and proper management and

Candidate (making campaign speech): "I am a practical farmer and in sympathy with farmers. I can plow, reap, milk cows, shoe a horse—in fact, I doubt whether any of my hearers can name one thing about a farm I cannot do."

Voice (from back of hall):—"Can you lay an egg?"

proper support and proper expert advice. That was a pioneer institution of its kind, and its failure is sure to bring about demoralizing and depressing effect on the minds of the public in this district.

South Arcot is preeminently an agricultural District. Its wealth is mostly in its raw products. Groundnut and Sugarcane are largely grown by our ryots. At present there is no organization among the agriculturists themselves to market their farm produce or to purchase their requirements. So they have to pay dearly for their purchases. Now a number of middlemen as brokers and as commission agents are benefited. Co-operation aims at the elimination of the unnecessary middlemen and economic waste. The benefits of these crops, ground-nut and sugarcane, are mostly enjoyed by Foreign companies like Ralli, Volkart and Parry and not by our ryots. The system of ground-nut trade now prevalent in this country if fully explained will give you an idea of the exploitation that is going on at our very doors and how thousands of rupees are plundered by the middlemen from our poor agriculturists of this district. What have we done as co-operators to help them? No doubt of late, some attempts are being made in this direction by starting loan and sale societies some places. Could we ever hope to do much by these societies. Is there enough of brain and material in the villages to work up these societies? Could honorary workers be able to work up these societies in such a way as to compete with the powerful long standing combines (the foreign companies). I, for one, am very pessimistic about the success of these societies unless the State comes to our aid and heartily co-operates and helps by liberal contributions and works up these societies, at least for some years with paid agencies instead of honorary workers.

The chief factor contributing to success of such undertakings is business capacity? Is it possible to get Honorary workers in our villages with such business capacity. Lessons in practical life and business could not be learnt in a day even by educated men and much more therefore is the necessity for a larger attempt being made in the case of poor and uneducated people in the villages if to be trained. We must work up such societies with paid managers or Secretaries with good business capacity. The management of such societies must be really efficient and tactful to succeed. Inefficient or dishonest men are sure to bring ruin. South Arcot is specially suited for such undertakings as the rural areas producing such products are very near the ports. We have the ports of Pondicherry, Porto-Novo and Cuddalore near us.

The agricultural department with its Deputy and Assistant Directors cost nearly 20 lacs a year to Government. The industrial department

Jim—"I have a habit of talking in my sleep and it makes my wife furious."

Bim—"I don't talk in my sleep. My wife says I only smile but that is more exasperating than if I would talk."

also cost no less. These are in existence for the last 20 years. Most of us co-operators are not in touch with these departments and their workings. Now and then we hear of some new plough or of a Demonstrator making his tour through a village. But have they really benefited the poor agriculturists of our district? It so to what extent? My sincere opinion is that very little is done by these departments in their respective fields and that even this little does not reach the poor helpless village co-operator ryot. Much could be done, if the heads of the co-operative, agricultural and industrial departments jointly take concerted action in the interests and the well-being of the illiterate ryots in the villages. Though the departments of Agriculture, Industries and Co-operation are transferred subjects and are under the control of our Ministers, there seems to be not much of co-operation between these three departments to really benefit the ryot. I could strongly plead for co-operation, if not amalgamation, of all these departments under one head. I am sure you all would have read the address delivered by His Excellency the Viceroy at the opening of the Agricultural Conference at Simla the other day. His Excellency is a true and sincere friend of the Indian ryot. At that address His Excellency laid special stress on the fact that co-operation and agriculture, if properly directed and organized, can revivify rural life and play a most important part in rural reconstruction. We must find out ways and means for doing this.

We all have therefore to consider the ways and possibilities of increasing the wealth and organizing the natural resources by co-operation and help the poor ryot to better his economic condition, if he is really to be helped. Next our agricultural labouring classes, both men and women, are practically unemployed for half the year. The problem of their poverty can be solved only if some means of profitable employment is found for them. The future of our country greatly depends on our industrial progress. Some people think that handpower could never replace modern power-driven machinery. Although this seems to be true to some extent, it is said by

What was he?

"Stop him! Stop him!" he shouted.

"Are you deaf?" asked the armed man. "Can't you stop this assassin?"

"Assassin? What do you mean by that?"

"What a strange question! An assassin is a man who kills!"

"A butcher then?"

"You fool! I mean a man who kills another man."

"Oh, yes, a soldier!"

"Ignoramus! A man who kills another man in time of peace!"

"I know—an executioner."

"You jackass! A man who kills another man in his home."

"I understand. It is a doctor."

But the man with the spear decided to pursue his victim unaided.

(From the *Illinois Miner*, 20th October '28.)

eminent men and Industrialists that manual labour and hand power are also necessary for the healthy growth of an industrial nation. So the development of cottage industries on a co-operative basis is very necessary. Besides, these cottage Industries advocate the cause of the poor ryots for the employment of their leisure hours to supplement the earnings derived from other resources such as agriculture etc. Small cottage Industries must be established. Hand-weaving is an excellent Industry. In spite of severe handicaps with which it is attended, it is able to hold its own against the power loom in the volume of its produce and in the number of people to whom it gives employment. It is second only to the premier industry of agriculture. Cottage Industries like spinning and weaving and coir and rope making embroidery work, Toy and Button making require very few equipments and can easily be taken to by poor people. Middle classes may take up industries which require Capital.

We would be doing a real service to our District if each one of us Co-operators will try to persuade our men, women and children in the villages to take up some industry which would bring them a small income, say, two annas a day. Many of the villagers do not know to earn this amount, but they will have enough self-respect not to beg for this sum. It is not that there are not people in the villages who are willing and who could be persuaded to take up such occupations to supplement their income; but they want only opportunities and encouragement and necessary help. Mahatma Gandhi very rightly said that hand spinning and weaving is the best for our poor ryots and villagers to supplement their income. We as rural co-operators have a great responsibility to influence and to help our ryots by co-operative societies and help them to take up hand spinning and hand loom weaving wherever possible. Here also unless the co-operative societies help them to sell their finished products, they will not be really benefited.

There is one other question of principle to which I find it necessary to draw your attention to day. It is the want of proper understanding that exists between the Co-operative District Federation and the Central Bank on the question of supervision. The Board of Directors of the Madras Central Urban Bank require the opening of an administrative section in all the Central Banks and employ a field staff for inspection of societies. Federations, Unions and societies say "Credit should be centralized and supervision should be decentralized." They have begun to feel that the direct interference of the Bank in the internal management of administration of the societies under the guise of collection of overdues is unwarranted and unnecessary. There is considerable difference of opinion on this question of supervision in higher quarters. Even in the conference of Registrars of Co-operative societies held at Simla the general principle that Central Banks should not undertake supervision work is accepted, though they seem to permit it under the present circumstances.

I am sure the tact and experience of the pioneer of the co-operative movement in this district, the President of the Federation, M. R. Ry., R. A.

Sivananda Mudaliyar, Avl., would help us at this conference to find out a final solution how best to act both in the interests of the Bank, the Federation and the Societies and also devise measures for reducing the overdues.

Next it is also necessary to draw your attention to the bad blood that is being created between the individual share-holders of the Central Bank and the Society representatives in the Bank. I may be permitted to ask in this connection who has a greater interest in the welfare of the co-operative Central Bank? Is it the man who has gained, saved and deposited in the Bank or the man who merely borrows? Whose confidence is it worth while for the Bank to secure, that of the man who looks to a place for depositing his savings or that of the borrower?

These are a few thoughts which strike me and which I desire to place before this Conference for consideration. I request you all to bring to bear your ripe experience and sound judgment and act as you deem fit."

Flood Relief in East Godavery.

APPEAL TO BROTHER CO-OPERATORS AND CO-OPERATIVE INSTITUTIONS.

The recent rains and floods in the district caused serious damage to crops and cattle in the Zamindari divisions of Tuni, and Pithapuram, Cocanada and Peddapuram Taluqs. Many houses were swept away. Communications by Post, Telegraph and Railway were cut off.

Members of co-operative societies and other ryots in the area sustained severe loss as the crops ready for harvest were either swept away or completely inundated under water.

Immediate relief has to be given to the distressed poor by way of providing food, clothing, shelter and medical aid. Arrangements have to be made in the affected area to supply seed for next crop, household materials, and food stuffs on well organised co-operative basis to be within reach of the ryots.

The East Godavari District Co-operative Federation at its meeting held on 3-11-28 passed a resolution appealing to the co-operative institutions in the district and elsewhere to contribute liberally to the funds of the Central Relief Committee at Cocanada to make immediate arrangements for relief.

I appeal to all co-operators and co-operative institutions in the presidency to contribute to the Flood Relief Fund and help brother co-operators and villagers in distress.

N. SATYANARAYANA,

Secretary,

District Federation, Alamuru.

Extracts from foreign Periodicals.

1. EDUCATION AND RURAL RECONSTRUCTION IN BENGAL.

By J. W. THOMAS, B. COM., B.Sc. (ECON.)

About two miles away from Santiniketan is Sri-Niketa, or Place of Beauty, and here the rural reconstruction work is being carried on in the shape of teaching the people of the countryside how to make the most of their opportunities, at any rate economically. The idea appears to be that not only should the agriculturist be taught to do his own job of getting a living from the soil more satisfactorily, and thus raise his standard of life in that way, but also to provide him with an alternative or additional means of livelihood, say, by taking up poultry-farming, rearing silk-worms, hand-loom weaving, dyeing, leather-working, etc.,

The organisers are also taking a hand in the development of the Co-operative movement in Bengal, particularly in their own district. This movement has very many sides in India. The movement is composed of credit, purchase and sale, mortgage bank, silt-clearance, stock-breeding, cattle-insurance, arbitration, fodder-storage, better-farming, production and sale, consolidation of holdings, land-revenue, land-holding, thrift, compulsory education, adult schools, film and health societies, but no consumers' societies like those which form the great bulk of the British societies.

The work of the Health Co-operative Society in a village near to Sri-niketan has taken the form of clearing the village of malaria or attempting to do so. During the rainy season, (July-October) practically every person in the village, young and old, suffered from malaria every year until 1927. The people at Sri-Niketan managed to secure the confidence of the illiterate villagers and persuaded them to combine in efforts to combat the disease. A Co-operative Health Society is formed, the annual subscription payable by those who could afford being 4 annas i.e. 4½d. Those who could not afford this sum gave their labour, two days' work being considered about the equivalent of the 4½d. This will give some idea of the poverty of the people in the village. Those who own the bullocks and carts helped in the carting work. The Zemindar (landlord) of the village was sympathetic and also helped him in a similar way, as large quantities of material had to be removed. The jungle around the village—largely bamboo trees—was cut down very considerably and the swamps filled up, largely from material dug out to make a road which two drains—one on each side of it—out of the place which had previously been the only drain of the whole village.

Out of the fifty householders in the village, thirty-four joined the society and took a share in its work, or at least observed the rules which

involved a certain amount of work and also the taking of the quinine supplied by the society to ward off malaria. No member of any of these thirty-four families had malaria last year and the total number of cases in the village was only seven, as most of the swamps, which are the favourite breeding grounds for mosquitoes which cause the malaria, had been filled up, and the general health of the whole village was much improved. Previously these swamps and small ponds have been the sole source of the water-supply for irrigating the rice-fields on which the whole life of the village depends, and now it is necessary to undertake the construction of a proper tank or fairly large pond at some little distance from the village in order to secure a satisfactory water-supply. The committee of the society, along with the director of Rural Reconstruction at Sri-Niketan, were to meet the Zemindar on the day following my visit to arrange for the necessary land to carry out this work, which it is proposed to undertake co-operatively this year. It is also expected that most of the householders who have not yet joined the society, will now throw in their lot with their fellow-villagers as they have realised that it is an organisation which can confer some tangible benefits on its members and on the village as a whole.

(From *The Co-operative Educator*, November '28).

2. MANY BOOKS ON CO-OPERATION PUBLISHED IN RUSSIA.

Russia is a rich country as regards books, periodicals and pamphlets dealing with co-operation. A summary of a recent volume entitled "A Systematic Index of Co-operative Literature published in U. S. S. R. in 1925-26" give the titles of 1,007 books and pamphlets published in 1925 and the titles of 705 published in 1926. In addition to the above there were published in 1925, 520 house organs and administrative circulars, and in 1926, 550 house organs and administrative circulars. These figures do not include one-page leaflets and cards, of which a great many were printed and distributed. Of the books and pamphlets issued in 1925, more than 10,000,000 copies were printed; and of those published in 1926, more than 6,000,000 copies.

The issuing of printed matter dealing with co-operation is distinctly a co-operative enterprise in Russia. It is largely in the hands of the non-trading departments of the Russian co-operatives. Most of the central and regional associations, and not infrequently the local associations, maintain printing establishments. There are also purely co-operative publishing houses. Few books on co-operation appear with the imprint of the State or non-co-operative publishing firms.

A critical observer on co-operation in Russia makes the statement that "Never in the history of the Russian movement, which was always distinguished by its educational work and literature, was the scope of its publishing activities so varied and extensive as within the last four years, a fact indicative of the recent growth and interest in co-operation."

(From *the Agricultural Co-operation*, U. S. A. Sept. '29)

3. CZECHO-SLAVOKIA NINE PER CENT CO-OPERATIVE.

Reports from Czecho-Slavokia show a rapid development of co-operative enterprises in the last ten years. On January 1, 1928; there were 15,576 societies, classified as follows :

Credit Societies (two types)	...	6,504
Agricultural societies	...	
Purchase and sale societies	...	1,477
Provision societies	...	1,070
Societies for improvement of agricultural technique	...	1,070
Workers' and Artisans' Productive Societies	...	1,594
Consumers' societies	...	1,217
Building societies	...	1,537
Other societies	...	115

The membership of these societies is estimated at 2,500,000. Many belong to more than one society. Individual co-operators are said to represent 9 per cent of the population of the republic.

(From the *Agricultural Co-operation, U. S. A., Sept. 29.*)

4. UNPOLISHED RICE.

The value of rice as a bread substitute is beginning to be appreciated by dietitians. The food value of any grain is in its outer coat, which in the case of rice is usually polished away. It is better to eat the whole of any grain than to separate it and use only the bran because food should be eaten in the proportions that Nature made it.

*** When rice is washed, much of the mineral matter is washed away.

The principal mineral element in rice is phosphorus, which is a brain and nerve food. It also contains magnesium, another nerve food element. White bread contains no food value, being nothing but dead carbon. The carbon in grain is made available for the uses of the body through the mineral matter contained in the bran part of the grain which should not be taken separate from the grain, for then it is artificially prepared. Unpolished rice is rich in natural sugar, made available for human needs because of the mineral matter it contains.

** *Whole rice meal* makes a first class breakfast food and has the advantage of containing the mineral elements of the unpolished rice.

(From the *Llano Colonist, Nov. 3.*)

5. LEARNING TO LIVE.

By GLENN FRANK

President of University of Wisconsin.

(Copyright McClure Newspaper Syndicate).

There is near universal agreement that the purpose of education is to produce, not a mind stuffed with information, but a mind trained to think and a personality adjusted to the life of its time.

We are constantly trying to link learning more closely to life.

We have far to go, however, before we shall have converted our schools from warehouses for information into intellectual gymnasiums.

We still dissect knowledge and embalm it as dead specimens instead of seeking and using living knowledge for the purposes of living men and women.

We tear knowledge out of the living tissue of existence and shock it in neat piles as a Kansas farmer shocks his hay—such piles as history, philosophy, philology, anthropology, ethics, physics, chemistry, biology, geography, geology, botany, politics, economics and so on.

These haystacks of knowledge are convenient forms for the professor, handy means of filling his material, but, in any understanding of or adjustment to living, they are distressingly artificial.

Some day we may rather thoroughly organize our schools, and come at education, not in terms of airtight compartments of information, but in terms of an attempt to answer the living questions that the adventure of living raises—mean-while there will be no reason why scholars cannot go on with their investigations in terms of their rigid departments.

I should like to see a school organized around the attempt to answer such questions as these :

What do I need to know about the functions and the care of my body ?

What do I need to know about the nature and processes of mind ?

What do I need to know about the all too mysterious part my emotions play in my life ?

What shall I need to know and do as a voter ?

What shall I need to know and do as a married man or woman ?

What shall I need to know and do as a parent ?

What shall I need to know and do as an employer ?

What are the major unsolved problems of my time ?

What are my prospects if I project my present habits into my occupation ?

What are my internal resources for rational living and lasting happiness ?

Why is there so much unhappiness in the world ? Is it due to the character and habits of individuals or to the policies and practices of the social order ?

There would be no lack of curriculum material.

PATHFINDER FOOT-NOTE : Human Engineering as taught by the Path-finders of America in public, private and parochial schools covers every point specified by Mr. Frank, and many others besides. In fact we prefer to call our course "Human Engineering," or "Reading the Price Tags of Life," rather than moral training or character building and the results we are getting speak for themselves.

If you are interested and want detailed information, address the Pathfinders of America, 315, Lincoln Building, Detroit, Mich.

(From the *Llano Colonist, Oct. 27.*)

CORRESPONDENCE.

I

To
THE EDITOR,
THE MADRAS JOURNAL OF CO-OPERATION.

SIR,

I am much thankful to you for publishing my note on the All-India Conference just after the note of the Hon. Mr. Ramadas, on which my comments were mostly based. May I request you to publish this reply?

It is for the public to judge how the inferences that I wanted (1) a replacement of the Madras system by a new one and (2) the total elimination of the existing individual element from independent Central Banks could be possibly made from the following sentence in my note. "The All-India Conference would have done well in propagating both the financial systems in vogue, banking unions in Bengal and branches of the Provincial Bank in Bombay instead of trying to decide the superiority of either. Madras requires both systems to be tried with a view to spread the benefits of co-operative credit in areas untouched by district banks." This is hardly 'attempting to unify methods' though it might 'alter' the existing uniformity in the matter of central financing societies. I meant only that nothing would be lost by trying all methods for assisting the village primaries.

I do not claim to represent any organisation and can only write to representative co-operators like the Hon. Mr. Ramadas about the constitution of the All-India Conference. I presume that in deciding the composition of the All-India organisation, the similarity of the functions of the latter body and its constituents would be the main factor. When institutions with identical functions meet together in a central body, its representative character is achieved thereby. But one is unable to understand whether such institutions could be debarred from membership on grounds of efficiency. For the very purpose of the central organisation is to assist their constituents to become efficient.

"Federal working" as distinguished from "centralised administration" has reference only to the fundamental principle of working of central organisations and not to the distinguished co-operators assembled at the conference. "Mental attitude of helplessness" is a comment on one of the points in the note of Mr. Ramadas about the Simla Co-operative conferences and has no reference again to the distinguished co-operators. The moral exhortation at the end of the note will do good to any soul and I warmly cherish it. I would add that my admiration for Mr. Ramadas in making the All-India conference a settled fact is second to none and I would only pray not to misconstrue well-meaning criticism as attitude of hostility which he opines "that I am threatening to develop".

K. G. SIVASWAMY,
Marudur, 5th December.

Note.—The Banking Union system advocated dispenses with individuals and the Branch system of Provincial Banks recommends reducing the number of Central Banks.—*Editor.*

CORRESPONDENCE

II

To
THE REGISTRAR OF CO-OPERATIVE SOCIETIES,
Chepauk, Madras.

Dear Sir,

I have perused with surprise the letter dated 4-10-28 written to you by M.R. Ry Rao Bahadur A. Vedachala Aiyer Avl., Retired Registrar of Co-operative Societies, on the "Present Situation" with particular reference to the North Arcot District. A copy of it is published on page 186 of the Madras Journal of Co-operation for October 1928 and is honoured with an Editorial note on page 249 of the same journal. I should not have come forward with this letter to you but for the facts that it has been published with honour and prominence in the accredited journal of the co-operators of the Presidency and that it has assumed a public importance.

In the first place Mr. Aiyer has not chosen to quote facts and figures in support of his charges particularly against the North Arcot District and has like so many easy-going critics, indulged himself in generalisations and sweeping remarks, which, I fear, will not stand the test of scrutiny and unbiassed judgment. His charges are many and varied and they are briefly as follow:—

1. The District Bank and the District Federation have been monopolised by representatives of societies.
2. Very many of these representatives are incompetent to manage the affairs of their own societies and have very little knowledge of business or finance in banking and are incapable of controlling the movement or the non-official staff employed under the Federation.
3. Individual shareholders are either shut out in election or are not selected as the result of communal bias.
4. Selection of Supervising staff is not made on grounds of efficiency.
5. Societies are allowed to drift and communal spirit is fostered by the inspecting staff and has been transmitted to the Society people.
6. The District Bank has stopped credit for societies with overdues under principal and interest.
7. Disciplinary action has practically been non-existent for the last 6 years.
8. The District Bank has practically been nervous to grant loans and finds it difficult to select solvent cases for grant of loans.

I challenge Mr. Aiyer to come out with specific instances to prove each and every one of the above charges like a fair-minded critic in the next issue of the same Journal. He is a retired officer having served 30 years in Government and I am sure he will come forward with facts and figures and

thus substantiate his various charges. Otherwise we should be driven to the forcible necessity of concluding that he has no facts with him and that he has only written the article with no sense of responsibility but with a communal bias and with a complacent mentality that none would dare to challenge him. The gauntlet is thrown and I hope Mr. Aiyer will not allow it to lie untouched but will pick it up without delay and enter the field of fair and right criticism.

As for his aspersions against the Assistant and Deputy Registrars that they "should not be mere itinerating officers for purpose of travelling allowance and for attending to matters which alone would attract the notice of the Registrar of the Province", I am sure the Registrar and his assistants are capable of defending themselves against this unjust attack.

Sd. V. MURUGESA MUDALIAR,
(Secy, Co-operative Central Bank, Vellore,
and Vice-President, Dt. Council.)
(True copy).

RURAL INDIA.

EDITORIAL AND PUBLISHING OFFICE :

9, Brodie's Road, Mylapore, Madras, India. S.

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

"Rural India" stands for better farming, better business, and better living and will endeavour to disseminate sound ideas on rural education, rural sanitation, agricultural improvements, co-operation and cottage industries.

Annual Subscription Rs. 3 (Inland) ; Rs. 4-8-0 (Foreign)
Single copy Annas Six (Inland) ; Annas Eight (Foreign).

As it largely circulates in villages, "Rural India" will be a first class medium of advertisement. For rates apply to the Manager.

The Editor will be glad to consider contributions on all topics of rural welfare. Contributions should be neatly typed on one side of the page. Rejected manuscripts will be returned on receipt of stamps to cover postage.

REGISTRAR'S CIRCULAR.

Subject :—Land Mortgage Banks and Encumbrance Certificates.

Copy of letter No. B. 3900/28, dated 24th August 1928 from the Registrar of Co-operative Societies, Madras, to the Inspector-General of Registration, Madras.

I have the honour to refer you to your correspondence No. 21—Accounts dated 6th February 1911 and to the circular issued by the Registrar in his R. O. C. 461/11, dated 14th March 1911 advising Co-operative Societies to limit the period of search of records of registration offices strictly to 12 years and in cases of necessity where search for a longer period was necessary, to obtain my orders before troubling the registration officers. I now find an exception has to be made to this general rule in the case of Land Mortgage Banks which have come into existence only quite recently. Government have bought debentures from these Land Mortgage Banks and they have therefore a financial stake on them. In the course of examination of certain loan applications received by these banks it has been found necessary in certain cases to obtain encumbrance certificates for a period of over 12 years and extending up to 24 years. I have therefore the honour to request you to be so good as to consider this matter and circularise your Sub-Registrars to grant certificates for such periods only in respect of applications from Land Mortgage Banks. I do not think that cases for such certificates are likely to be many and when they come in larger numbers the question may be taken up for examination then.

Copy of letter No. 688 General dated 11th October 1928 from the Inspector-General of Registration, Madras, to the Registrar of Co-operative Societies, Madras.

*Reference :—Your letter No. B. 3900/28, dated 24-8-28.
Encumbrance certificate—Land Mortgage Banks.*

A copy of the instructions issued to the registering officers on the subject is forwarded for your information.

Encl :—Copy of Proceedings No. 688 Genl. dated 3rd October 1928.

Subject :—Encumbrance certificate—Land Mortgage Bank.

The following instructions are issued in continuation of Proceedings No. 55 Accts. dated 21-3-1911 (R. G. 1, 46). The restriction of the period of the search to 12 years is relaxed in regard to applications from Land Mortgage Banks in which case the period may be extended up to 24 years.

2. Necessary additions will be made to the Standing Orders.

Drs. B. 3900/58.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS,
29th October 1928.

Copy of Registrar's letter to the Inspector-General of Registration No. B. 3900/28 dated 24-8-28 and the latter's reply No. 688 Genl. dated 11-10-28 communicated to all Land Mortgage Banks and Deputy Registrars for information.

Copy to the Editor, Madras Journal of Co-operation, Sahakari, Paras-parasahayee, Stock file, B Section.

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

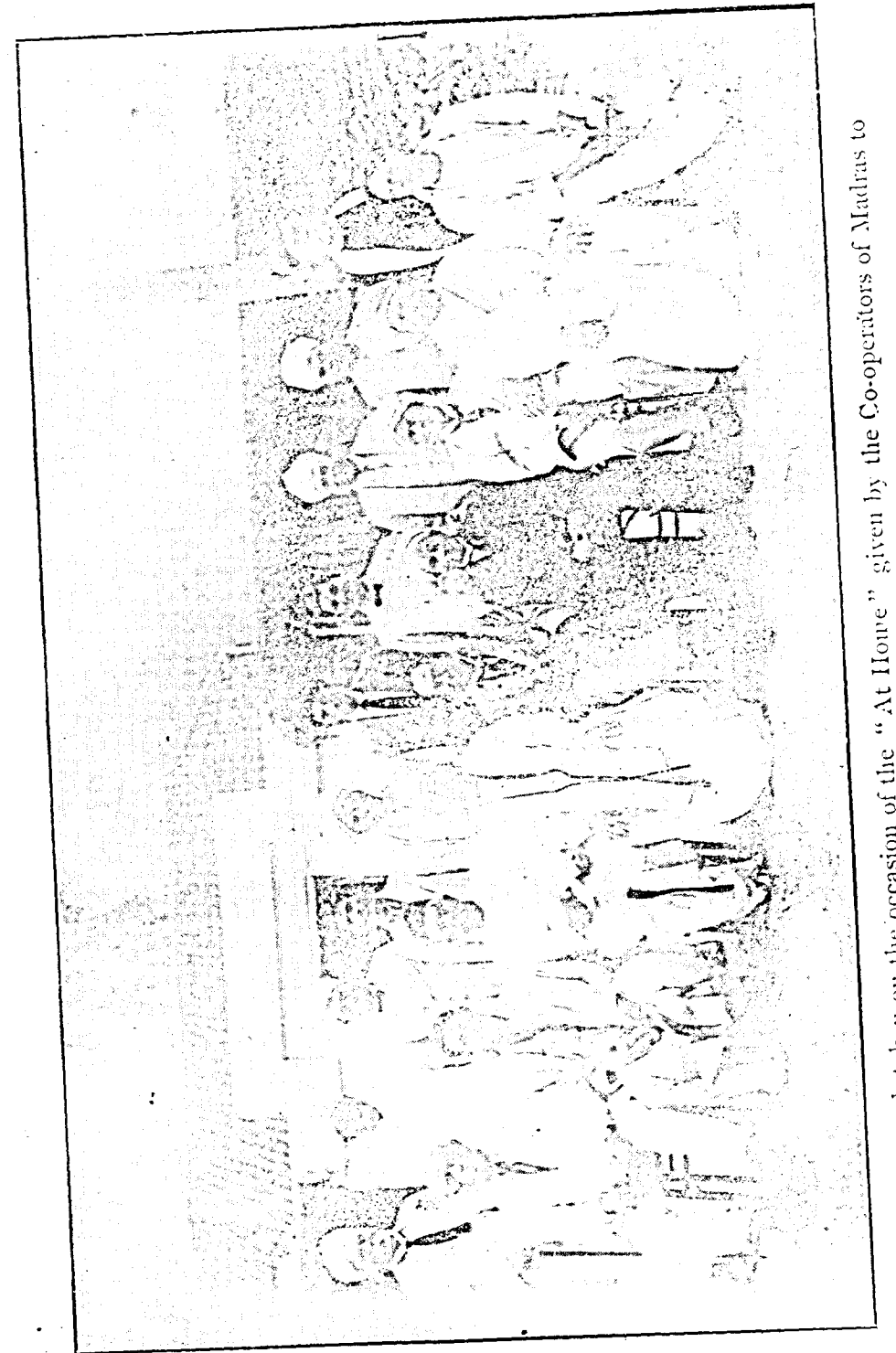
A CO-OPERATOR HONOURED.

'AT HOME' TO SIR K. V. REDDI.

The Co-operators of Madras were 'at home' to Sir K. V. Reddi, a former President of the P.C.U., on the 2nd instant to congratulate him on his appointment as Agent-General to the Government of India in South Africa. Among those present were The Hon'ble Mr. V. Ramadas Pantulu, The Hon'ble Mr. Seturatnam Iyer, Mr. A. Ranganadha Mudaliar, and other leading Co-operators of the City. A group photo was taken and after light refreshments, the Hon'ble Mr. V. Ramadas, President of the P. C. U., in congratulating the chief guest of the evening on his appointment, referred briefly to his deep interest in co-operation. He expressed his wish that Sir Kurma would fully utilise his opportunities to specialise in Agricultural Banking in South Africa which, being a part of the Co-operative Movement, was interrelated in the Banking system of the country and that when he returned to India he would take up that particular aspect of the rural activities in this country. He wished the guest godspeed in his mission and was confident that by his ability and business capacity he would be a worthy successor to the Rt. Hon'ble V. S. Srinivasa Sastri and would complete the work begun by him there.

In replying, Sir K. V. Reddi said from his very early days as a student till later when he entered the legal profession and politics he had been an *incorrigible Co-operator* (Laughter). He assured Mr. Ramadas that he would learn what was best in the Co-operative movement in South Africa and impart it to them on his return. He then congratulated the officials and non-officials who he said had been evincing great enthusiasm in the movement. He would ever remember the efforts they had made and are making to-day towards the progress of the Movement in this Country.

After a hearty vote of thanks, the meeting terminated.



Photograph taken on the occasion of the "At Home" given by the Co-operators of Madras to Sir K. V. Reddi seated in the centre.

EDITORIAL NOTES.

The U. S. A. is considered to be more forward than the old countries of Europe in the matter of commercial enterprise, especially, in advertising. We extract from an American paper the following description of what happened at one of their Co-operative Congresses :—

The Sixth Biennial Congress of the Co-operative League of the U. S. A. has been held at Waukegan, Illinois. * * * On the Saturday preceding the Congress, the Co-operative Trading Company staged a monster parade throughout the city, with thirty co-operative floats, waggons, and trucks, and 123 pleasure cars in line, with an aeroplane overhead dropping propaganda leaflets.*

There is much virtue in organised publicity. Even the most valuable truths such as religious teachings necessary for the salvation of our souls do not reach the masses of their own accord. They have to be taken to the people and presented to them in a manner easily understandable and assimilable by them.

If we cannot imitate the Americans in broadcasting pamphlets by means of aeroplanes, let us at least understand the spirit underlying this novel form of advertisement and preach the Gospel of Co-operation from housetops so that even the meanest in the most remote corner of our country may hear the gospel and be benefited thereby.

The address of the Chairman of the Reception Committee of the S. Arcot Dt. Co-operative Conference, extracts from which appear elsewhere† deserves special mention as it contains valuable suggestions regarding the new lines of advance of the Co-operative movement. It has taken us nearly quarter of a century to realise that credit by itself is no panacea at all for evils under which the average farmer is groaning. That more wealth should be produced and that the farmer should be enabled to get more for his labours are coming to be realised by rural leaders. As it is, the farmer is cheated of a good deal of his earnings by getting the things he wants at a heavy price and being forced to sell his commodities at a low price. Loan and Sale societies which are intended to enable the poor ryot to hold his crops up till he gets a fair price

* From Co-operation, New York.

† See page 365 of this Journal

for them are slowly coming into existence; but they are not growing as fast as they should.

That the agricultural producer is also a consumer is a fact which has not yet been fully recognised. Even the Townsend Committee has not recommended the starting of Stores in villages though co-operators assembled in open conference later dissented from this view of the Committee and recommended the formation of village stores. May be the villager may not need a grocery store; but a consumer society need not confine its activity to rice and condiments.

The vast scope that there is for organised agricultural marketing has been pointed out by us in our notes for the last two months.* We hope that co-operators will turn their attention more and more to these hitherto unexplored fields.

There has been till recently very little of organised and systematic training in Co-operation for workers already in the field or for recruits. The Government made some grants to District Federations and to the Provincial Co-operative Union to start training classes, the former confined to supervisors and the latter aiming at a little higher standard. In course of time, purely educational organisations like the Hood Institute of Tanjore came into existence and Federations in various parts of the Presidency were willing to shoulder the burden of conducting training classes supplemented by Government help in men and money.

During the investigations of the Townsend Committee, the truth was brought home to the Government that most of its officers, especially in the lower ranks, had no co-operative training worth the name.

A vigorous policy therefore of conducting training classes in 4 or 5 centres in the Presidency was launched forth by Government though these training classes were nominally conducted by Federations only. Young men who looked to their future careers in Co-operation and those already in the field, officials and non-officials, were sent up for training and gradually centralisation and standardisation were effected. Whatever be the institution in whose name the training class was conducted, the guiding hand was that of the Registrar.

The Townsend Committee however were very clear in their views regarding the matter of training classes. They thought that propaganda and education were the legitimate functions of the Provincial Co-operative Union and they made the following recommendation on this point:—

Dealing first with the education of non-officials in co-operative principles, we consider that this should be the duty of a central non-official

*See page 250 in October issue and 310 of November.

body working through the federations and co-ordinating their activities. We consider that the P.C.U., if organised (as we understand is proposed) on a larger basis, so as to represent federations and central banks, would be a suitable body to undertake this work. * * *

The function of the P.C.U. would be the organization of classes both in Madras and in the districts, through the federations; for the training of supervisors and of private individuals, in the latter case at their own cost. There should be an examination at the end of the course, and in the appointment of supervisors preference should be given to men who have passed the examination. The course of training should be approved by the Registrar.

We are glad that at the last meeting of the Executive Committee of the P. C. U. which was attended by the Registrar, an agreement was come to on this matter whereby in consonance with the recommendation of the Townsend Committee, the P. C. U. will take charge of training classes in the various centres and will conduct them in co-operation with local committees.* This is as it should be and all is well that ends well.

Now that the P. C. U. has taken upon itself definitely the task of imparting co-operative training in the Presidency, **Let us look ahead.** it would be a good corrective against any dangerous self-complacency if we realise what other countries are doing on similar lines.

The Co-operative Union of England has got a Central Educational Committee. It helps various societies in England to give the necessary training in the fundamental principles of Co-operation to their members and those who wish to enter the Co-operative service. The following figures will show how its work has been increasing:

	Total No. of enrolments in various classes.
1913—14	32,000
1926—27	33,000
1927—28	36,000

Let us also in the P.C.U. tackle the question of importing training stages and be the brain of the whole movement and give the necessary guidance to any institution that wants to give training whether it be Federation, Union or Store.

* See proceedings of the Executive Committee published on pages 352 to 359 of this Journal.

Co-operators all over the Presidency would be delighted to know that the Premier Store of the province, *i. e.*, the Triplicane Urban Co-operative Society, has begun a vigorous policy of expansion. It has started two new branches, one at Gopalapuram extension and the other at Madhavapuram in North Mylapore. This is nothing when compared with the achievements of English societies. It was only the other day that the Manchester and Salford Society started its 69th Branch.* A city like Madras with its 7½ lakhs of inhabitants can afford to send up to the T. U. C. S. members to the tune of 50,000. Let us take that an average family consists of 5 persons and the head of the family alone is enrolled as a member. That would give us nearly a lakh and a half; but making the fullest allowance for the indifference and lethargy of people and the temptation of the shopmen already in the field, we have a right to expect at least 1/3 of this, *i. e.* 50,000, to become our members. But actually our membership is just about an eighth of this. That means unlimited scope for vigorous expansion for many years to come.

We are aware that the authorities of the T. U. C. S. are contemplating the celebration of the Silver Jubilee of its foundation in the coming April. One of the best methods of celebrating that important event and honouring those pioneers who were responsible for the starting of it quarter of a century ago would be a vigorous campaign carried on for a week or a fortnight to enlist new members, to increase the loyalty of existing members and to make the T. U. C. S. an indispensable institution for many thousands more in the city who are now practically ignorant of its existence or at best indifferent to it.

The voluminous report of the Agricultural Commission has been equally voluminously criticised in most of the leading daily papers of the land as well as in the leading journals dealing with agriculture, co-operation and other aspects of village life; but the shortest and the most pointed criticism is what we read in an English contemporary called "The Countryman" which we reproduce below for the benefit of our readers.

"Apart from economic questions, 'all the resources of the State', the Commissioners say, 'should be brought to bear on the problem of rural uplift.' But think of the problem when 18 per cent only of the male population and less than 2 per cent of the female population is able to read."

We commend this criticism to the transferred half of the Government of our Presidency, especially to the Minister in charge of Education.

* A description of the opening celebration is given in Manchester Co-op, News, July 28th.

We are glad to announce that, in addition to the sum of Rs. 2,000 sanctioned for the conduct of Training Classes and a further sum of Rs. 500 for the purchase of books for the P.C.U. Library, the M.C.U.B. has now made a handsome grant of Rs. 5,000 to the P.C.U. for the calendar year 1929, to enable it to expand its activities and to carry on sustained propaganda. The thanks of the P.C.U. are due to the M.C.U.B. for having given prompt and favourable consideration to the resolution of the Executive Committee of the P.C.U. passed at their meeting held on 2nd and 3rd December, 1928, the full proceedings of which are published elsewhere in this issue.

The Board of Management of the Union which meets on the 19th and 20th proximo will, we hope, frame a suitable programme of work for the year, on which the grant may be profitably spent.

In pursuance of a resolution of the Executive Committee of the P.C.U. held in July last, all the federations in the province were circularised to let the P.C.U. have a report of the action taken by them in the matter of Rectification and Consolidation of rural societies in their respective districts. We have received so far replies only from 12 District Federations. The statement appended furnishes a brief account of the action taken by them.

It will be seen from the statement that, while some Federations have actually undertaken the work, a few others have not taken up any steps at all, the reason adduced by them being want of funds. It is hoped that the necessary funds will be found by these federations with the help of the District Banks in their Districts and the work taken up at an early date.

A review of the remaining federations will appear in our next issue.

APPENDIX.

No.	Name of the Federation.	Action taken.	Staff employed and their pay and qualification.
1	N. Arcot	11 Unions reconstructed till Nov. '28, and the rest 19 will be taken up soon.	2 Departmental Inspectors on Rs. 60 each, 3 Supervisors on Rs. 45 to Rs. 55 and 2 Supervisors on Rs. 52 and Rs. 54.
2	Coimbatore-Nil-giris.	A list of all bad societies prepared and 86 selected for rectification. All of these have been inspected once. There has been good collection and revival.	6 Supervisors, each in charge of 3 unions, 4 on Rs. 60 and 2 on Rs. 50 each, and 1 District Supervisor on Rs. 50 plus 25.
3	Nellore	Not undertaken any rectification or consolidation work for want of funds.	All undergone Co-operative training except the District Supervisor who, though unpassed and untrained, is very much experienced.
4	Guntur	Union supervisors have been instructed to inspect societies and submit reports.	One supervisor on Rs. 35 trained in the office of the A. R., inspects societies non-affiliated to unions.
5	Cuddappah	Rectification work undertaken by the Union Supervisors, but their work is reported to be not very satisfactory.	1 Inspector on Rs. 50-5-75 (Matriculate) and 1 Supervisor trained in the Bezvada Co-operative Training Class.
6	Trichy	Rectification and consolidation is taken up and is proceeding.	The services of a Departmental Inspector has been requisitioned.
7	Kistna	Newly started and hence no steps taken.	2 Supervisors of the District Bank on Rs. 40-4-60 each, 2 Supervisors of the Federation on Rs. 48 and Rs. 44. All undergone co-operative training.

8	Malabar	Only rectification undertaken.	6 Higher grade Supervisors who are either long experienced or undergone training. Some on Rs. 30 plus Rs. 10 T. A., others on Rs. 40 plus Rs. 10. The District Supervisor on Rs. 50 plus Rs. 25.
9	South Kanara	Rectification and consolidation undertaken, but for want of funds, no special staff has been appointed.	15 out of the 19 supervisors of the District were selected for the work. All are S.S.L.C. men and locally trained and certified by the Registrar, on Rs. 30-1-40 and a special allowance of Rs. 10.
10	Anantapur	The work undertaken last year, but this year could not be taken up for want of funds.	6 supervisors of the District deputed on Rs. 30 to Rs. 40.
11	Chittoor	Steps will be taken up shortly.	Proposals are being made for 5 field Inspectors of whom 2 will be under the District Bank and 3 under the Federation.
12	Madura-Ramnad	Work was undertaken in 10 Union areas on January 1927. 195 societies were taken up of which the accounts of 85 societies were overhauled, and 34 societies were newly organised. Collection of arrears was also pushed through. In addition to this special work, the normal work also is being taken up.	4 Special Supervisors and 1 Propaganda Inspector for the special work and 6 supervisors are attending to the normal work now.

EDITORIAL NOTES

PROVINCIAL CO-OPERATIVE BANKS.

THEIR CONSTITUTION AND WORKING.

In the supplement to this issue will be found concise statements of the constitution, working and financial position of the Provincial Co-operative Banks of Madras, Bihar and Orissa and Assam. A brief note on the methods of the working of the Bombay Provincial Bank, with special reference to the system of its branches, by Mr. V. L. Mehta, the Managing Director of the Bank, is also appended. A fuller account of the Bombay Bank and of the other Provincial Banks in British India and the Indian States will appear in the next and the succeeding issues of this Journal. These sketches will incidentally throw light on the relations between the Provincial Banks and their constituent Central Banks, and to a certain extent on the working of the latter as well.

The resolutions of the 1st and 2nd sessions of the Provincial Banks' Conference emphasise the benefits of interprovincial publicity of matters relating to the working, financial position and requirements of the Provincial Banks. A co-ordination of the activities of the several Provincial Banks, it is believed, tends to strengthen all of them and ensure the stability of co-operative finance in India as a whole, in a larger measure than even the establishment of an All India Apex Bank may be expected to do at this stage. As further aids to mutual understanding of each other's affairs by the Provincial Banks, it is proposed to publish periodically information regarding the deposit rates in force from time to time in the Provincial Banks and other particulars of their financial position, which are of general interest to co-operators. In due course a handbook containing the bye-laws and rules of all the Provincial Banks will be issued, to which the accounts that appear in these supplements will, it is hoped, form a useful addendum.

I hope that these authentic and brief accounts of the apex financial organisations in the various provinces published on behalf of the All India Provincial Co-operative Banks' Association will be both interesting and instructive to the readers of the Madras Journal of Co-operation.

V. RAMADAS PANTULU,
President,
All India Provincial Banks' Association

Provincial Co-operative Banks.

THEIR CONSTITUTION AND WORKING.

THE MADRAS CENTRAL URBAN BANK, LTD.,

The Bank was registered in the year 1905 under the Co-operative Societies' Act X of 1904. It was originally registered to finance the Primary Societies that were being started from time to time. The area of operations of the Bank was limited to the Presidency of Madras and the business of the Bank was to be purely devoted to advancing monies to Co-operative Credit Societies registered under the then prevailing Act. Loans had to be previously recommended by the Registrar of Co-operative Societies, Madras. The Bank continued to advance to Primary Societies till the year 1918. At a later stage when the District Central Banks were started, this Bank gradually discontinued financing the Primary Societies in areas where District Banks were started. The then existing liabilities of the Primary Societies were in almost all cases transferred to the District Central Banks soon after they were started at a rate of interest $\frac{1}{2}$ per cent less than what was being charged to the Primary Societies. The idea was to give sufficient revenue to the District Banks to start with. Originally the Shares of the Bank could be held only by individuals, as under Act X of 1904 there was no provision permitting societies taking shares in the Bank. So under this constitution the Bank worked for a number of years. After the passing of the Act II of 1912 which permitted one society taking shares in another, the constitution of the Bank was changed in the year 1917 permitting co-operative societies taking shares. At a later stage in the year 1922 the constitution was further altered whereby the shares in this Bank were permitted to be taken only by Central Banks thereby making the institution an Apex Bank of the Province.

THE PRESENT CONSTITUTION AND MANAGMENT.

The Bank is now composed of all the Central Banks, thirty in number, a few Primary Societies and Unions and 180 individuals. The 30 Central Banks hold the majority of the shares, and the individuals

have only one share per head, the aggregate of share capital thus held by the individuals being Rs. 18,000. Voting at a general meeting of shareholders may be either in person by each Shareholder or by proxy, and every Shareholder had as many votes as the number of fully paid up Shares held by such Shareholder, while, at the meetings of the Board of Management and the Executive Committee of the Bank, the rule of "one man, one vote" applies. This rule ensures the submerging of individual shareholders of the Central Banks in all the bodies. The Board of Management is constituted of 35 members, 30 being representatives of Central Banks and 5 representatives of individual shareholders. The Board meets once in each half-year and settles broad questions of policy. An Executive Committee of 9 members elected from out of the members of the Board of Management carry on the day-to-day administration of the Bank. The President is elected by the Board of Management. The present President is the Hon'ble Mr. V. Ramadas Pantulu, who is also ex-officio Chairman of the Executive Committee.

The shares of the Bank are of two classes, Preference and Ordinary. Preference shares are held by 180 individual members each holding one share. The Shares held by the Co-operative Central Banks and other co-operative societies are Ordinary Shares. Preference Shareholders have a preferential right to a dividend of 9 % and in case of liquidation to Capital.

The Capital of the Bank is 6 lakhs of Rupees which has recently been raised (at the last annual meeting) to Rs. 7 lakhs. The paid up value of the Capital on the 30th November, 1928 is Rs. 5, 99, 850/-. The shares of the Bank when they were held exclusively by the individuals had a ready market and changed hands, at 160 Rupees to Rs. 180 per share, the face value of the share being Rs. 100. After the conversion of the Bank into an Apex Bank of the Province, large number of shares of the individuals were purchased out of Profits and allotted to the Central Banks. After the Bank became an Apex Bank and as the Share Capital of the individuals was made preference capital there had been very few transfers on account of the reduced holding of individual shares. The Ordinary Shares are not transferable to individuals and can be held only by Central Banks. A large number of shares held by Primary Societies were transferred to the Central Banks in whose jurisdiction they were working, thereby practically converting the Bank into a Bankers' Bank for the co-operative movement in the Presidency.

The assets and liabilities of the Bank as they stood on the 30th November, 1928 are noted below :

LIABILITIES.		ASSETS.	
	Rs.		Rs.
Capital paid up	... 5,99,850	Loans and advances to	
Reserve Fund	... 9,00,000	Central Banks and	
Deposits	... 1,30,32,432	Depositors	86,41,332
Debentures	... 2,14,600	Fixed Deposits with	
Building Fund	... 1,04,181	other Provincial	
Sundries	... 3,29,368	Banks	6,30,000
		Investment in Govern-	
		ment of India Pro-	
		missory Notes	56,09,441
		Debentures of Land	
		Mortgage Banks and	
		Shares in other Co-	
		operative Societies	36,000
		Bank Premises	69,159
		Furniture	4,659
		Cash on hand and with	
		Bankers	1,89,850
	<u>1,51,80,431</u>		<u>1,51,80,431</u>

The Bank before the publication of the MacLagan Committee's report in the year 1915 was usually paying a dividend of 10 per cent and a bonus of 2 per cent; but shortly before the report of the MacLagan Committee was published a rule was passed by the Government of Madras limiting the payment of dividend to 9 per cent, after which the Bank has been all along paying a dividend at the rate of 9 per cent per annum on the paid up value of each share both to the Preference and Ordinary Share holders.

The Working Capital:—As will be seen from the statement published, the working capital of the Bank on 30th November, 1928 was Rs. 1 crore 51 lakhs and odd. This is made up of the Paid up Share Capital of Rs. 5, 99, 850 together with the amounts invested with the Bank under various classes of deposits. On 30th November, 1928, the liabilities of the Bank under various heads of deposits was a crore and 30 lakhs. The deposits are mainly drawn from the professional classes, Pensioners, Local Boards and Municipalities, Madras Corporation and the University of Madras. All classes of the public deposit freely in this institution. The Government have by an Order permitted Government Servants making deposits in the Bank. The Bank's Reserve Fund on 30th November, 1928 was Rs. 9 lakhs. This sum is invested separately in Government Paper. The Bank allows interest on current accounts at 2 per cent per annum between the months of July and

December and $2\frac{1}{2}$ per cent between January and June. On Fixed Deposits the rate allowed is 4 per cent per annum for one year deposits and $4\frac{1}{2}$ per cent per annum for two years. The Bank charges interest on its loans to Co-operative Banks at 6 per cent per annum and on cash credits at $6\frac{1}{2}$ per cent per annum. It has also two drawing accounts with the Imperial Bank of India to the tune of 37 lakhs. On one account the maximum amount of accommodation allowed by the Imperial Bank of India is 17 lakhs and for this, promotes of District Central Banks are offered as security to $1\frac{1}{3}$ times the limit of the accommodation given. The interest charged on this by the Imperial Bank of India is a flat rate of $6\frac{1}{2}$ per cent per annum all through the year. The second account is an accommodation given upon the Government Paper to the tune of 20 lakhs, interest charged being the current, prevailing bank rate. This bank has given cash credit accommodation to the various Central Banks to a limit of Rs. 9.69 lakhs and arranged to increase it up to 15 lakhs.

Employment of Funds: The Funds of the Bank are mainly utilised for loans or advances under cash credit to Central Banks only. By special Order of the Government, loans are also given to Depositors other than shareholders on the strength of their fixed deposits. The ordinary period for which cash credit is given to Central Banks is one year, but renewable by previous application for further periods of one year. The Bank reserves to itself the right to close cash credit accounts by giving sufficient previous notice. The total amount of loans advanced to Central Banks and other depositors on date stands at a figure of Rs. 86,41,000. The Bank generally invests its surplus funds as deposits with other Provincial Banks which on date stands at Rs. 6,30,000. They also invest sums that are not needed for current advances, in Government Paper and thus holds on date Paper of the value of Rs. 56 lakhs and odd. In the year 1927 the Bank tried an experiment to gather long dated debentures for being lent out for long period loans. The Bank advertised for Rs. 5 lakhs of debentures and withdrew the offer after receiving subscriptions to the value of Rs. 2,14,000. The rate of interest offered on these debentures was 5 per cent per annum and the debentures were floated at Rs. 95. They have been floated on the security of the general assets of the Bank.

The slack season for the Bank is generally between the months of June and December. The brisk season generally synchronises with that of the money market and on occasions the Bank takes short period season deposits at a high rate of interest, usually not exceeding 5 per cent as otherwise appreciable capital may be drawn away to other Banks who advertise season deposits at tempting rates

and also to avoid, to a certain extent, operating on overdraft with the Imperial Bank at $6\frac{1}{2}$ per cent.

Profits: Since the inception of the Bank it has made profits to the total tune of Rs. 19,13,587/-and out of this the Bank has built up a Reserve which stands on date at Rs. 9 lakhs. The total amount distributed in dividend to the shareholders come up to Rs. 5,02,024. As already stated the maximum rate of dividend that is paid to the shareholders at present is 9 per cent.

The accounts of the Bank are audited by a certified Accountant who carries on a concurrent audit as well as balance sheet audit of the Institution. The appointment of the auditor rests with the general body of shareholders and has to be approved by the Registrar of Co-operative Societies, Madras. There is only an annual audit of the balance sheet. There is a daily check of the accounts by the paid establishment of the Bank itself. The Bank possesses a building of its own which has been built out of allocations from the profits. As the Head Office of the Bank is situated in a suburban centre, some years back a Branch Office was opened in the busy portion of the city. It is under contemplation to procure a prominent site in the city to put up a permanent habitation for the Bank.

BIHAR AND ORISSA PROVINCIAL CO-OPERATIVE BANK, LTD., PATNA.

The system in force:—This Bank was registered in the year 1914 under the Co-operative Societies Act II of 1912. It is designed to deal exclusively with Central Banks situated in the Province of Bihar and Orissa but may, with the previous sanction of the Registrar, make loans to Primary Societies in areas where there is no Central Bank. For every loan advanced, or Cash Credit granted, to a Central Bank, the previous recommendation of the Registrar, Co-operative Societies, Bihar and Orissa, is required. Before recommending a Cash Credit or a loan, the Registrar inquires into every application through his own staff.

Constitution and Management:—The management of the Bank is vested in a Board of Directors which now consists of 18 members, of whom 2 represent the Guarantee Shareholders, 5 represent individual shareholders, 9 represent Central Co-operative Banks and 1 represents Peoples Co-operative Banks of the Province. The Registrar, Co-operative Societies, Bihar and Orissa, is also an ex-officio member of the Board. Most of the powers of the Board are delegated to a working committee of the Board consisting of 8 Directors. Sir Syed Ali Imam, K.C.S.I., Bar-at-law, is the Chairman of the Board and Rai Saheb Mihir Nath Roy,

B.L., is the Honorary Managing Director, who represents the executive of the Bank on the Board.

The shares of the Bank are of two classes (1) 400 Guarantee shares of Rs. 100 each fully subscribed on 4,000 of which Rs. 5 per share has been paid up. The remaining portion of Guarantee shares is a reserve liability which can only be called up to meet the claim of the Imperial Bank of India under a cash credit of Rs. 4,00,000 granted by it to the Bank against the Pro-notes of Rs. 4 lacs enclosed by the Guarantee shareholders. There are at present only 4 Guarantee Shareholders, each holding shares of the nominal value of Rs. 1,00,000. The shareholders are:—

- (1) Maharajadhira Sir Rameshwar Singh, G.C.I.E., K.B.E., Darbhunga.
- (2) Raja Kirtyanand Sinha Bahadur, Banaili.
- (3) Raja Bahadur P. C. Lall Chowdhary, M.L.C. Purnea.
- (4) Maharaja Bahadur Guru Mahadevasram Prasad Sahi, Hathwa.

2. 3,200 ordinary shares of Rs. 500 each of which 2,416 shares have been subscribed, 310 by private persons and 2,106 by Central Banks and Societies. On each of these shares Rs. 200 have been paid up and Rs. 300 forms a reserve liability to be called up by a resolution of the Board after giving one month's clear notice, not more than Rs. 100 to be called up at any one time and at intervals of three months between subsequent calls. The ordinary shares are not open to public subscription but a qualifying number of shares are usually allotted to those persons whose services may prove to be of use to the Bank and the movement.

The Bank was originally started as a "Book Bank" receipts and payments of cash being made through the cash credit of Rs. 3 lacs granted to it by the then Presidency Bank on the Pro-notes of its guarantee shareholders. With the increase in its business this system was found very inconvenient to the constituents and had to be finally abandoned in the year 1924 and since the date, receipts and payments of cash are made at the office of the Bank. The working expenses of the Bank in the year 1927 were Rs. 19,388 representing 34 per cent of its total working capital on the same date. The Bank maintains a full time Secretary and a staff of 9 members but it possesses no field staff and does not undertake the work of inspecting or supervising the affiliated Central Banks or Societies.

Assets and Liabilities:—The Balance Sheet of the Bank stood on the 15th November, 1928, as follows:—

LIABILITIES.				ASSETS.			
	Rs.	A.	P.		Rs.	A.	P.
<i>Share Capital paid up.</i>				Buildings	38,369	0	9
Guarantee shares	20,000	0	0	Furniture	2,603	5	0
Ordinary shares	4,83,200	0	0	Loans and advantages			
General reserves a/c	2,10,000	0	0	to CBKs & C.S.	40,45,420	9	9
Contingencies a/c	45,000	0	0	Investment in Gov-			
Building	44,900	0	0	ernment and Trust			
Deposits fixed, cur-				securities	15,10,684	12	0
rent and Savings				Fixed deposit with			
Bank	53,12,794	6	11	other Provincial			
Interest payable	17,726	9	8	Banks	9,60,000	0	0
Imperial Bank cash				Interest receivable	10,946	14	9
credit	3,49,567	3	7	Sundry debtors	613	6	0
Sundry creditors	1,312	13	0	Cash at Bank	6,180	13	6
Profit	95,516	3	0	On hand	4,298	6	6
Total	65,79,117	4	2	Total	65,79,117	4	2

Composition of Working Capital:—In addition to the paid up share capital of Rs. 5,03,200 the Bank has Reserves of Rs. 2,99,000 which are invested in the ordinary business of the Bank. Out of Rs. 53,12,794 the Bank holds Rs. 39,75,000 in fixed, Rs. 7,89,000 in Savings Bank, Rs. 4,34,000 in current and the rest as special deposits. On fixed deposits of the public the rate of $4\frac{1}{2}$ per cent is allowed on deposits for one year and 5 per cent is allowed on deposits for two years or more. Central Banks are allowed $\frac{1}{2}$ per cent more on their fixed deposits fixed for a similar period. On Savings Bank accounts a rate of 4 per cent is allowed on the minimum monthly balance on all accounts. On current accounts the Central Banks and Societies are allowed 4 per cent per annum on the daily balance while private persons are allowed the rate of 2 per cent per annum.

The Bank has one Cash credit of Rs. 4 lacs with the Imperial Bank of India at $\frac{1}{2}$ per cent below Bank rate against the Pro-notes signed by the Provincial Co-operative Bank and endorsed by the 4 guarantors and another Cash Credit of Rs. 3 lacs at Bank rate against the Pro-notes of Central Banks. Both the Cash Credits are terminable at will. On the 15th November, 1928, a sum of Rs. 3,49,597/- was drawn from the first Cash Credit.

Employment of Capital:—The funds are utilised in loans and other advances under cash and maximum credits to Central Banks and loans to Societies. Each Central Bank is entitled to have a cash credit of Rs. 15,000 with drawable on demand, and a maximum credit

of double the amount of the cash credit granted to it withdrawable at 7 days notice by transfer through its Cash Credit account. The ordinary period of these credits is one year and the rate charged on advances under these accounts is 7 per cent. The requirements of Central Banks in addition to cash and maximum credits, if any, are met by loans usually made repayable in 4 equal instalments within 4 years. The rate charged on loans to Central Banks is 6 per cent. Cash Credits of Rs. 10 lacs were opened in favour of 65 Central Banks on the 15th November, 1928, out of which Rs. 4 lacs were drawn. The maximum credits were recently introduced with a view to curtail increase in demand liability under cash credits. Maximum credits of Rs. 1,50,000 were granted to 12 Central Banks on the 15th November, 1928, out of which Rs. 70,000 were drawn. In addition Rs. 35 lacs were advanced to Central Bank and Societies, on bonds for fixed periods. The rest is invested in Government and Trustee Securities and in deposits with other Provincial Co-operative Banks.

Superfluous Funds:—The slack season of the Bank, June to August, corresponds with the busy season of the Bengal Provincial Co-operative Bank due to early Jute sowings where a major portion of the surplus funds is annually invested for short or long periods.

Division of profits:—Since its inception the Bank has made profits annually the total of which amounts to Rs. 4,32,400. An aggregate sum of Rs. 2,64,000 has been appropriated to reserves. Rs. 8,000 have been written off as depreciation of furniture and building and a sum of Rs. 1,60,000 is distributed as dividend, bonus and commission to ordinary and guarantee shareholders. The usual dividend paid to ordinary shareholders is 6 per cent plus 2 per cent bonus while the dividend paid to Guarantee shareholders is 6 per cent on the paid up amount of their shares plus commission at $\frac{1}{2}$ per cent on 95 per cent uncalled amount on their shares.

Audit and Supervision:—The Balance Sheet of the Bank is annually audited by Messrs. Lovelock and Levis, Chartered Accountants, Calcutta, appointed on the recommendation of the Registrar, Co-operative Societies, Bihar and Orissa, Patna. The Balance Sheet is audited half yearly by the Chief Auditor, Co-operative Societies, Bihar and Orissa. The daily accounts are audited by one of the Directors of the Bank Rai Sahib Raj Prakash Narayan.

THE ASSAM PROVINCIAL CO-OPERATIVE BANK.

The Bank was formally opened on 17th September 1921. Its authorised capital is Rs. 5,00,000 consisting of 500 shares of Rs. 100 each.

The Bank was fortunate in securing in the beginning a loan of Rs. 2,5000 from the Government of Assam on easy terms. The working of the Bank during the first six months of its existence i.e., from October 1921 to March 1922 showed satisfactory results. Including the Government loan of Rs. 25,000 the bank received in loans and deposits the sum of Rs. 37,354-4 and raised Rs. 19,010 by disposal of shares besides Rs. 312 as entrance fee realised from share-holders, the total receipts amounting to Rs. 56,676-4. Nearly the whole of this amount was invested in loans. The operations resulted in a net profit of Rs. 683-8. Dividend was declared at $7\frac{1}{2}$ per cent on preference shares and at 6 per cent on ordinary shares. During 1922—23 the subscribed and the paid up share-capital increased to Rs. 67,300 and Rs. 33,270 respectively. Deposits from members and non-members amounted to Rs. 78,458-14-9. The repayment by societies were very punctual. The transactions during the year showed a net profit of Rs. 4,542-5-11,

The subscribed and the paid up share capital increased during 1923—24 to Rs. 73,100 and Rs. 36,120 respectively. The working capital increased from Rs. 1,24,068-14-4 to Rs. 16,8,303-8-10. Loans and fixed deposits from members and non-members increased from Rs. 78,458-14 to Rs. 1,06,837-2-7. The total amount due by Central Banks and Primary societies on account of principal at the end of the year stood at Rs. 1,19,473 of which a sum of Rs. 5,147 was overdue. The net profit amounted to Rs. 5,339-8-10.

During 1924—25 the subscribed and the paid up share-capital increased to Rs. 88,300 and Rs. 40,190 respectively and the working capital to Rs. 81,300 and Rs. 40,190 respectively and the working capital to Rs. 1,80,758-11-3. The Central Banks largely utilised the Provincial Bank for deposit of their surplus cash on current account. The net profit was Rs. 5,543-10-10.

During 1925—26 the subscribed and the paid up share capital increased to Rs. 81,900 and Rs. 44,450 respectively. The total working capital increased to Rs. 2,20,127—12—1. Deposits from members and outsiders also increased from Rs. 98,740 to Rs. 1,34,269, testifying to the growing confidence of the public in the stability of the Bank. To meet the growing demands for loans, a fixed deposit of Rs. 24,000 was taken from the Bihar and Orissa Provincial Co-operative Bank. The

repayments of loans were fairly regular and punctual. The operations showed a net profit of Rs. 4,929--1-3.

The subscribed and the paid up share capital of the Bank during 1926-27 increased to Rs. 99,900 and Rs. 49,950 respectively and the total working capital increased to Rs. 2,56,532-14-3. Deposits from members and outsiders also increased from Rs. 1,34,269 to Rs. 1,65,772. A fixed deposit of Rs. 15,000 was taken from the Bihar and Orissa Provincial Bank during the year. The Bank arranged an overdraft from the Imperial Bank of India, Sbillong, Branch by pledging the Government securities held by it in order to maintain a fluid reserve to meet demands for repayment deposits but there was no necessity to draw on this cash credit allowed by the Imperial Bank as the cash balances of the bank were sufficient to meet all demands at any time during the year. Repayments of loans were generally satisfactory. The Bank joined the Indian Provincial Co-operative Banks Association during the year. The operations resulted in a net profit of Rs. 5,880-12-6. The subscribed and paid up share-capital during 1927-28 increased to Rs. 1,37,400 and Rs. 68,700 respectively and the total working capital increased to Rs. 3,02,793-2-10. Deposits from members and outsiders also increased from Rs. 1,65,772 to Rs. 2,08,515. A fixed deposit of Rs. 52,000 was received from the Bihar and Orissa Provincial Bank during the year. The net profit during the year amounted to Rs. 7,453-1-6.

It is satisfactory to note that the Bank was in a position to pay dividends since 1922-23 at the rates of 8 per cent per annum on preference shares and 6½ per cent on ordinary shares.

The salaried establishment of the Bank consists of a part time Manager on Rs. 50 a whole time Clerk on Rs. 40 and a Peon on Rs. 15 per mensem.

On the 31st October 1928. there were 67 members. The subscribed and paid up share capital amounted to Rs. 1,60,900 and Rs. 80,450 respectively. The Reserve fund stands at Rs. 8,722.

G. C. SARMA,

Manager.

144212

BRANCH SYSTEM OF THE BOMBAY PROVINCIAL CO-OPERATIVE BANK.

By MR. V. L. MEHTA.

(Managing Director).

At the last session of the Provincial Co-operative Banks' Conference, considerable interest was shown by co-operators from various provinces in the peculiar system of co-operative finance in Bombay according to which the Provincial Bank continues to deal direct with primary societies and has opened branches in various parts of the Presidency. The Bombay Provincial Co-operative Bank, like the apex bank in Burma, still continues to have large dealings direct with Primary societies, although in Bombay its areas of operations are already defined and delimited and there is neither any overlapping nor competition between two financing agencies in the same area. Some further information on the subject and a detailed description of the system will, however, be useful and interesting, particularly to those who are not connected with the co-operative movement in the Bombay Presidency. When the Bombay Central Co-operative Bank, as it was then called, was started in the year 1911, its area of operations extended over the whole of the Presidency proper, and there were no district central Banks then in existence intended for the financing of co-operative societies. There were, however, some urban banks which along with the business of financing individuals lent their surplus funds to agricultural primary societies. For this reason, the constitution and system of working of the Bank and, hence its subsequent development have been on lines entirely different from the evolution of the central financing system in other Indian provinces, where the provincial banks were brought into existence as apical federations of central banks already in existence. This special position was recognized by the Committee on Co-operation.

Two or three years after the starting of the Bank and with the publication of the Report of the MacLagan Committee the Co-operative Department decided to start central banks for various districts, and some of the urban banks agreed to convert themselves into district central banks. But until the year 1920-21, the arrangements for the financing of societies even in the districts served by such banks were not well-defined. This was especially the case in districts where guaranteeing unions were started. These guaranteeing unions were intended to provide a direct link between primary societies and the Provincial Bank as they undertook the work of supervision and assessment of credit, and, in virtue of the guarantee they provided,

societies affiliated to these unions expected more adequate finance than isolated societies. For these reasons, almost all of the unions were affiliated to the Bombay Provincial Bank, and not to district central banks. In the early days of their existence, it was also difficult for the district central banks to command sufficient resources to be in a position to provide adequate and prompt finance to societies under unions and grant them credits instead of fixed loans. Gradually, as the organization and resources of the central banks began to develop they arranged to take over from the Provincial Bank groups of societies and unions previously financed by the Provincial Bank.

The present position is that out of 26 districts in the Presidency, one in Sind has neither a branch of the Provincial Bank nor a district bank, 18 districts have each a local central bank (one of these has two banks) and seven districts are still within the area of operations of the Provincial Bank. Out of these seven districts, four are districts which are economically and educationally very backward. In three of these agrarian conditions do not appear to favour the spread of co-operative credit, while the fourth is mainly peopled by the Bhils, an aboriginal tribe. One district contains the worst famine zone in the Presidency, and only two of the districts served by the Provincial Bank can be said to be normal. The total number of branches in these districts is 15. In addition, the Provincial Bank has six branches in districts served by central banks for areas definitely excluded from the jurisdiction of existing local central banks, which they are unwilling to take over owing to heavy arrears and other financial complications, or unable to finance owing to paucity of resources even when supplemented by finance from the apex bank. It may be further explained that new branches of the Provincial Bank are now being started only in areas already under the jurisdiction of the Bank, some of which were hitherto being served direct by the office in Bombay and others by branches which sub-divide their jurisdiction for greater convenience of the societies concerned. No Branch is started in an area already covered by a district bank. The main idea in starting the branches and incurring further expenditure on such development is to provide banking facilities in rural areas as near to the doors of agriculturists as possible. At the Provincial Co-operative Conference of 1919, a resolution was adopted calling upon all financing agencies in the Presidency to establish intimate contact with borrowing societies so as to be in position to organize systematic arrangements for the provision of prompt and adequate finance to agriculturists. With its larger resources, it has naturally been much easier for the apex bank than for isolated central banks to progress quicker towards the attainment of this ideal.

The Madras Central Urban Bank. L. (THE PROVINCIAL CO-OPERATIVE BANK FOR THE MADRAS PRESIDENCY.)

Head Office: Luz, Mylapore.

Branch Office: 117 Armenian Street, G. T.

Current Accounts opened free of charge and interest allowed on daily balances at $2\frac{1}{2}$ per cent. per annum.

Fixed Deposits are received for periods of 1 or 2 years or more at rates of interest which may be ascertained on application.

Prudential Deposits (Savings Bank) Accounts opened with a minimum balance of Rs. 5 and interest allowed at $4\frac{1}{2}$ per cent. per annum.

Recurring Deposits. Monthly deposits of Re. 1 or its exact multiple for 24 and 36 months are received. The aggregate amount will be repaid at maturity together with interest at $6\frac{1}{2}$ per cent. per annum.

Provident Deposit. New Scheme of Savings. 6 per cent. Compound interest allowed.

The Government has authorised the Investment in this Bank of the Funds of the Corporation of Madras, Local Boards and Municipalities, and the security moneys tendered by Government, Local and Municipal Servants, Renters and Contractors, and other quasi-public funds.

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