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Editorial Notes

(SOME LESSONS FROM THE WEST)

(i) MR. LIDDLE'S ADDRESS.

It is well known that in our country co-operation mainly deals with credit and therefore it is that the activities of the co-operative movement in England that are concerned mostly with the Consumers' Co operation do not receive as much attention at our hands as they deserve.

The Presidential address of Mr. Liddle at the last annual Conference of the Co-operative Societies in England held in the historic city of York is a masterly review of the situation and indicates the lines of progress in future. It divides itself into two sections (1) drawing attention to the encouraging features of the movement and (2) dealing with the danger spots and sounding a note of warning.

The President said that the success achieved was so great that "Even if nothing greater is accomplished by our children and their sons, co-operators have done enough to earn the blessings of their country and their kind." Those who have followed the activities of the movement through the medium of publications by the Manchester Co-operative Union, such as the Year Book, will not say that this is an unfounded boast; yet he went on to point out how the movement was advancing and at a more rapid rate each year. "Co-operation" said Mr. Liddle, "reveals its strength, when capitalism betrays its weakness." He also added that a careful self-examination was always going on by means of which existing defects are noted and remedial measures taken then and there.

He went on to point out, however, that the average purchase of co-operators was very low taking into consideration the total business of retail societies, and what was worse, a good deal of this business went to encourage capitalistic enterprises. In an ideal state of affairs the total business of all retail societies should be equal to the total business of wholesales, i.e., wholesales must be able to produce and sell everything that co-operators may require. As it is, the English and Scotish wholesales supply only 50 per cent of the business of retails and even of this fraction, their own production came only to 17 per cent or roughly $\frac{1}{6}$ of the entire business of retail societies. That means retail societies are selling goods not produced by co-operative agency and the wholesales sometimes have to act as agents and purchase these non-co-operative goods and sell them to retail societies. They have to go a long way before Consumers' Millenium would be reached when every article consumed will be co-operatively produced and retailed.

The President told the Conference that the huge national and international capitalistic combines will cease to be a menace when the same principle of *rationalisation*, which makes for capitalistic success, is applied within the co-operative fold as well. Retail societies should organise demand and wholesale societies should organise supply and the former should be cent per cent loyal to the latter. He also pleaded for a fixed price system so that the same article all over Great Britain can be bought for the same price in every co-operative store, a thing that has been achieved by capitalistic combines. In the concluding portion of his address he gave an account of the work yet to be done, organising co-operative production on an international scale and linking it on to co-operative consumption. The address, extracts from which are given elsewhere in this issue, will be read with great interest by co-operators in general and by all those who work in the field of Consumers' Co-operation in particular. We would

recommend to Co-operative consumers in this province especially to those in the city of Madras to follow the wholesome advice of the President by rationalising and not allowing our energies to be frittered way by unbusinesslike methods.

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(ii) THE TREND OF BIG BUSINESS.

We reproduce below extracts from an article entitled "In Monopolies Vast Web" containing lessons for co-operators: "Co-operators to-day have to face a mighty trust entrenched in every European country, in America and in many parts of the British Impire. They have to face an enemy that is rapidly acquiring control of the raw materials of almost every article in use in the grocery trade. They have to compete with a combination of firms whose interests are allied closely with those of the leading British banks.

The moral is plain. Co-operators must use their political power to secure public supervision of monopolies. More important than that, they must co-ordinate their economic power, at home and abroad, to defeat the machinations of private interests and to promote the welfare of the Consumers."

These lessons are driven home into the minds of the many readers of our contemporary, the "Co-operative News" by the special Commissioner to the paper, after his having given a detailed account of some of the big combines that have been effected in the grocery line in recent times. The one word that is heard in business circles whether of the capitalistic sort or of co-operative variety, is *rationalisation*, which means avoidance of unnecessary competition and centralisation for the purpose of efficient working of the machinery.

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(iii) C.W.S. BANK

One of the recent achievements of the C.W.S. Bank was to put up its own fine building in the Corporation Street of Manchester. This street, they say, is so full of co-operative buildings that it might well be called the Co-operation Street of Manachester. The service rendered by the Bank to the movement at large is thus briefiy summarised.

"The C.W.S. Bank performs many services for the co-operative movement. It encourages thrift, ensures the safety of co-operative savings, provides money for co-operative expansion at a reasonabel charge and acts as a financial clearing-house through which the lendings and borrowings, receipts and payments of the movement are quickly and economically dealt with. In fact, the bank co-ordinates the financial resources of the movement. It provides the movement with advantages that it could not have, if it had to depend on other banks. The C.W.S. Bank is the voice of the consumer in the realm of finance, and as such is a credit to the British working classes, who have founded and nurtured it."

The service rendered by this bank to various industries brought within the fold of consumers' Co-operative Movement in England is more valuable than what other Joint Stock Banks could have done, as this service is not actuated by any profiteering motive.

It is interesting to be told that 60 years ago when the Bank was started, there was a sharp difference of opinion as to its possible connection with the Wholesale. Co-operators were not wanting, who said that it must be completely separate from the Wholesale or any other co-operative concern. It is still more curious to note that the Law as it stood in England in 1872 could not allow Co-operative Movement to start a banking depattment and therefore the bank was started under a camouflage, its title being "Loan and Deposit" Department of the Consumers' Movement.

Our readers will remember that in this country Consumers' Society could not be started according to the Co-operative Credit Societies Act of 1904, the Triplicane Stores had to be registered as a credit concern with Consumers' Department attached to it! "Necessity is the mother of invention" and Law is circumvented by similar dodges under similar circumstances!

The Bank is exerting its useful influence in an international field of activities and has been financing Wheat Pools and organisations for the supply of Agricultural produce in Australia, New Zealand and Russia. As one of the speakers on the occasion of the House Warming Ceremony said, "the Co-operative Movement has got a message to this age; It is, that peoples' money should be

organised for peoples' use, and peoples' power should be organised for peoples' service." The following figures speak for themselves:

Year.	Number of Current Accounts.	Total Assets.	Turnover.
		£	£
1873	62	188,672	1,581,495
1882	144	214,256	13,772,551
1892	314	605,623	30,679,914
1902	694	1,629,271	84,644,940
1912	987	5,287,227	158,637,300
1919	5,359	10,820,107	522,515,878
1922	16,209	16,444,347	496,600,174
1924	18,732	26,008,232	552,837,668
1926	21,621	28,512,936	632,113,946
1927	23,256	32,857,401	709,458,791
1928	24,520	40,493,056	690,519,531
1929	26,226	43,643,049	725,126,394

Our readers will note that the assets of the Bank in 1929 exceeded three times the revenue of our province and the turnover during that year exceeded three times the turnover of the British Empire in India, taking our income and expenditure to be each 160 crores of rupees.

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(iv) OUR LADY OF THE BASKET.

Bournmouth is a small town in Hampshire situated about 100 miles south-west, by west from London with a population of nearly 60,000 according to the census of 1901. It is supposed to enjoy a remarkably equable climate, being relatively warm in winter and cool in summer, and it has therefore become a sanitorium with extensive suburbs. It was this beautiful town that was the scene of the annual conference of the English Co-operative Women's Guild. It was here that after the men co-operators had met at York and discussed their problems the co-operative women of England who wield a very considerable influence in Consumers' Co-operation met separately to discuss their own problems.

Mrs. Hewitson, the President, made an appealing speech in which she felt sorry that even though there was a labour majority in the Parliament and though there were co-operators in the Cabinet the Co-operative Party did not put up a lady candidate. She pleaded for educating the ever increasing members of the C. W. S. in the principles of co-operation. A true woman that she was, she put in an eloquent plea for peace. "Great Britain is paying interest on the money borrowed', said she, "to carry on war at the rate of £ 100,000 per day. The guild recognises the need for money to be spent in the building up of a nation instead of destroying of the nation." She also pleaded for further educational reforms especially for the beginning of it from the very beginning, for taking care of children in garden-nursery schools.

We are glad to be told that the National Guild has nearly 1,400 branches with a membership approximating to 70,000.

In this country co-operation has not become a live force amongst the women of the land, partly owing to the subordinate position the women occupy in the Indian scheme of life and the time honoured tradition of men alone being the economic units. Our women are still confined to the hearth and the home; and our sisters have not come forward in large numbers to take their legitimate share in co-operation and other public movements. But in these days, when women have been given both municipal and legislative franchise, and when we have distinguished women as Presidents of National Congresses and as Deputy Presidents of Legislative Councils, we should try to enlist the active sympathy of enlightened ladies and strengthen the movement by such enlistment. As we have remarked on a previous occasion the popularising of loans in Urban Areas on the pledge of jewels will bring more and more ladies within the fold of the co-operative movement and will pave the way for their greater participation and ultimately give the movement a higher tone.

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(v) SCOTTISH AGRICULTURAL ORGANISATION SOCIETY LTD. REPORT FOR THE YEAR 1929.

Most of our readers would be familiar with the famous Irish Agricultural Organisation Society known by its well known initials I.O.A.S.; but in England and Scotland as well, such organisations have been started and the report under review is a brief account of the work of the institution during the year 1929. The following extract setting forth the objects and methods of work of the organisation will be found interesting.

"The Scottish Agricultural Organisation Society is for organisation of trading operations connected with farming.

It gives special attention to the needs of occupiers of small holdings.

It is a non-political body, and takes no part in the discussion of political questions.

It is not a trading body, and does not engage in commercial transactions.

It is an educational propagandist body, designed to promote the formation of local co-operative associations for agricultural trading, and to further the work of such associations.

These local co-operative associations are formed for the mutual benefit of their members, in order to purchase the materials required in farming, to sell agricultural produce, to assist them in the improvement of farm live stock, to develop co-operative credit for small holders, and to serve such other agricultural purposes as can best be fulfilled by combined action.

We are glad to be told that the Society assisted farmers' organisations in arranging for the joint purchase of manures and seeds. It has given facilities to constituent associations for the marketing of agricultural produce such as milk, eggs and the like. It is on these lines that we expect agricultural co-operation in this country also to develop.

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CO-OPERATION IN MADRAS.

Rao Sahib T. Srinivasa Rao who is well known to our readers for his enthusiasm for co-operation in general and for effective audit and comprehensive schemes of "Rectification and Consolidation" in particular, gave a speech on a recent occasion which is reproduced elsewhere*. We draw the special attention of our readers, especially of those who are connected with the management of Central Banks, to his indictment against the audit of the District Bank, that such auidt does not reveal the real condition of rural societies and to that extent therefore is defective. He also gave his view that the process of Rectification so far done has neither been adequate nor encouraging, which according to him was due to the fact that the staff employed was not adequately equipped for this special kind of work. He pleaded for avoidance of duplication and the formulation of a clearcut scheme of work, which should be done at each of the two or three visits that the Supervisors and auditors are expected to pay to societies.

* See page 89 of this issue.

He also pleaded for the strengthening of the administrative section of Central Banks and felt glad that at last the apex bank has realised its duty to the movement in general and is liberating vast sums of money to enable its constituent banks to efficiently carry on Rectification and Consolidation.

The authorities of the Central Land Mortgage Bank, we hope, will pay special attention to his suggestion that Land Mortgage Banks instead of being started in new areas for the benefit of new clients, who have not come already within the fold of co-operation, may be started in those places where there are successfully working rural co-operative societies and where the stopping of the old practice of granting ten years loan has caused great hardship. He advocates the transferring of all such loans to the Land Mortgage Banks to be started in such centres after due enquiry. It is a suggestion worth considering and acting upon.

He concluded his address with a plea for hearty co-operation between officials who are intimately responsible for the statutory audit and non-officials who are responsible for administration and supervision. The whole address, we hope, would be read with great interest by co-operators.

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DISTRICT FEDERATION vs. ADMINISTRATIVE SECTION.

An unusual amount of interest has recently been roused in the matter of adjustments of relations between the District Federations and the District Banks as would be seen by the large number of articles upon the subject that appear in this number.*

Between the two extremes represented by South Arcot on the one hand that has refused to start an administrative section, and Malabar and South Kanara on the other coming to look upon the Federation as the administrative section of District Bank, we have all grades of relationship characterised by partial or complete sympathy or antipathy. We hope co-operators in this province have realised the meaninglessness of the old sogan "that finance and supervision ought to be kept separate". That was based upon the mistaken idea that financiers would care only for their own interest and not for the interest of the borrowers. It was based upon what we may call Sahukar mentality attributed to the Bank possibly owing to the existence of individual members; but with the predominence of society members in District Banks,

* See page 105 of this issue.

there has been complete identity of interest between the borrowers and lenders and hence there is no justification for the old apprehension. Some of the Federations were brought into existence when the older idea was prevalent and considering the fact that Federations ultimately depend for their own finances upon the District Banks, and considering also the fact that according to the Townsend Committee recommendations the executive head of both these institutions is to be one and the same person, it is highly desirable that the relationship between two such institutes should become more and more cordial.

We welcome therefore this indication on the part of the Federations to take their legitimate place in the scheme of District Co-operative activity not in opposition to the financing bank, but in hearty co-operation with it, and we hope that this cordial relationship will grow stronger every day and contribute towards the ultimate strengthening of the movement.

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THE MADRAS DT. CO-OPERATIVE BANK.

The Madras District Co-operative Central Bank Ltd., has become an accomplished fact and its bye-laws as registered by the Deputy Registrar on 10—7—1930 are published as Suppliment II to this issue. We noticed already that the various societies in the City were much neglected. Our readers may be aware of the fact that all unions in the city have been abolished and that no Federation has come into existence. The supervision is now left entirely in the hands of the officials. The organisers of the District Bank have a heavy responsibility. They must try to introduce all that has been found good in other places and to see that the existing societies develop both the credit and non-credit organisations in various parts of the city. Our readers are also aware of the fact that the middlemen often take advantage of the city conditions to profit themselves at the expense of the needy. The existing system of co-operative credit must be analysed and a solution arrived at to save all persons who fall into the clutches of the sowcar. The middleman question does not end there. In spite of the various branches of the T. U. C. S., there are several traders flourishing at the expense of the consumers.

There is also a great need for the establishment and development of industrial societies in the City. These special kind of institutions will thrive only when there is effective supervision which can be accomplished only by an administrative section of the new Bank.

Much depends upon the selection of workers to the Board of Management. We hope the co-operators will realise all this and place the bank in a proper and efficient management. Our energetic colleague Mr. G. Sriram Babu Naidu, the organiser, deserves to be congratulated on this first step of success.

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OUR SLIDES.

We have already drawn the attention of our readers to the new venture by our Secretaries in the matter of getting up their first set of slides on Co-operation in this presidency. Elsewhere will be found the circular letter referring to them and a summary of the story illustrated by them. We hope that all co-operators and co-operative institutions will take full advantage of the opportunity afforded to them to carry on effective propaganda among the masses.

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"THE VILLAGE PANCHAYAT"

The Registrar General of Panchayats having abandoned the publication of the Madras Panchayat Bulletin, the Provincial Co-operative Union as a propagandist body, is taking steps to assume its publication, with a view to serve the interests of the masses in all directions. We publish elsewhere the circular issued by the Union in this behalf. We trust that our readers will subscribe for the new publication and patronise it to the fullest possible extent.

Our Manurial Problems and Agricultural Research*

A COMMITTEE ON FERTILISERS AT WORK.

BY

MR. V. RAMADAS PANTULU.

II

(iii) *Farmyard Manure.*—The discussion on other forms of indigenous manures was comparatively less complicated, though not less instructive. Farmyard manure is of course one with which the Indian ryot is most familiar and about the exceedingly beneficial use of which there are no two opinions. By far the most interesting part of the discussion on farmyard manure related to the alleged waste involved in the use of cowdung as manure. The Agricultural Chemist from the Punjab put forward a somewhat strong plea in favour of cowdung being more economically consumed as fuel. He stated that the same amount of heat was given by four annas worth of cowdung, eight annas worth of coal and one Rupee four annas worth of charcoal. He ascertained that an average family used about 2·4 tons of cowdung per year which gave about 6 tons of farmyard manure. This manure, when applied to irrigated land, on the experimental farm at Lyllapur, would mean an increased income of Rs. 52 per annum. But, on the other hand, that family, in lieu of the said extra income from the crops, would have to spend Rs. 84 worth of charcoal to provide fuel for domestic purposes in the place of the dung required as manure. He also said that as dungcake produced an even heat, whereas coal or charcoal burned away quickly, the dungcake was a more economic substitute for coal or charcoal from the house-wife's point of view. Speaking for myself, I was not a little astonished at this strenuous advocacy, backed up by such wealth of learning in the economics of heat, in support of consuming farmyard manure as fuel. *Prima facie*, it appeared to me and, I hope, to some other members of the Committee also, that an active encouragement of the consumption of farmyard manure as fuel was questionable advice and that the data of the Punjab Chemist required further examination. Opinion was expressed, though feebly, that encouragement to grow bobble, casurina and other fuel woods, the mitigation of the rigour

* Continued from page 16 of the July 1930, issue.

of forest laws and other expedients to make firewood available at cheap prices and the putting on the market of suitable chulas to burn other stuffs besides coal or charcoal, must be tried to minimise the use of farmyard manure as fuel. It also appeared that there were great possibilities of successful propaganda being directed to inducing the villagers to burn as little of farmyard manure as possible, if it was inevitable, and not to make and sell extra dungcakes. Further, there seems to be promising future for the greater use of composts, which can be made in large quantities in the villages under proper guidance and instruction by men of the Agricultural Department. The representative from Madras (Government Agricultural Chemist at Coimbatore) said that much experimentation in the preparation and storage of farmyard manure had been carried out in Madras and that the relative merits of loose box, pit and heap systems had been tested. Considerable amount of work on the composting of waste refuse organic material like straws, stubble, sugarcane trash, gunea grass, cotton stocks and pricklypear, was done with successful results. It was generally agreed that for composting, there was no need to use any starter except cowdung or urine. The addition of substances like ammonium sulphate and calcium cyanide was found by the Madras Agricultural Chemist to be unnecessary, as the nitrogen contained in them was lost. The addition of a thin suspension of fresh dung and bonemeal had been found to be satisfactory.

(iv) *Indian Saltpetre.*—Regarding Indian saltpetre, it appeared to me that its case was too readily let down by the Committee. The general opinion of the Committee was that Indian saltpetre was not important from an indigenous manurial point of view. The experts were not satisfied about its beneficial character in the matter of crop returns as compared with nitrogen and phosphates. Moreover, its production did not pay the manufacturers in India, as they had to sell it in competition with saltpetre made in Europe, its price being governed by potash prices in Germany, where owing to large and pure deposits at Strassfurt, the cost of production was lower and the quality better. Its price was also governed by the price of Chillie saltpetre which was another competitor to Indian saltpetre. The price of Indian saltpetre as an industrial product was said to be about Rs. 271 per ton, whereas its value as a manure was about Rs. 187 per ton. These facts operate against its use as a manure by Indian agriculturists. Speaking for myself, I am not quite satisfied whether further inquiry regarding the possibilities of reducing the

cost of production and internal transport of Indian saltpetre should not be made. There is abundant supply of raw material in India, though it may not be of the same purity as that of the deposits at Strassfurt. The information obtained by me shows that, with regard to both the manufacture and transport of saltpetre, various impediments are placed in the path of the Indian producer and trader. It is treated, in the matter of freight, as a chemical manure and the residue as salt manure and not as an ordinary manurial article and its internal transport by railway is made more costly than the transport of Sulphate of Ammonia and other imported foreign manures. There are thus some outstanding questions still requiring investigation in connection with saltpetre.

(v) *Fish and other manures.*—The discussion on fish manure, green manure, night soil, gypsum and some other comparatively minor indigenous forms of manures did not disclose any fresh facts of out-standing importance, nor did it bring to the surface any very debatable issues. In *fish manure*, there has been a fall in the export figure which is about 16,000 tons a year. This was accounted for partly by the tendency for disappearance of fish from the west coast of Madras and the Bombay coast and partly by the greater use of fish manure in the tea gardens in this country. The Chilka lake was pronounced to be an ideal spot for a well-organised fish industry. As regards *green manure*, all provincial representatives agreed that it was beneficial to sugar cane, wheat, and swamp paddy and some other crops. But, the limiting factor is, however, time, for unless rain came in time and green manure had decomposed before Sugarcane or wheat was put, it was of little use to the crop. In Madras, the Punjab and the C. P., the local governments granted exemption from water tax for growing green manure, but the concession was little availed of by the ryots. In the matter of the use of *night soil*, the question whether the popular belief that its use produced any diseases like hookworm or made vegetable less tasty, was discussed. But no definite opinion was forthcoming. *Gypsum* (calcium sulphate) is obtainable from Rajputana and the Punjab and is increasingly used in Bihar. If it can be made available in Madras, it will be a useful manure.

(vi) *Synthetic Nitrogen.*—The question of the establishment ot synthetic proceeses for obtaining combined nitrogen from the air in forms suitable for use as fertilisers, however, seems to have been powerfully supported before the Royal Commission on Agriculture. The

Indian Sugar Committee had gone into the question in some detail and after examining the several processes in use expressed the opinion, that from the point of view of the development of sugar industry alone, a successful introduction of synthetic processes in India was a matter of first importance. That Committee recommended that the possibilities of utilising hydro-electric schemes, which were at that time under investigation in the Punjab and the United Provinces for the fixation of nitrogen, shall be thoroughly examined. The Royal Commission on Agriculture turned down the proposal on the ground that the evidence they took in London and the advice tendered to them by a leading firm of chemical manufactures in England disproved the idea of the scheme being a paying proposition. The evidence on which the Royal Commission acted *prima facie* appears to be of an interested nature. No information was forthcoming at the meeting of the Fertilisers Committee whether any and what action was taken on the Sugar Committee's recommendations and whether any other attempts were made, either by the Government of India or by any of the local Governments, to consult their hydro-electric engineers and other experts on the question and if so with what result. More convincing evidence must be forthcoming to substantiate that what is possible in England, Norway and Sweden and some other countries is not possible in India in the matter of these processes.

THE REAL QUESTION :—PROTECTION.

The real question which the Fertilisers Committee will have to face sooner or later would be how to retain for use in India oil seeds, oilcakes, bonemeal and other indigenous manurial articles and how far a check on export by prohibition or a duty would conduce to conserve and cheapen them for internal consumption. This question was left over for consideration at a later stage on the ground that it would be more profitable to first explore fresh avenues of approach to the Fertilisers problem and see whether the case for prevention of export or levy of an export duty would be strengthened or weakened by such exploration. The relegation of this important question to the concluding stages of the Committee's activities was dictated by considerations of expediency or policy of 'let us wait and see.' The question itself is a very old one, on which expert bodies and economists have already pronounced their considered views and on which the Government of India also gave its decision. The Board of Agriculture at its meetings held in 1917, 1919, 1922 and 1924 gave

the question the fullest consideration that could possibly be given to it. The Fiscal Commission, the Indian Taxation Enquiry Committee and the Royal Commission on Agriculture had all their say on the question. In 1917 and 1919, the Board of Agriculture definitely recommended in favour of (1) the imposition of an export tax on oilseeds and cake; (2) total prohibition of export of bones and fish manures; (3) reduction of railway rates for internal transport of these manures and (4) propaganda by departmental officers in favour of extensive use of these manures in the country. Somehow, since 1922, the Board began to gradually resile from this position. The Fiscal Commission, which reported in 1922, definitely ruled out any measure of protection. The Taxation Enquiry Committee, however, by a majority, supported the earlier view of the Board of Agriculture. The Linlithgow Commission fell in with the view of the Fiscal Commission and stated that it was not by any restriction on trade that Indian agriculture was likely to reap greater advantages. The main argument in favour of this view was of course the proverbial solicitude for the Indian producer and the Indian consumer. The Government of India was very quick in making up its mind on this recommendation of the Linlithgow Commission. A note circulated by the Secretary in charge of the Department says; "The Government of India consider that such export restrictions, whether they took the form of prohibition or of an appreciable export tax, would not be to the advantage of the agriculturists in general." In the debates on this identical subject in the Council of State on two different occasions, the Government spokesmen took a definite stand against all proposals for protection. In these circumstances, it is highly problematical whether the Fertilisers Committee will eventually be able to reopen this matter and even if it does, whether its recommendations will have any effect on the Government. The Government, though it pronounced its judgment and decree on the subject matter of the investigation, curiously enough, did not rule out further argument. The Committee itself is not technically bound by the opinion expressed by the Government on the Linlithgow recommendation. Moreover, the two successive members of the Government in charge of the Department concerned, who participated in the debates in the Council of State, already referred to, concluded their speeches with an observation that the matter might yet form the subject of a fresh investigation by the Agricultural Research Council, under whose prospective establishment, they took considerable shelter in evading many an issue that was raised in those days, if per chance those issues had any the remotest connection with agriculture. It is the devout hope of the poor agriculturists of India that in spite of these severe handicaps, the Fertilisers Committee may yet be able to throw some fresh light on the subject and attempt to convert the Government of India to the Indian point of view.

EDUCATION OF THE INDIAN RYOT IN THE USE OF INDIGENOUS MANURES.

If protection is not the remedy, then what is the alternative proposal to encourage the conservation, cheapening and use of the indigenous manures? The Fiscal Commission, which made its report in the year 1922, against prohibition of export or levy of an export duty, recommended that the Government should carry on propaganda work for instructing and educating the cultivator in the use of these indigenous manures, as the best method of encouraging and popularising their consumption in the country. Sir Maneckjee Dadhabai, who was a member of that Commission, in speaking in the debate in the Council of State in 1929, made the following significant complaint: "We made this recommendation in 1922 and no action has been taken by Government in connection with this matter for the last seven years." The matter does not seem to stop with mere inaction in educating the Indian ryot in the use of indigenous manures. There has been considerable education, instruction and propaganda both by Government departments and by Foreign capitalists among the Indian ryots in favour of artificial imported foriegn manures. One of the most disingenious passages in the Royal Commission's Report is paragraph 90, which deals with a suggestion for the establishment of a central organisation for research on fertilisers. An offer was made to the Commission by two foreign capitalist concerns, the British Sulphate of Ammonia Federation, Ltd and Nitram, Ltd., of a substantial sum of money for use by a central organisation for research and propaganda on fertilisers, if one is set up by the Government. The Commission characterised the offer as being "undoubtedly generous", but had the sense of humour to admit that it was "not disinterested." While not accepting the offer for the reason that "the advice given by organisations interested in the subject matter of investigation would be suspect," the Commission virtually recommended measures which are calculated to effectively promote propaganda and education in favour of those foreign fertiliser concerns at the Indian taxpayer's cost. The matter

was promptly taken up by the Government. A note circulated to the Governing Body of the Agricltural Research Council by the Secretary to the Government of India contains the following statement; "The price of ammonium sulphate and certain other artificial fertilisers has fallen steadily and several departments of agriculture are now in a position to recommend their use for staple crops, such as rice, as well as for the more valuable crops such as sugarcane, tobacco and vegetables." The Agricultural departments are faithfully carrying out the spirit of these recommendations, by receipt of free supply of samples from foreign fertiliser interests for trial and by the fullest co-operation with foreign firms. It is thus clear in what direction propaganda, education and instruction are being carried on among the Indian ryots. The fact that in no province in India and Burma, the Director of Agriculture is an Indian (except in Assam where there is no exclusive officer for the post) is not without significance. The Indian subordinates of these British Directors of Agriculture can hardly be expected to enjoy the freedom or possess the courage necessary to encourage indigenous concerns when such encouragement clashes with the interests of foreign concerns. Thus the plea that the application of indigenous manures should be encouraged among the Indian cultivators by propaganda, education and instruction in their use is utterly illusory. The whole trend of preaching as well as action is in the direction of encouraging the import and use of foreign manures. The process may well proceed too far to be counteracted by the time the Fertilisers Committee makes its report and it is considered by the Government of India and the action upon it is determined after consulting all the provincial Governments, events which may be indefinitely prolonged or never brought to a termination under certain contingencies.

ADULTERATION OF FERTILISERS AND EXPLOITATION OF CULTIVATORS.

The committee also entered on a preliminary discussion of the results so far obtained by the use of artificial manures, as the subject was not excluded from its scope and rightly too. It was brought to the notice of the Committee that various artificial fertilisers of very doubtful efficacy are being put on the market with alluring advertisements, to the financial prejudice of the ryot who is too ignorant and disorganised to protect his interests. The Bihar representative directed much useful and acute criticism to this aspect of the problem. In addition to the familiar names on the market, mention was made of things like Lunophos, Nisiphos, N. C. phos and so forth. By way of illustration as to how the credulity of Indian ryot is sought to be traded upon, one interesting instance may be mentioned. Mr. C. M. Hutchinson, C.I.E., was a responsible official of the Government of India, being till lately Imperial Agriculturist at Pusa. He now belongs to the Imperial Chemical Industries (India) Ltd. On the 12th February 1929, he sent a letter to the Private Secretary to His Excellency the Viceroy, containing information on the results obtained from use of artificial fertilisers on various crops in India. In that letter, which was forwarded to the Committee, he claimed that the results warranted the conclusion that artificial manures would form in India a very valuable and powerful adjunct to improved methods of agriculture, a statement which by itself is unobjectionable. But in illustrating his point in one of the tabular statements prepared by him, he stated that in U.P., in one particular case there was a net profit of Rs. 199-11-0 per acre from the use of 1¼ maunds of sulphate of ammonia. There were other statements of a similar character. No member of the Committee was inclined to treat this statement of Mr Hutchinson seriously. The Chairman of the Committee dismissed it with the humourous, nevertheless partinent, remark that the tables submitted by Mr. Hutchinson were no more authoritative than newspaper advertisements and they should be treated as such—an observation in which the rest of the Committee, including the European experts, concurred. These facts are, I believe, enough to show that the Indian cultivator requires to be protected at least in two directions in the matter of the use of artificial manures: firstly, he must get disinterested and independent advice about the real merits of the manures put on the market and sought to be thrust on him by the agencies dealing in them; secondly, there must be an effective check on adulteration and other frauds by some kind of legislation to protect the Indian agriculturist from being imposed upon by capitalists and middlemen. The need for some sort of legislation against adulteration of fertilisers, on the lines of the British Fertilisers and Foodstuffs Act 1926, seems to have been pressed on the attention of the Royal Commission on Agriculture, but they turned down the proposal with the following observation: "The sale of artificial fertilisers in India is still confined, in the main, to a few firms of high reputation who sell under guarantee and usually deal directly with the actual consumer. The opportunities for adulteration are thus rare." The members of the Committee, most of whom are in direct touch with agricultural operations and are familiar with the fertilisers

that are being advertised and sold to the cultivators, did not seem to share the easy optimism of the Royal Commissioners. So, the Committee, while being provisionally of the opinion that an All India Fertilisers Act was necessary, recommended that the provinces should, between now and its next meeting, when the question would be further considered, examine the necessity for such an Act.

PUBLICITY ARRANGEMENTS.

In concluding this preliminary survey of the programme of Fertilisers Committee, I wish to say few words about the publicity now vouchsafed to research in agricultural problem under the ægis of the Imperial Council of Agricultural Research. I was asked by several friends even at Simla, some of whom were legislators or high placed Government Officials, what the Fertilisers Committee was and who set it up. This is not surprising seeing that the work of the Research Council and of its committees is hardly known outside the four walls of the tiny Rock-house at Simla or of the cells which form a sort of appendix to the "Education, Health and Lands" block of the Imperial Secretariat at Delhi. The Council is not entirely a department of the Government; it is a semi-official research body registered under the Indian Societies' Act. But the exclusive association, in the past, of agricultural research with purely government departments of research and the traditions and training of the official experts, militate against the adoption of familiar methods of publicity calculated to ensure due and wide dissemination of information regarding the Council's work, some of which is likely to prove extremely useful and of real interest to the mass of agriculturists. Unless a radical change is effected in the manner of conducting the business and publishing the results of the work of this new Central Research Organisation and its committees, and a fresh outlook brought to bear on the conception of the Council's functions as aids to general agricultural development, their labours will not evoke any interest or enthusiasm among the people. As the Vice-Chairman and the Secretary of the Council, in executive charge of its affairs, are not controlled, though guided, by the experts, and possess wide administrative experience, and are not unfamiliar with Indian rural sociology and methods of approach to the people, it may be hoped that more effective methods will be adopted to popularise the institution and its work in future. A well-constituted Publicity Branch, the staff of which is controlled by the Governing Body and not by the experts, will, in my opinion, go a long way to remedy the defects in the existing arrangements for publicity.

Administrative Section in Central Banks.

By Mr. R. Krishnaswamy Iyengar.

The editorial notes in the June part of the Madras Journal of Co-operation under the marginal note 'Lapse and wastage' allude to omission and commission that have led the Co-operative Movement to its present condition of ever increasing overdues. It is said "many of the Financing Banks have begun to realise their responsibilities in the matter and have employed an adequate field staff and are liberally subsidising Unions and Federations in their work of rectification". Though information regarding permanent results of such work in the reports available is not vouchsafed to us, a triple classification of societies in every district is suggested for compliance by the Department, at least in future. Now that, under the re-organisation scheme which has been introduced, most of the districts have a Deputy Registrar with a Sub-Deputy as his Personal Assistant, it should certainly be possible for the department to supply the useful information for the scrutiny of the Co-operative public. The District Officers should make it a point to make quarterly inspections of Unions and Federations and publish a general review of the work of those bodies so that the work turned out by them may be in evidence with a view to suggest improvements whenever necessary. My own impression is that enough outturn of work is not effected in proportion to the expenditure incurred on their maintenance.

2. The success of the Co-operative movement depends on the same individual not being connected with several institutions and each doing the business legitimately devolving on the particular organisation without encroaching on the work of other institutions. The scope of and, duties devolving on, various institutions are not clearly understood by Co-operators whose ignorance contributes to stout opposition to the introduction of measures intended to reform institutions.

3. From about the time of the Townsend Committee, in view of the low level of efficiency of the supervising unions, it was felt necessary, as if to aid them in the task in a way, to constitute administrative sections in the Central Banks' staff. The employment of field staff, not to speak of in-door extra staff was the most

important factor that appealed to us. About two years ago, I wanted to introduce it in the South Arcot Central Bank as by that time the Central Banks' Conference and the Board of Management of the M.C.U.B. and prominent co-operators had blessed that policy and requested the Central Banks to do so. Stout opposition was presented to it and the matter was hanging fire till 29—6—30. It was being deferred for no satisfactory reason and was thrown out by a small majority on 24—12—29. When the matter came up before the general body on 25—12—29, it remitted the matter back for re-consideration by the Board of Management without expressing any opinion. The implications of this resolution are obvious. It was naturally expected that, in face of the imperative need for it, judged by the state of affairs existing in the societies, it would be passed. But at a meeting of the Board of Management held on 29—6—30, a society representative moved that there was no need for an administrative section. Another society representative seconded it. This motion was passed with the result that a salutary reform that was sought to be effected in the management of this Central Bank for the past two years was rendered impossible.

4. Let me here pause and consider the reason urged against it. Nothing was said except that friction would result between the Banks' Inspectors and the Supervising staff. I should think that this is wholly a pretext. The real reason lies either in total ignorance of what the Inspectors are expected to do or in the desire on the part of the society section to see that the illegalities, irregularities and I may say even the crimes committed in few of the societies, are kept out of the view of the Banks' executive through their own agents lest drastic steps should be recommended to be taken.

5. I shall try to dispel the ignorance if that exists. Some factors have to be borne in mind in considering this question. The Panchayat and the office bearers of primary societies have certain duties to perform. They chiefly consist in the proper distribution and collection of loans and observing other by-laws that contribute to good management. If this is done by all societies there is no need at all for other organisations. Human nature being what it is, supervision has become necessary over these societies. With this object in view non-official supervising unions have been organised. The management devolves on a governing body consisting of seven or nine members as the case may be. A supervisor or two constitute

the paid staff. The employment of a clerk in additiou is very rare. They are expected to turn their attention to :—

(1) the development of work of the affiliated societies,
(2) the recommendation of loans to the primaries,
(3) the exercise of careful and regular supervision over societies to settle matters of common interest etc.,
(4) organise fresh societies,
(5) act as agents of societies,
(6) control and supervise primaries,
(7) see that general body meetings are duly held,
(8) teach office bearers,
(9) pay the supervisors appointed for them by the Federation,
(10) exercise general control over the Supervisors,
(11) depute a member of the governing body to inspect the Societies and offer advice,
(12) annually check the credit of Societies,
(13) convene meetings of societies through the deputed members,
(14) arrange for the monthly submission of accounts by societies and pass remarks thereon for the information and guidance of societies and to call for a list of defaulting borrowers in societies to advise societies thereon, and
(15) furnish financing Banks any information required to satisfy itself as to the financial condition of societies which have borrowed.

The responsibilities of Unions should include the following as mentioned at pp. 70 and 71 of the Townsend report :—

(1) To check all cash books, ledger etc., entries, verify vouchers, and check interest calculations ;
(2) to ascertain that loans are granted to proper purposes and on adequate security and are paid to the proper parties and that the time for re-payment is fixed with reference to the ability and convenience of the borrower ;
(3) to examine repayments to see that there are no book adjustments ;

(4) to see that extensions are given when necessary and only when necessary ;
(5) to see that the Panchayatdars do not take advantage of their position by benami loans or otherwise ;
(6) to see that general body meetings are duly held ;
(7) to see that office bearers and members understand their rights and responsibilities and take a proper interest in their society ;
(8) to rectify any irregularities brought to light in the Audit reports ; and
(9) to prepare the Statistical returns, if necessary.

Now I may be permitted to ask if all these directions are complied with in practice. If they are, the situation to-day ought to be brighter than we find it. If not, something must be done to prevent the consequence of non-observance of the duties by the Unions' authorities.

6. At the top of the Unions there is the Federation which has been formed in recent years with a view :—

(1) to develop, assist and co-ordinate unions ;
(2) to give financial help to them ;
(3) to arrange for supervision of non-affiliated societies ;
(4) to arrange for the audit of limited liability societies affiliated to itself ;
(5) to organise supervising or audit unions ;
(6) to settle budget for the unions ;
(7) to inspect unions ;
(8) to inspect societies at the request of Unions or the Bank ;
(9) not to interfere with the internal management of the Governing Body of any Union or the Panchayat of any society ;
(10) to convene special meetings of unions, get and review periodical reports of unions ;
(11) supervision of unlimited liability societies not affiliated to any union, but affiliated to it, by themselves or by other agency ;
(12) to employ reserve Supervisors ;
(13) to attend to audit, if need be ;
(14) to train workers ;

all information that may be required by the latter and if the working of either a society or a union seemed unsatisfactory in the opinion of the bank, the Union and the Federation respectively should rectify the same and when both these institutions failed in their attempt, the matter should be taken to the Registrar's notice, for such action as he may deem fit, including an inquiry under section 35 and liquidation and the same is embodied in the model by-laws.

4. Of late there has been a move on the part of the District Banks to form administrative sections perhaps with the idea of either replacing the Federations or supplementing their work of supervision and the Madras Central Urban Bank also is said to favour and foster this scheme by granting contributions. The administrative section of the Bank cannot show better results than that of the Federation for stringent control by whatsoever agency is resented by Unions even though these bodies consist only of their representatives and others co-opted by them; much worse will be the condition if the administrative committee is indifferently constituted and consists of only a minority of Union representatives or none of them.

5. The rectification and consolidation work of societies can be better done only by people who try to help the societies as one of them and not as a superior person coming from a higher institution in a spirit of condescension; this may not be possible even to federations in spite of their main function being educative propaganda, to such an extent as it will be possible to unions; much less will be the chance of success when the work is undertaken by the financing bank. The administrative section of the bank can fare better only as a loan collection agency.

6. The present control of Federations over Unions is considered to be too stringent because of the defects hereunder noted and they are to be remedied early if the latter are to serve as useful and honourable links in the co-operative movement.

(a) *Dual Control of Supervisiors.*—The Supervisor works in the Union as a direct subordinate of the Federation. His tour programme is approved by the Union while his diary and pay bill are checked and passed by the Federation. Casual leave is granted by the Union and other kinds of leave by Federation. Minor punishments are inflicted by the Union while punishments of a serious nature rest with the Federation. A supervisor who is condemned by a

Union either for his misbehaviour or slip-shod work is often condoned by the overgenerous Federation. It is therefore proper and necessary that the supervisor should be a direct subordinate of the Union under the sole control of the Governing Body of the Union.

(b) *Financial Independence.*—The system of centralisation of the Supervision Fund and the Bank rebate in the Federation and the distribution of the same to the Unions is not appreciated by the Unions, as it makes them depend upon the good will of the representatives of other Unions and the Bank as well. Even the Unions that were financially bad when the supervision fund and Bank rebate were being paid at the rate of 4 as. for every Rs. 100 of transactions cannot but be self supporting at the present enhanced rates. Under the present system of centralisation of funds Unions which are financially poor, instead of improving their finance by increasing the transactions of their societies try to get more funds by mere canvassing. The richer Unions naturally think that they are unduly starved and that their excess funds could, if left to themselves, be well utilised for the further development of the movement in their own area. Several items of expenditure that are not even thought of when poor Unions are independent are pressed with much vehemence upon the Federation. The entire supervision fund and a certain percentage of the Bank rebate may be pooled by the District Bank in the name of the respective Unions and the other portion of the rebate credited to the Federation, and all financial conflicts *inter se* avoided.

(c) *Budget Approval.*—The Budget control also is resented by Unions. The movement may not lose anything by there being no control of the budget except that of the general body of the Union.

7. Under the circumstances, it is up to the non-official co-operators in the Presidency and the Registrar to see that the by-laws of the Unions, District Banks, District Federations, Linguistic Federations and the Provincial Union are suitably ameneded to enable them to work in peace and harmony and discharge their functions most satisfactorily with little or no room for unpleasant differences. Any indifference or delay in the matter may give cause to further serious differences of views and splits in various institutions.

A Note on the above

BY

MR. V. KRISHNA MENON.

(Hon. Secretary, The Malabar District Co-operative Bank.)

I do not wish to enter into a controversy about the question of relative efficiency of supervision by Central Bank and supervision by Federation as I don't think any good purpose will be served by raising a controversy on this subject now. Very often human judgment is swayed by predilection of mind and it is not possible to convince anybody by an argument unless there is an attitude of mind favourable to the reception of argument.

Mr. Nallakuttalam Pillai remarks that Central Banks can pay their attention only to the financial side of the movement and the intensive educative work necessary for the development of the movement must be entrusted to a separate agency, namely Federation. This view is held by many honest co-operators in this Presidency. This argument could have some force when the interests of individual members were predominant in the Directorate of the Central Banks. I cannot understand why societies' representatives in the Directorate of a Central Bank should forget that they work for the benefit of societies whom they represent. A Federation is chiefly composed of representatives of societies. What they can do in the Federation can very well be done in Central Bank by its own Directors who are representatives of societies.

Another argument against introduction of administrative section in Central Bank is that interference of Bank's representatives with the affairs of local unions is resented by the latter. This state of feeling will cease to exist when societies send proper delegates to the Central Bank.

The question of increasing overdues in societies has to be solved and all differences of opinion and division of work into compartments should be stopped at least for some time. Of all the defects that exist now in the movement, want of business methods in co-operative societies is the most serious and for removing this defect, conversion of the Federation into an administrative section of the Central Bank seems to be necessary. There may be many who are opposed to this view. It is natural as differences of opinion will always exist on any subject.

Scheme for Creation of an Administrative Staff in the District Bank.

BY MR. KRISHNA MENON, *(Secretary).)*

The Townsend Committee has recommended that Central Banks should maintain an administrative staff for inspection of societies affiliated to it and for creation of a complete information register about these societies. This subject was discussed at great length at the last Madras Provincial Co-operative Conference, Bankers Conference and at a meeting of the Board of Management of the Madras Central Urban Bank and the consensus of opinion was that all Central Banks should maintain an adequate staff for inspection, rectification and consolidation of primary societies affiliated to them. How far this suggestion would come into conflict with the working of the District Federations was also considered at those Conferences and it was resolved that even in Districts where the federations are working efficiently, the necessity for creation of an Administrative staff in the District Bank is very great. In accordance with this suggestion, the Madras Central Urban Bank, at a meeting of the members of the Board of Management held on the 18th April 1930, resolved to set apart Rs. 50,000 for subsidising such Central Banks as are willing to take steps for rectification and consolidation of societies. They have also specified under what conditions the Central Banks would be eligible for the subvention. Conditions specified are :—

(1) That every Bank must at least maintain one administrative clerk to compile, collate and keep up-to-date the history of the societies financed by it.

(2) That every bank should have at least a few inspectors to look after the financial interests of Central Banks, the number of such officers bearing a responsible proportion to the number of societies and the volume of transactions as well as the efficiency of transactions between primary societies and their members.

(3) Each Central Bank must be requested to forward a scheme showing the proposals for carrying out the work in its jurisdiction for approval of the M.C.U.B.

(4) That the Central Banks do make themselves responsible for the work and for the submission of regular reports, statements and other information required of them periodically by the M. C. U. B.

(5) That the Central Banks do have a paid whole time employee at the head of affairs to effectively control and manage this work.

(6) The subvention allotted be paid in quarterly instalments.

(7) The continuance of the subvention be made contingent and conditional on the receipt of quarterly reports and their satisfactory nature.

(8) The amount of subvention granted should normally be half the budgeted expenditure and will no case exceed the amount spent by the Central Bank.

(9) The amount contributed by the District Bank for the purpose should be over and above its statutory obligations.

Considering the existing number of societies in this district, an administrative staff consisting of (1) a special executive officer for controlling the administrative staff and (2) ten Inspectors would be required. The creation of this staff would involve an annual expenditure of about Rs. 9,000. From financial considerations it may not be possible to employ the ten inspectors in the first year. From the beginning of the ensuing co-operative year an additional staff consisting of one Executive Officer on a salary of Rs. 75 plus 15 and 5 Inspectors on a salary of Rs. 50 plus 15 each may be entertained. This establishment will cost about Rs. 5,000 a year. The Madras Central Urban Bank has agreed to pay half of the actual expenses incurred by the Central Banks for the creation of an administrative staff subject to a maximum of Rs. 2,500. Under this scheme, the bank will have to provide for an additional amount of at least Rs. 2,500 during the ensuing year.

Employment of an Administrative staff by the Central Bank will do away with the necessity of employment of higher grade supervisors by the District Federation. At present the District Federation employs 4 higher grade supervisors whose duties are rectification and consolidation of bad societies. When two sets of Inspectors controlled by two agencies work side by side there is often possibility for conflict and over-lapping of work. I would therefore suggest that the higher grade supervisors now employed by the Federation be added on to the Administrative staff to be created by the District Bank and the amount of annual rebate payable to the District Federation by the District Bank be reduced by an amount equivalent to the establishment charges now incurred by the Federation for these higher grade supervisors.

M. R. Ry., K. L. Narasimha Rao Avl, Advocate, Madras and member of the Executive Committee of the Madras Provincial Co-operative Union paid us a visit lately and he took part in the discussion carried on by the members of the Executive Committee of the Federation and those of the District Bank held on the 8th June 1930. He was strongly of opinion that time has come for seriously considering the defects in the existing system of financing and supervising of societies affiliated to the District Bank. He was able to convince some of us that in the separation of supervision from finance there is real danger and most of the defects such as overdues, grave irregularities in some of the societies and unco-operative methods adopted by the some of the panchayatdars of societies are the direct outcome of this separation.

Under the present constitution of the District Bank, representatives of societies preponderate in the Board of Management and the management of the financing Bank is practically controlled by them. Such being the case creation of another organisation consisting of the representatives of societies again for controlling supervision of societies appears to be unnecessary. A separate establishment charges, office expenses, travelling expenses of members of the Board of Management and of the Executive Committee and other expenses for the maintenance of the Federation are unnecessary drain on the slender resources of the Co-operative funds. The functions now exercised by the Board of Management of the Federation can very well be undertaken by the Board of Management of the District Bank and the District Federation with its executive officer may be converted into an Administrative section of the District Bank exercising all the powers now vested in the Federation.

The financial condition of the Federation is far from satisfactory. A good deal of this unsatisfactory state of affairs is the result of the short sighted policy of the local union authorities who under a false sense of prestige consider that the duty of collecting supervision fund and paying the supervisors should vest in them. Nearly 50 per cent of the supervision fund in the district is now left uncollected and at no time is the Federation free from financial difficulties. For the regular payment of the establishment employed by it and for supplementing the resources of the local unions whose income is not adequate for meeting all their expenses, the District Federation has to borrow from the District Bank and the sum so far lent by the District Bank for the maintenance of the Federation in the current year amounts to Rs. 7,000 and there is no immediate possibility under the existing circumstances of placing the Federation on a more sound financial basis. The conversion of the Federation into an administrative section of the District Bank, placing all supervisors under the control of this administrative section and entrusting the duty of collection of supervision fund to the District Bank will remove most of the defects pointed out above. It is for the Directors to face the situation in a bold manner and do what is required under the present circumstances without being influenced by an imaginary fear that by the adoption of this suggestion the prestige of the local unions would suffer.

My suggestion, therefore, is that from considerations of economy and efficiency, it is better to convert the existing Federation into an administrative section of the District Bank and the duty of controlling, co-ordinating and improving the supervising staff in the Executive Officer and the President of the Bank under the general control of the Board of Management of the Bank.

If this suggestion is not acceptable, my alternative suggestion is the creation of an administrative staff in the bank consisting of 6 Inspectors and one Executive Officer to begin with, to be gradually increased to 10 administrative inspectors as funds become available. This administrative staff should be augmented by the transfer of the higher grade supervisors now working under the Federation, making the necessary alterations in the rebate payable to the District Federation by the District Bank. These ten inspectors will exclusively devote their attention to the rectification and consolidation of bad societies. The copy of the inspection report received from the Joint Registrar, who visited this district lately, draws pointed attention to the necessity of taking energetic steps by creation of additional staff for the collection of overdues. The employment of an additional staff now suggested would go a long way in carrying out the suggestions made by the Joint Registrar.

Recent Utterances.

THE PRESENT STATE OF THE CO-OPERATIVE MOVEMENT IN MADRAS

BY

RAO SAHEB T. SRINIVASA RAO

Let me first convey my thanks to the organizers of this day's celebration for the honour they have done me by inviting me to preside over it. Reluctant as I was to accept the invitation for the simple reason that it should go to a far worthier co-operator than myself, I finally made up my mind to accept it, in the hope that the views of an humble worker like myself may not be without their own use in the day to day administration of the movement, which admittedly calls for improvement and reform in several directions.

At the time I accepted the invitation I was not aware of the proceedings of the Standing Committee of the All-India Co-operative Institutest Association passed at their meeting held at Bombay on the 19th April last, by which the Committee resolved that the 1st Saturday in November be observed as the All-India Co-operators' Day, commencing from this year. I also find that this resolution was arrived at in consultation with the Institutes and Registrars of various provinces, and Indian States. It seems therefore to be in the fitness of things that the organizers of to-day's celebration should come into a line with the decision of the All-India Co-operative Institutes' Association. And I trust this will happen in future.

PURPOSES OF THE CELEBRATION.

*It is said that the Annual Celebration of the International Co-operative Day is intended to serve certain definite purposes. First and foremost, it is intended to emphasise the fact that Co-operation is an international movement that unites all the peoples of the World in one grand democratic confederation. It is further said that, internationally, the Co-operative Movement stands for the removal of all economic barriers and other hindrances to the free intercourse of the people of every land, for the establishment of economic co-operation between the nations, and as a natural corollary universal peace. The appropriateness of these statements in regard to a subject nation like India is open to question. Let me not deal further with this aspect, lest we should enter on the

*Presidential, address at the Eighth International Co-operators' Day Celebration, (5th July 1930) Madras City.

domain of politics from which, however difficult it be to do so, co-operation had better at any rate in the present condition of the country be kept clear.

EXAMINATION OF OUR PRESENT POSITION.

In the second place, it is said that the Co-operators' Day has value, because it gives the Co-operators of each country an opportunity to demonstrate their growing strength. Leaving alone other purposes for which the celebration is intended, let us avail ourselves of the present opportunity to examine our position in this province, with a view to ascertain our strength for our own satisfaction, if not for demonstration. Quantitatively, we may be progressing, though even in that direction the progress is not very much. The progress might, however, be a matter for satisfaction, provided the progress was sound and safe in point of quality. Co-operators are doubtless aware of the findings and observations of the Committee on Co-operation in Madras, which reveal that the present situation is serious and in some cases even hopeless; and that immediate attention is called for in a variety of directions, in order to remove the anxiety felt in the matter and to restore the finances of the movement to a sound, stable and secure position. The Committee's report was published over two years ago. The seriousness of the situation, however, had not failed to attract the attention of the Central Banks' Cenference and the M. C. U. B. even two years previously; and since then these institutions, as well as the Provincial Co-operative Conference, have been constantly drawing attention to this subject. These remarks. I need hardly say, relate to rural societies. These, in fact, form the basic foundation of the credit movement in our province. Apparently satisfactory balance sheets of financing banks form no criterion for assessing the real financial worth and stability of the movement, notwithstanding the fact that the bulk of the working capital is found by them. There is no doubt that these balance sheets ought to furnish the right criterion, but unfortunately they do not do so, the reason being that in the audit of financing banks the audit of the rural and other primary societies financed by them is hardly taken into account. If therefore we desire to know the true financial worth of the movement, we should go to rural societies. But their condition, as described above. is far from being satisfactory. Notwithstanding the attention bestowed during the past four years and more in the matter of resuscitation of rural societies, the progress is neither adequate nor even encouraging. The bulk of the work yet awaits to be tackled in almost all districts of the presidency. I make these observations from my personal knowledge of conditions obtaining in some districts and from the knowledge derived from my official connection with the M.C.U.B. as a member of its Executive Committee for about four years. A certain amount of plain speaking is necessary in order

that I may acquaint co-operators with what I consider to be the reasons for the inadequate and unsatisfactory progress. It is not that Central Banks and Federations are not alive to the realities of the situation. It is not that Central Banks generally hesitate to entertain additional establishment for tackling the work. Yet, as just observed, the progress is neither adequate nor encouraging. The reasons are multifarious and their enumeration will not, I think, be out of place on an occasion like this; for, without a correct understanding of the reasons, the attainment of the desired results may not be possible.

EFFICIENT CONDUCT OF WORK IN SOME DISTRICTS

I am aware that in some districts the work of rectification is in charge of able hands and conducted on lines which others may well copy. But a detailed account of the mode of operations in such places is not already available to co-operators elsewhere. I trust that the experience gained in those districts will be made available for the benefit of the rest of the province.

REASONS FOR LACK OF ENCOURAGING PROGRESS ELSEWHERE.

To proceed with the reasons referred to:

To begin with:—Localities are not wanting in which responsible co-operators in charge of central banks and federations advocate the idea that (in the words of the Report of the Committee on Co-operation in Burma) " all would come right with patience and forbearance". This view weighs unduly with the governing body of unions and panchayatdars of societies and tends to detract from the instructions issued to them, whether from official or non-official sources.

2nd: It is overlooked that co-operation is essentially a business and that it is necessary to maintain a minimum standard of efficiency; and that towards this end, when it is found that proper men to manage are not forthcoming in rural societies, the union has to supply the void, as without doing so due transaction of business cannot be assured; and that, when the union cannot or will not act in this respect, the federation or the bank must of necessity undertake to do so.

3rd: Localities again are not wanting where responsible co-operators deem it unnecessary to institute an individual examination of overdue debts and valuation of securities for outstanding loans, notwithstanding that these processes form the very first step in any scheme of rectification. When on discussion they are convinced that such examination and valuation are indispensable, they begin to question the practical possibility of conducting them, ignoring that they cannot otherwise, on the one hand, discharge the trust reposed in them by the vast body of investors of money in the movement, individual as well as quasi-official; nor, on the other, even serve the very interests of rural co-operators whose welfare they profess to look after. This kind of non-official mentality finds consolation in the rather indifferent kind of attention which the requirements of section 17 of the Co-operative Societies Act receives at the hands of the Government staff of auditors in the matter of examination of overdue debts and valuation of assets and liabilities.

4th: The union supervisory staff and the special staff employed on rectification by the bank or the federation, having their being and moving, as they actually do, in an atmosphere surcharged with such ideas as those described above, it is no wonder that the very responsible and onerous task of rectification is now found to be in its present plight. I am in a position to bear personal testimony to the pathetic plea of some of the members of the subordinate supervisory and even the auditing staff that they do not know how exactly to discharge their difficult duty. There is no gainsaying that they stand in need of guidance along right and practicable lines. Unless therefore forces are brought into operation which will counteract untenable and unbusinesslike ideas, it will be futile to expect much useful work from the subordinate staff.

5th: The men employed on rectification work, even when selected out of those who come out with a pass certificate from one of the training institutes, stand in need of a special course of training in the work of rectification and consolidation. When, however, as often happens, they are detailed to duty without such special training, they at once succumb to the prevailing atmosphere and get into the very, tardy and unsatisfactory methods of business, which they are intended to correct. The want of such special training is a great handicap. The supervisory staff now employed in unions also require the special training.

6th: The special training would not suffice by itself. The field work of the staff requires periodical check and the work in general also requires due regulation, and control, from one who is decidedly superior to them in merit and qualifications, possesses administrative experience, and can exact work and command and enforce discipline. These conditions do not obtain in several localities. A full-timed officer possessed of these qualifications must be in charge of the work. Or, the money spent on supervision and rectification may not be usefully spent.

7th: Until recently such a full timed officer was not available. This defect has since been supplied in some localities by the appointment of an official designated the "Executive Officer of the Federation". I am afraid, however, that the services of this officer are not at least in some areas utilised for the purposes for which he is intended. The reasons are multifarious. At least in one district even the President of the Federation did not know what work to get out of that officer. In another district the executive officer is sought to be treated like any other

subordinate employed on supervisory work. In a third district, the president of the bank who is virtually running the federation does not know precisely what work the executive officer is doing. In yet another district this officer would carry on correspondence with the officers of the department, without the knowledge of the president. The position and duties of this officer require to be defined.

8th: The executive officer himself though selected from the grade of departmental inspectors is in need of special training for due discharge of the onerous duties of his responsible office. While training in the case of any candidate to this office is necessary, it is all the more necessary in the case of a departmental subordinate, in order that he may first shed certain pre-formed notions as to his duties, which may or may not be consistent with the main idea of rectification as understood by non-officials and set forth by them in resolutions passed from time to time by various non-official organisations.

9th: Absence of co-ordination of work between unions on one side and the central bank and the federation on the other is of no less importance than any other in the consideration of the various factors which account for the present environment. The centralization of authority in the federation has resulted in one thing—a considerable addition to expenditure on supervision, unaccompanied however by adequate correspondence in efficiency of supervision. It is not often recognised that a high degree of efficiency cannot be expected from the union, now or for a good length of time to come, for reasons too obvious for mention. There is under present conditions a limit to the height beyond which unions cannot or will not rise, and the institutions higher up in the hierarchy will do well constantly to bear this factor in mind. There is hardly any reason—except want of organisation, regulation and control—why, to the extent of his capacity and qualifications, the union supervisior's services should not be fully utilized, which is hardly done now, as the M.C.U.B. inspections of central banks have amply shown. Nor again is there any reason why due use should not be made of the union governing body members as well, if only the inclinations, capacity, preparedness and willingness for work, on their part, individually, be studied, and each governing body member allowed to contribute help in his own way. The work is too heavy and onerous to discard willing help, however small, and from whatever source forthcoming. To expect the union generally to do everything necessary to pull up a society is in most cases to court the impossible. Get as much as you can by enforced discipline from supervisors, and by willing consent from governing body members; and yourself arrange for the completion of the rest. This should be the present policy of the higher agency. Here again organization and regulation are prominently wanting.

10th : There is considerable distinction between the kinds of work awaiting attention in the first visit to a society, with the commencement of a co-operative year, and of work requiring attention in the second and subsequent visits in the course of the same year. This distinction is rarely recognized, as is obvious from the fact that the same form is used for reports of all inspections, initial as well as subsequent, with hardly any discrimination of the purpose of each of such visits ; and this has resulted in vagueness and indefiniteness in transaction of business, not only in unions and the higher supervisory staff, but also in the bank and the federation. Suitable forms require to be prescribed one for the initial, and the other for the subsequent, inspection. These will quite serve rectification work, as the work going by that name is no other than what, in a duly regulated plan of work, will have to be done almost every year, the only distinction being that in the so-called rectification work we seek to atone for the accumulated sins not of one year but of a number of years. Further, the forms divised should be such as will, under present conditions, not only actually help the inspecting staff in the discharge of its duties, but also help and facilitate the work of the higher authorities in due execution of the entire scheme of rectification and sonsolidation.

11th : Unions, the federation and the bank find it difficult to comply with certain departmental instructions, but they rarely move to find out how else the purpose of the instructions may be fulfilled. To quote only one instance : In a recent issue of the Madras Journal of Co-operation, we find published a letter addressed to the Registrar by the secretary of a district federation, stating that is impossible to obtain monthly demand, collection and balance statements from societies or send consolidated demand, collection and balance statements to the bank or the department. The collection work, however, does call for regulation and control. If societies and unions cannot or will not send demand, collection and balance statements, things cannot be allowed to rest there. If only the individual examination of overdue debts is done, as it ought to be, at the first visit to a society with the commencement of a new year, and if advantage is taken of that opportunity to estimate the possibilities of collection in the new year, with reference to seasonal and other considerations, all materials necessary for compiling an individualwar demand and promises of prospective payments, are at once to hand : and with these data the watch and control of collections in subsequent visits are quite assured. This has been found quite possible in a certain district and there is no reason why it should not be adopted elsewhere. The movement being alive and a growing one, unsu table or unenforceable methods of business, however right and appropriate in themselves, have to be given up and new workable methods introduced.

12th : What is of very great consequence and urgency at the present time being the proper organisation of the work—its conduct, regulation and control—the issue of detailed instructions is urgently called for. Actual experience in a certain district has amply demonstrated the need for this. It is not only the field work that calls for attention. Equally great is the need for the organisation of the office work of the administrative section of central banks. The present executive committees of of central banks confine their attention largely to the financing and banking side ; and unless the administrative section is well organised and duly strengthened the chances of the rectification work receiving due attention will be small indeed.

13th : Another important condition of success is that the bank and the federation must act in perfect harmony, so much so, that, so far, at any rate, as the work of rectification is concerned, unless the federation actually converts itself into the administrative section of the bank, due regulation and control of the work of the field staff, the union supervising staff included, will well nigh be impossible. It is indispensable that the administrative section should function efficiently : or all the money spent on supervision and rectification will hardly yield any satisfactory results. Its very designation implies the functions of the administrative section. It is only the bank that has records showing the past history of societies, not the federation. It is the bank to which the inspection reports of all agencies—supervisory (including rectification) and auditing—are due. It is the bank that is supplied with audit reports. It is the bank that is required to maintain the general information register, and the history of societies. It is the bank that has to obtain, check and maintain the property statement, a record which will show the outside limit to which the transactions of societies might be allowed to extend. It is the bank that co-operators are agitating for being empowered with authority to fix and vary the maximum borrowing power of societies. It is the bank again that, to the outside body of investors of money, has to show its credit-worthiness, and for that reason it is the bank that has from time to time to satisfy itself of the financial soundness of the institutions financed by it. What is therefore of the utmost consequence is that the functions implied by "administration" and the duties thereby cast on the bank should be efficiently performed. I do not want to enter upon the controversy "Bank *versus* Federation" in the matter of supervision. I only want to show which of the two has facilities ready at hand for the discharge of the several functions, some of which are detailed above. The federation, unless it transforms itself into the administrative section of the Bank, cannot discharge these functions, except by duplicating the machinery, which however no one will advocate. In a speech recently delivered at Tanjore the present Registrar, who has on more than one occasion given proof of his outspokenness in publicly expressing his impressions as regards the conduct of the movement and office bearers, is reported to have stated that, if the unions and the bank functioned well, there was no need for the federation. I do not wish to make much capital out of this casual observation but only desire to point out that unless the functions of the administrative section are duly discharged there is not much prospect of the rectification work making any headway. If one will turn over the proceedings of the executive committees of financing banks, he will be struck with the paucity of administrative questions coming up before them, except consideration of loan and extension applications and a few stray reports here and there. The audit reports, which it took years of agitation to persuade the department to supply central banks, are not generally brought up for the consideration of the executive committee. So many other reports and returns due to the bank share the same fate, although only a very small proportion of them are actually received in the bank. A number of inspection reports received from the special staff lie without action in some banks. The executive committee of a certain bank would not even heed to the request of a member of that body to place certain matters before the executive committee. I have said this much—and there is much more to say in this strain—only to emphasise the need for organising the proper working of the administrative section.

ATTEMPTS AT IMPROVEMENT IN RECENT PAST.

Having enumerated a variety of reasons which account for the present plight of rectification work, I shall not have discharged my duty aright if I did not mention what steps, especially during the past two years, the Central Banks' Conference and the M.C.U.B. have taken to effect improvement. When in the task of rectification, as I have attempted to show, the working not only of the primary society and the union but also of the central bank has to improve, it is only the provincial institutions on the non-official side that can intervene. Of the two such institutions, namely the P.C.U. and the M.C.U.B. the former has not so far taken upon itself the work of administration. Nor does it possess the required facilities financial or other to enable it to do so. The latter is already on the field. It has introduced a scheme of inspection of central banks, which includes a study of the conditions of work obtaining in societies and unions. Acting in conjunction with the central banks' conference it has brought about a consciousness of the need for improving matters. It has undertaken the compilation of a manual of instructions for the guidance of central banks. Central Banks, on their part, are striving to improve societies and unions but lack lead and guidance in the actual conduct and control of the work. The M.C.U.B. is growing more and more alive to its duty and has lastly undertaken to issue detailed instructions as to organisation, conduct, regulation and control of the work. The last session of the Provincial Co-operative Conference has extended its

request to the M.C.U.B. in this direction. The M.C.U.B. again has generously undertaken the grant of subsidy to central banks to help them in the conduct of rectification work.

M. C. U. B's PART—PAST AND FUTURE.

So far, the M.C.U.B's part in the matter may be summed up in a few words. It has undertaken the doing of certain things and has besides taken power to give the required lead and guidance in the practical execution of the scheme. It now remains for that institution to carry out its various resolutions and bring them into operation. It is hoped that it will before long take to the fulfilment of its various obligations and in due course bring about a scheme of supervision into operation, which will automatically ensure the fulfilment of its purpose. The immediate thing awaiting to be done towards this end at present is to pursue the recently introduced scheme of inspection of central banks and, through such inspection, to bring about a businesslike, clearer and purer atmosphere in districts, which will pave the way for the smooth progress of rectification work.

EDUCATION OF CO-OPERATORS.

The programme of operations designed to bring about the above result will involve so many things, which will simultaneously improve the working of rural societies, expand their business, enable them to serve the credit needs of the rural folk, as and when the necessity arises and to the required extent, and in fact make societies a real live force for the betterment of the lot of the agriculturist. In this huge task the willing and hearty co-operation of the rural co-operators, more especially their leaders composing the panchayats of rural societies and the governing body of unions, is indispensable. And as Committees and Commissions have pointed out, the education of co-operators is of greatest consequence. Government is giving subsidies for the purpose but it is doubtful whether they are spent to best advantage. A scheme of education is wanting which will bring within its scope the entire area of the district in the course of each year both in regard to members of rural societies as well as their panchayatdars and union governing body members. We have, I dare say, among rural leaders a sufficient number who understand co-operative principles and their theory and there are some who can even teach them to others. What is urgently called for at the present time for improving the present conditions in societies is not so much the teaching of the theory as that of how exactly to enforce their observance in the actual administration of societies and unions. This means the enforcement of a certain amount of discipline which the district leaders should not hesitate to insist upon.

DISCONTINUANCE OF TEN YEAR LOANS— GRIEVANCES FELT AND REMEDY SUGGESTED.

One cannot pass over, on an occasion like this, the grievance felt in some districts in the matter of recent discontinuance of ten year loans. Some districts are persistently agitating for the renewal of these loans while the department and the M. C. U. B. have set their faces against it. The argument that the working of the societies, in areas where the ten year loan has become an integral feature, has been dislocated, is not altogether without foundation. At the same time the wisdom of reviving the ten year loan is open to question. In fact the challenge thrown by the President of the M. C. U. B. as to the real utility of the ten year loan has not been taken up by its advocates. The following suggestion, I venture to think, is worth a trial. It will, if adopted, in one stroke serve a trible purpose. While satisfying both the advocates and opponents of the ten year loan, it will also go a long way to help the rectification of societies. It will also confer a real boon on the present members of the rural societies standing in need of redemption from prior indebtedness.

My suggestion is this. Let the districts which feel the grievance in this respect undertake the scrutiny of all existing mortgage loans in rural societies, union after union. Let them apply in the course of the said scrutiny all tests to which an application for a loan from a Land Mortgage Bank will be subjected. Such of the existing mortgage long term loans as satisfy those tests, and in which the borrowers are not able to pay the heavy annual instalment and in consequence have fallen into arrears, may well be transferred to a Land Mortgage Bank, which may be simultaneously organised for the area in question. This will relieve the rural society not only of the need for long term loans but also in a large measure of the incubus of overdue loans. It will at the same time bring into prominence such mortgage loans as cannot posssibly be redeemed even by a Land Mortgage Bank and therefore call for immediate recovery. The financial stability of the rural society will by this procedure be assured and at the same time provision will have been made for the relief of the deserving member, whose loan will have been taken over by the Primary Land Mortgage Bank which would be organised for the area. All over the Presidency there is a cry for the registration of Land Mortgage Banks, and I cannot think of a better means of organisation of a Land Mortgage Bank than by undertaking a thorough investigation of the existing mortgage loans in specified areas, one after another. In fact it is only such investigation that will tend to help the small ryot standing in need of relief from prior indebtedness. On the other hand, a Land Mortgage Bank, in the way it is organized at present, will only go to help the upper middle class ryot while leaving the lower middle class man without relief. The former as well requires relief, but the urgency of relief in the case of the latter is even greater. In this way, the registration of Primary

Land Mortgage Banks will be facilitated, in that the spade work will have been done; and the Land Mortgage Bank will begin to function directly it is registered.

APPEAL TO PROVINCIAL AND DISTRICT LEADERS.

To conclude :—In the matter of the improvment of present condition of societies, substantial results are not likely to follow without the whole hearted co-operation of all concerned. I have already extended my appeal to the M.C.U.B. as regards the part which it has to play. Let me next appeal to district leaders to extend their unstinted support to the scheme of rectification, so that within a reasonable length of time the condition of rural societies and with it that of central banks may be considerably improved. I would invite their attention to a recent utterance of the present Registrar, Mr. Strathie, to the effect that the work of societies, even of central banks, is reduced to a standstill by differences and factions founded too often on personal jealousies or private interests. Quoting Mr. Strathie again, let me express the hope that the business of societies, and more especially of central banks, will be carried on in the true spirit of co-operation, with the general good of the movement as the sole determining factor and an entire absence of personal feelings or desire to carry through one's own wishes.

CO-ORDINATION OF NON-OFFICIAL AND OFFICIAL ACTIVITIES—APPEAL TO THE REGISTRAR.

I have so far not referred to the need for co-ordination of the non-official activities with those of the official department, a matter to which the resolutions of the non-official bodies have adverted in the recent past. This is an important and even complicated matter, which needs special consideration at the present time, when in addition to the existing vast establishment on the official as well as the non-official sides, further additions are being made to get through the work of audit and administration or rectification. The statutory annual audit marks a definite stage in the life and progress of a society. The society with the commencement of a new year following an annual audit, takes to its business from a certain starting point. Before the next annual audit steps in, certain things have to be transacted in the name of supervision and rectification. There should be a sequence in the order in which supervision and audit follow one another: or there would be no meaning in the purpose of audit which among others is intended to test the quality of supervision. As things obtain at present the same ground may be covered by both the supervising and the auditing agency; or the same omission committed by both. Even progress in the business of a society is hardly assured and the fixing of responsibility for acts of commission and omission becomes difficult. The methods of even the statutory audit require to be varied from time to time, so as to be in consonance with the existing conditions of societies as they obtain from time to time, and so as to concentrate attention on particular matters of outstanding importance and urgency for the time being. Under a duly co-ordinated scheme, agreed to as between the official and the non-official agencies, a lot of repetition of work may be avoided and at the same time a far better output and quality of work assured. The aim of both is the same, namely, the betterment of the movement; and there is hardly any reason why this should not be done. The official and the non-official establishments taken together, are, I think, more than ample for effecting a substantial improvement in the condition of societies and for restoring the finances of the movement to a stable condition in the course of two or three years. May I not in the cause of Co-operation appeal to the Registrar to be so good as to consider the above suggestion. In this connection I may just refer to the difficulties already brought to notice by a certain district federation which pleads for supervisors being relieved of super-audit work, so that four months of their time thereby set free may be available for rectifying societies in the light of the previous audit. This is a matter in which the P. C. U., the M.C.U.B., and the Central Banks' Conference may well interest themselves and in consultation and discussion with the Registrar try to effect an improvement over existing conditions.

CONCLUSION.

In concluding let me express the hope that on the next celebration of the International Co-operators' Day we shall be in a position to actually demonstrate that we have grown really strong and that the movement has been able to serve the purposes for which it is intended in a much larger measure than in the past.

DEVELOPMENT OF INDIAN BANKING.*

ROLE OF LADY STUDENTS

SIR B. N. MITRA'S SPEECH AT BANGALORE

Banking Habit

A well-known English authority has defined banking as "my brains and other people's money". It is essential for the development of banking that a substantial part of the community should have acquired the habit of thrift and possess money which can be made available for the operations of the banker, and that they are willing to give a certain confidence and to repose a certain trust in the person who desires to develop the banking habit with the money. Those of you who have studied the reports of the Provincial Committees that have been published—the reports of Madras, Bombay and Bihar and Orisssa—must have realised that India is sadly deficient in the essential requirements to which I have referred.

The bulk of the population of India is dependant on agriculture, and it is unfortunately the position that, generally speaking, the agriculturist in this country is never free from debt. In the reports of the Provincial Committees to which I have referred, an attempt has been made for the first time to get an official estimate of the indebtedness of the rural population in India. I do not want to go into the methods that have been followed, but I shall try to draw your attention to the fact that it is not possible to get at an estimate claiming to be absolutely correct without a more thorough and prolonged enquiry in the villages throughout India. Some of the Committees have used the method of sampling and have chosen some villages for special intensive survey. In some provinces, a number of University students have been associated with the survey and I am glad to say that the help has been found to be invaluable. A very interesting survey of a village in the United Provinces has been made by a student from Aligarh. I understand that the Mysore University is not behind-hand in this respect. It will be highly helpful if some of you can devote your holidays and your long vacation to doing some research work in this direction. It will get you into grips with the real problems of the masses of the Indian people and I am sure if it is done with care and enthusiasm, it will create in you a life-long interest in the promotion of welfare of the agriculturist.

Education of the Agriculturist

I realise, and people like me realise, that the progress of India depends a great deal upon the younger generation of students, their aims

* Extracts from the inaugural address delivered on 12—7—'30 by Sir B. N. Mitra, President of the Indian Central Banking Enquiry Committee, to the members of the Women's Intermediate College Union—(From the Hindu of 14-7-1930.)

and ambitions. You, ladies, no doubt will also have your role to fulfil in advancing the cause of India. The most patriotic task before you is to carry on the torch of learning to the remotest villages and to dispel from the mind of the agriculturist who forms the backbone of the country, the mist of ignorance that prejudicially affects him in every direction to-day. Examples of the ill-effects of illiteracy and ignorance are written large in the pages of the report of the Agricultural Commission, and also in the reports of the Provincial Committees. It is not possible to have banking development unless the people are made to realise its advantages and are enabled to appreciate the proper use of the facilities it affords.

Take for example the dealings of the cultivators with the money-lenders. The cultivator cannot keep account of his transactions and as pointed out by the Bombay Committee, many of them do not know whether they are carrying on their operations at a profit or loss. Being illiterate the cultivator does not understand the value of credit and cannot exercise judgment and prudence in its use. The best method of getting the cultivator out of the clutches of the money-lender of the dishonest type is to give him education. It will be a work of inestimable value which those of you that are inclined to do social work could undertake, the education of the villagers. You, ladies, can bring more influence to bear on the simple villager than prosaic men. But such work will have to be honorary and for the reward you must look to the welfare of the country.

If you turn to the pages of the reports I have mentioned, you will realise the immense advantages that will accrue to the rural population in the wake of education. Education will enable them to enjoy the full fruits of their labours. It is said that some cultivators take advances from money-lenders to help them not only through their agricultural operations but also to meet some of their unproductive expenditure. The result is that they are often forced to agree to deliver the crop at a prescribed rate to the money-lender. Even when there is no such stipulation, it is said that the pressure of the money-lender at the time of the harvest and the agriculturist's lack of staying power compel him to dispose of his produce at a most inconvenient time and at most unfavourable rates. Education will teach the agriculturist to be wise in his borrowing and to evade the attempts of money-lenders of the dishonest type to appropriate a portion of the reward of his labour. This is not all; for some of the evils in the present system of marketing, such as use of false weights and measures, illegal exactions by middlemen, etc., are due only to the handicap caused by illiteracy and these will be removed by education.

I may also refer in this connection to the question of providing the agriculturist with storage accommodation. The establishment of warehouses where the agriculturist can store his produce would be of two-fold

use. It would in the first place give him some breathing time after he has taken his produce to the market and place him in a stronger position *visa-vis*, the broker or middleman in the matter of its disposal. Secondly, if the goods are stored for a longer time, he could take what are called warehouse receipts on the pledge of which, pending sale, he could get advances from Banks. But some education is necessary to grasp the advantages of this system. In fact as the Bihar and Orissa Committee say, it is not at all certain whether the advantages of the system and the resultant cheaper credit will in the present circumstances be passed on to the large number of small illiterate producers or dealers.

Cottage Industries.

The Provincial Committees have all devoted some attention to the question of small and cottage industries. The Committees suggest that the only way to improve the situation is to organise co-operative societies of artisans and weavers. But at the same time wherever this has been done, success has not always been met with, due among other things to the ignorance and weak traits in the character of the weavers, to their want of businesslike methods and to the absence of men and women capable of running the simplest co-operative society. If you, educated young students, can render some service in this connection and supply the cottage industries with a band of honorary workers to help in the starting of artisans' co-operative societies and making them a success, you would have conferred immense benefit not only on the artisans and weavers but on the country at large. Where agriculture cannot normally employ the population for more than seven months in the year, the need for subsidiary occupations to agriculture is indeed very great.

Without going into the vexed question of hoarding, I may refer to the imperative need for drawing, the savings of the community to banks and other institutions, for investment in productive undertakings. If an organised effort could be made to encourage savings and divert them into profitable channels of investments, a great advance in India's economic and industrial progress will be assured. In other countries, the habit of thrift and savings is taught in schools and colleges and the use of the savings bank by students is one of the first step in his education. In England, educational authorities encourage the formation of provincial associations amongst students to enable a number of them to combine and buy British cash certificates out of their savings which they cannot individually afford. You may do the same thing here in regard to the Government of India Postal Cash Certificates. They are available for as small denominations as Rs. 10 and if you are interested in the idea, I can arrange to send you details of the working of co-operative saving. If in addition to practising thrift yourself, you can carry the idea of thrift and saving into other homes, you will have solved some of the formidable difficulties in the way of sound banking development in India.

Women and Jewels

There is one aspect of this question which I should not omit to mention in a meeting of young ladies. A distinguished professor of Indian Economics once said that to an Indian his wife is the Savings Bank on which he hangs his savings. He was referring to your desire for jewels and ornaments and the desirability of investing the capital in real and not metaphorical savings banks. As I look around me, I do not see that any of you stand in need of any adventitious aid to your power of attraction and I wish you could realise and make your sisters realise that every ounce of precious metals you discard will enable you to forge a link for the golden necklace of your motherland.

I may aptly refer in this connection to a recommendation regarding a special form of ladies' cash certificates recommended by the Bihar and Orissa Committee. These are called 'Stridhan' certificates and are proposed to be issued to ladies only, giving the usual or perhaps a slightly higher rate of interest yield. Such certificates would have the same legal protection as other Stridhan property. The Committee hope that by this inducement, ladies may be persuaded to convert their superfluous ornaments into gold certificates. May I appeal to you to give your careful thought to this suggestion and if you approve of it, give it your benediction ?

MR. LIDDLE ON THE CO-OPERATIVE MOVEMENT.*

"Even if nothing greater is accomplished by our children and their sons, co-operators have done enough to earn the blessings of their country and their kind."

"There are much greater achievements still to come and the progress of our movement in recent years is the evidence that our eyes have not grown dim and that our strength has not yet abated. As a nation," he went on, "we are passing through a period of acute depression. Factories and mills are standing idle ; our exports do not grow ; unemployment is widespread throughout the land ; on all sides manufacturers and traders are declaring that times were never worse."

"Yet the co-operative movement is still advancing, and at a more rapid rate each year. Its hold upon public opinion and public support was never stronger : and it would appear that in years when capitalism betrays its weakness co-operation reveals its strength."

* * *

"No informed co-operator", he said "now challenges that policy of closer union, and in many parts of the country our societies are recognising the wisdom of amalgamating with their neighbours as the first step towards the unification and the consolidation of the movement nationally. Every amalgamation thus inspired adds something to our power and helps to make our movement stronger."

Simultaneously with this welcome development, another advance of no less importance is now proceeding. We are now planning, even if we are not yet making, a big effort to increase the competitive power and business efficiency of our movement, both nationally and locally, in all its more important parts. He alluded to the classes for the training of the employees, for the direction of which the C.W.S. and the Union would be in future jointly responsible ; but he referred more particularly to the general aspiration towards greater efficiency in every part and department of our organisation.

"The improvements made in our system of administration and control ; the augmentation of our supervising staff ; the greater attention now given to systems of purchasing, storing. and displaying goods ; the more attractive stores now being built ; the higher standards of service now obtaining in our shops ; and the increasing use of bold publicity as a method of attracting the public eye and ear, are all signs of the new spirit of business enterprise stirring in our midst."

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*Extracts from the Presidential Address of Mr. Liddle at the York Co-operative Conference. (Reprinted from the Manchester Co-operative News).

"Add to these the much greater attention now being paid to leakage systems, price-fixing, and methods of stock control; the departmentalisation of our business and the centralisation of executive authority, and you will need no further proof that our societies do not intend to lag behind their business rivals, but are determined to lead the way in retail trade."

* * *

"If we would rightly judge the progress of our movement it is the loyalty of our purchasing members that we must scrutinise with jealous care. "That loyalty", he submitted, "is not as strong to-day as it was in former years, and the rate of average purchase per member from our stores exhibits a disquieting tendency to fall.

"According to the latest annual statistics compiled by the Co-operative Union, the average purchases per member of our societies was £ 35-10-0 during the twelve months of 1928. That figure represents a loyalty that does not extend beyond purchases amounting in value to 13s. 6d. each week; and no argument is needed to prove that average is very much too low."

"Many reasons have been advanced in different quarters to explain why the average is no higher now than it was twenty or thirty years ago; but not one of these explanations is convincing. It is common knowledge that the cost of living is increased, while the loyalty of our members has grown weaker; and does any one believe that the Co-operative Commonwealth can be established on loyalty that is expressed in purchases which do not exceed 2s. 3d. on any working day? Not until the average has been much increased shall we be justified in saying that the economic foundation of our movement is becoming stronger every year.

"Greater loyalty in purchasing will have to be stimulated and secured; but loyalty that does not extend beyond the centres of our retail stores will never carry our movement very far. Every enlightened co-operator knows that the co-operative vict[illegible]es of the future must be won on the battle-fields of production. T[illegible]ories we still have to win; and the latest statistics do not en[illegible]rage optimistic views. Differences in price levels must be allowed for; but it is a fact that more than one-third of the goods retailed in our stores still come from non-co-operative sources. Even now, after generations of hard work and unending propaganda a great majority of our societies appear content to be distributing agencies for goods produced or manufactured by our business rivals.

"In 1928 the combined sales of the English and Scottish Co-operative Wholesale Societies were only equal to 50·81 per cent. of the sales of our retail distributive societies. There are, of course, other co-operative sources, namely, the co-operative co-partnership productive societies allied to the Co-operative Productive Federation, from which the retail

societies draw a proportion of their supplies, but that proportion is not large. One still less pleasing figure must be given, the value of their own productions, which the English and Scottish Co-operative Wholesale Societies supplied to retail societies, only represented 17·16 per cent of the movement's retail turnover, and that percentage was smaller in 1928 than it was in several previons years.

The loyalty of societies to their own national organisations thus appears to be no stronger than the loyalty of their own individual members to themselves.

"Obviously" remarked the President, "We are not progressing in production as we should, and much of the economic power of consumers' co-operation is being wasted somewhere between our retail counters and our productive factories. How can we relate consumption to production, make ourselves entirely independent of capitalist wholesalers, and gain possession of the first sources of supp.y in this country and abroad, as long as the existing state of affairs is permitted to continue? The economic purpose which the Rochdale Pioneers were eager to accomplish cannot possibly be achieved by us or our successors while half the power generated in our retail stores is not harnessed to the big sheels of production."

* * * *

"I recognise that Mr. Whitehead's advice at West Hartlepool has stimulated action, and fairly rapid progress was being made towards the elimination of overlapping by retail societies and the amalgamation of societies operating in adjacent areas.

"These" he admitted "are gains having real economic value; but has anything yet been done to prevent overlapping by co-operative organisations engaged in production, or to promote greater unity in our productive operations? We have still to unify our distributive and our productive operations, and to end irrational habits which are a menace to the welfare of our movement. We form co-operative societies and establish retail stores for our own advantage and protection, yet the great majority of our members continues to spend much money in shops owned by their rivals and to consume goods produced for profit by their competitors. We have united our retail societies into national federations and made these bodies responsible agents entrusted with the work of wholesale buying, and the responsibility of organising the production of goods produced for our use and made on our behalf. Yet we continue to stock our shops with goods produced by private manufacturers with whom our own wholesalers are each day in competition, and so actually strengthen our opponents in every productive factory and on every British and foreign market.

"While the balance for our behaviour may be as widespread as our responsibilities, no one will deny that the time has come when the whole co-operative policy of rationalisation, that is, the organisation of production for use and not for profit which is eliminated whenever supply is organised from the consumers' end ought to be unhesitatingly adopted and its principles applied."

* * * *

"The movement like the Congress, is big enough to embrace bodies of different types, submitted that historically, economically, and politically it is primarily a consumers' movement. The real needs of consumers are not served, neither are their true interests protected, when the retail societies act as agents for private manufacturers and much of our own strength is spent in competition among ourselves.

"Nor" he added, "will consumers needs have first attention until our circle of communication is complete and the goods the co-operative house-wife takes home in her basket are goods produced for her benefit in factories in which some of her own money is invested. The Wholesale Societies were created by our fathers in order that our national system of consumers' co-operation might be more complete. They are not bodies existing independently of the retail societies and their buyers, for it is no more posible to divide the Wholesale Societies from the retail societies than it is to separate the sun's heat from its light."

In the Wholesales the economic power created by the retail purchases of our members and the wholesale orders of our retail buyers attains its maximum strength. The three big national Wholesale structures, with the Co-operative Wholesale Bank and the Co-operative Insurance Society closely allied, constitutes a national centre on which our combined strength ought to be concentrated and collected and there utilised for national and international action intended to benefit the six million consumers whom we serve. We cannot possibly rebuild our movement from its foundations now, and if we could, what stronger structure could we build?

"Our power lies in the mutual support which the retail and Wholesale societies are able to give each other; and that mutual support was, is and must ever be, the only possible economic foundation of consumers' co-operation. Retail and wholesale societies are therefore bound to support each other."

The policy of rationalisation which capitalism is now pursuing is a menace to the continued existence of consumers' co-operation. Many of our strongest competitors are now organised so completely that they control the products in which they deal from the spot where raw materials are originally produced to the point of sale over the retail counter.

"How can we hope to compete effectively against the rationalised undertakings of this type if we are ourselves unorganised, or if much of our own power runs to waste because the Wholesale societies are not assured of an expanding outlet for their production in our retail stores?

"The essence of rationalisation is in the centralised and simultaneous control of raw materials manufacture, and retail distribution to consumers of the goods produced. We cannot yet envisage the existence in our movement of a centralised authority having over-riding power enabling it to decide what goods the Wholesale Societies shall produce, and what quantities of these goods the retail societies shall purchase for distribution through their stores. But we can hope that, as education and intensive propaganda convince our six million members that they should spend their money in their own shops, the responsible leaders, and officials of our retail societies will recognise that their own success depends upon their loyalty to their first principles. As the retail societies consume a larger portion of the goods which our Wholesale organisations are able to import and produce, all our productive undertakings can be expanded new enterprises can be launched, and the whole of our co-operative resources can be centralised and pooled.

"Capitalist rationalism will cease to be a menace to our movement when the co-operative movement has rationalised itself."

* * *

"Our own progress towards rationalisation along this line must not be slow but rapid. We dare not look on as inactive spectators while our chief competitors reorganise their own business systems. We must go forward in production, and it is certain that the Wholesale societies will continue to be the main agencies entrusted with the great task of organising supply, just as the retail societies continue to exist to organise demand."

"No experienced co-operator in this country can ever hold that it would be beneficial to the movement if our retail societies embarked on large productive ventures, which of necessity must be in competition with the Wholesales; nor is it feasible, or indeed thinkable, that our federations should establish chains of stores and attempt to organise retail sales competitive with retail societies. There are clear lines of demarcation. It is the duty of the retail societies to organise the retail market; it is also the duty of the English and the Scottish Wholesale institutions to produce the goods which our organised millions of consumers need.

"Our own system of rationalisation must include some method of co-ordinating the work of the retail societies with the activities of our national Wholesale bodies."

"Members of our societies" he said, gave an excuse for disloyalty when goods manufactured by the Co-operative Wholesale societies are retailed at different prices in different towns by different societies. Long ago almost every big combine in the country adopted the sound policy of selling its products at the same price in every market, and we must admit that the principle of standardising retail prices is businesslike and fair.

"Surely it is not impossible that all suitable commodities packed or manufactured by the Co-operative Wholesale Societies, which are sold to retail societies at one price, should be purchasable at the same price in every co-operative store, no matter in what town that store may be situated."

"Necessity is compelling us to adopt a policy of price fixing and to extend it into a national system. Articles that are unpriced cannot compete effectively with articles that are priced, for the full power of advertising and national publicity cannot be put behind them. Such national publicity is indispensable in the conditions of to-day, and I believe that national advertising of priced articles would at one and the same time attract new custom to our retail stores and increase the demand for co-operative productions."

"All are well aware that the co-operative market ought to be better organised, and I submit that the inauguration of a national system of fixing prices for co-operatively produced goods would increase the loyalty of our members, the turn over of our retail societies, the power of the retail societies to support the Wholesale system, and thus encourage them to embark on big new ventures fearless of the competition of any combine. Indeed, the inauguration of such a system might well be the beginning of what I may term the 'higher rationalisation' of our national organisation.

* * *

"It is along this road of 'higher rationalisation' that our movement will be compelled to travel; and while a thousand details of organisation remain to be considered and adjusted I am convinced that we shall profit by our experience and discover how to unite our forces more closely and bind all together by stronger ties. Our principles are impelling us to closer union, in harmony with the general movement of economic forces powerful in the world to-day. In an age when capitalists and traders are everywhere combining, co-operative societies must not be the last bodies to unite.

"Our work is still unfinished. We still have greatly to extend our present operations overseas, and there link our great consumers' movement to the great organisations of producers. We still have to make quite sure of regular supplies of raw materials and to unite the activities of our own National Wholesales more closely with those of other countries through the International Co-operative Society that is already formed, and also through direct co-operation with associated societies in the Empire.

"Great tasks are now awaiting to be tackled. Big problems must be solved before the full process of co-operative rationalisation is complete. Let our movement be sure of moving forward on right lines, and as our retail societies become even more efficient and enterprising traders, and draw more closely to the consumers' national strongholds we shall become more powerful and more independent, less fearful of national and international trusts and capitalist combines, less likely to be menaced in our work by projected schemes for municipal trading and State regulation of international commerce and the importation of raw materials and food supplies. Our immediate task, as I have said, is to rationalise our present organisation, and to recognise that the strength of the Consumers' co-operation lies in the ever-expanding wholesale organisations of retail societies."

Correspondence.

CO-OPERATION IN MALABAR.*

During my stay at Calicut, through the courtesy of Mr. Kunhiraman Nair, Secretary, District Federation and you, (the Secretary of the Bank), I studied the working of the District Federation in relation to the District Bank and vice versa. I also noted the attitude of the local unions towards the Federation and the Bank. As a result of all this study it has occurred to my mind to offer a few suggestions with regard to the better working of the Co-operative Movement generally in your District, from the point of view of supervision, rectification and consolidation and reduction of overdues which are the problems that confront co-operators everywhere to-day. I request you to accordingly place the following suggestions before your Board for their full or partial acceptance or rejection.

The present situation from the financial point of view is bad, both for the District Federation and the Central Bank. The District Federation is working mostly on the rebate the Central Bank is giving in advance, which roughly amounts to Rs. 6,000 per annum. The supervision fund which the District Federation is able to collect from unions is less than Rs. 1,500. The overdues of the supervision fund which the District Federation is unable to collect from unions for one reason or another is more than Rs. 10,000. The District Federation, to be frank, is not in a position to pay all the present supervisory staff and control them effictively. And so, much less can be expected of the District Federation to increase their supervisory staff at the rate of one supervisor roughly for every 15 societies, if not for every 10 societies as suggested by the Joint Registrar. So something must be done in this matter to improve the situation.

(2) The big unions in your District are, I understand, able to meet their expenses and pay their supervisors from the collection of supervision fund from the societies in their area. In one particular union area I am told, the local union does not care to collect more than what it wants for its expenses. In another union area, I am reliably informed that the local union did pay to the District Federation the amount collected over and above their immediate expenses, but the District Federation failed to pay the salary of the supervisor, working in that union area when it asked the Federation to do so. And this sort of thing happened unfortuanately twice. Hence that union is unwilling to entrust the Federation with its funds, for the reason that when it wants back the amount for paying the Supervisor or for incurring any legitimate expense,

*Note Submitted by M. R. Ry. K. L. Narasimha Rao Garu, B.A., B.L., to the Board of Management of the Malabar District Bank.

it cannot get it from the Federation. Thus the big unions for one reason or another, are unwilling or unable to collect the supervision fund and pay it into the coffers of the District Federation. I write the above subject to correction.

(3) The weaker unions are complaining that they are not able to get the necessary funds from the District Federation to carry on their work. The idea of pooling the supervision fund is to help the weaker unions and to carry on the work of supervision more efficiently throughout the district. In the present state of circumstances, the District Federation is not able and cannot also be expected to do much, from its obvious limitations.

These are so far as your local circumstances are concerned. But there are other things which are of a general nature but which nevertheless vitally affect the working of the co-operative movement, in the long run, unless they are remedied.

1. The classification of unions' functions under two aspects and federate the same set of unions into two bodies known as the District Federation and Central Bank is to my mind quite illogical and unnecessary, if not altogether unwarranted. The two main functions of the unions are to recommend loan applications of the societies to the Central Bank and to collect the dues of the Central Bank from the Societies. When it is the privilege of the unions to recommend loans to societies from the Central Bank, it is correspondingly the inevitable duty of the unions to collect the dues of the Central Bank from the societies. Thus the relations of the Central Bank and the unions are not only direct but also interlinked and correlated. The Central Bank naturally looks to the unions, as it is on the certificate of the unions, so to say, of the good and proper working of the societies, that it has lent moneys to societies to fulfil their obligations. But that is exactly what the Bank is not expected to do. And further, by this process of division, the unions are having two masters, the District Federation and the Central Bank when one is sufficient.

(2) The theory "Divorce supervision from finance" may be excellent as a maxim or perhaps even as an ideal for our Co-operative movement. But by applying the theory at the present time we will be doing a wrong, if not courting a disaster which it may take years to remedy. I am not exaggerating the state of affairs. Looking at your own affairs, I find that not less than 50 per cent of the amount lent by the Central Bank is overdue in your District. Out of about 600 and odd societies, only about 500 societies are affiliated to the bank and out of them, only less than 200 societies have had transactions last year with the Central Bank, according to the latest annual report. Even supposing that 100 societies are able to work from their own funds, there are at least 300 societies out of 600 which are having little or no transactions and which are more or less in a moribund state or under liquidation.

To expect the District Federation or the unions, in their existing financial circumstances, to undertake the work of rectifying and consolidating the societies is indeed a difficult task, if not next to impossible. Even the District Bank by itself can never do it, even if it devotes all its profit for this work. So all the three agencies must combine in a way that not only tends towards harmony (for the existing relations among them all are harmonious) but also towards better co-ordination and efficiency and less over-lapping or duplication and proportionately less working expenses. Instead of allowing things to drift, piously hoping for better, we should take our problems in all their manifestations good and bad and face the real situation courageously hoping to overcome all difficulties and surmount all obstacles. At the present stage of the Co-operative Movement, it is not right on the part of any institution or individual co-operator to stand for prestige and legal and constitutional rights. With deference to all, I suggest the following workable scheme :—

(1) The Distrist Federation office should amalgamate and merge itself into the District Bank and form itself into a separate section of the Bank, known as the administrative section. The administrative section is to do all the work of the present District Federation.

(2) The supervision fund of the societies must be pooled in the District Bank. This as well as the rebate that the District Bank gives must be earmarked for the administrative section. The union budgets will hereafter be passed by the administrative section and approved by the Executive Committee of the Central Bank, of course with the proviso that each union is entitled to get what it gets by way of supervision fund from the societies within the area of its operations.

(3) The District Bank from its own funds and from grants that may be given by the Government and the M. C. U. B. should supplement, as time and circumstances permit, the funds earmarked for the Administrative section under clause (2) above so as to make it possible to have one supervisor for every 15 societies.

(4) Instead of dividing societies for the purposes of "supervision" separately from the work of rectification and consolidation, it is better to divide societies by geographical and physical barriers and entrust good and bad societies within each particular area, to one supervisor, provided that the total number of societies that are entrusted to him does not exceed 20 under any circumstances. In such a case the work of supervision and rectification and consolidation go on side by side in each area. Under this scheme there will not be two men in the same area one for rectifying and consolidating and the other for supervising societies. It will be a great mistake to regard supervision as a distinct and independent thing from rectification and consolidation.

(5) (a) The present Secretary of the District Federation becomes the Head of the Administrative Section. He will be a stationary officer instead of a regular touring officer.

(b) The higher grade supervisors may be touring officers as well as stationary officers whose work will be to assist and check the supervisor's work and to do any special work that may be entrusted to them. By rectifying and consolidating certain societies, which the supervisor is unable to do or cannot be entrusted with; get information for the Bank by inspecting the societies and unions. They work under the immediate instructions of the Head of the Administrative Section and control of the Executive Committee of the Central Bank.

(c) The ordinary supervisors are under the control of the union Directors, so far as their work goes. But so far as the pay bill is concerned, they are to be paid by the Central Bank, on its being passed or recommended by the union Directors.

(6) All loan applications which are recommended by the unions or which come to the Central Bank without being so recommended, will be scrutinised by the administrative section also before they are placed before the Bank's Executive Committee for sanction, except in certain special emergent cases. For this purpose, the Head of the administrative section must be a stationary officer as mentioned above.

(7) The representation of the unions on the District Bank must be enhanced from the present number 12 to the existing number of unions which is about 23.

(8) The Central Bank is responsible for maintaining the Administrative staff, checking its work and controlling it generally. For the purposes of service they will come under the Bank employment, subject to the same privileges and restrictions as the regular Bank staff.

(9) For the purposes of propaganda and education, the Executive Committee or the Board of Directors of the District Bank, will depute some members from among themselves and other union directors from time to time and meet their expenses. Each such member shall submit a report of his work to the Central Bank. For the present the Executive Committee of the District Federation may be entrusted with that work. When they want any clerical help they may take it from the staff of the Administrative section.

I request that the above experiment may be tried for at least a period of two years.

Resolutions of Conferences.

RESOLUTIONS PASSED AT THE 16TH SESSION OF THE UNITED PROVINCES CO-OPERATIVE CONFERENCE.

Held at Agra on January 14th and 15th 1930.

Resolution No. 1.—With a view to develop rural reconstruction work and to popularise the co-operative movement in the province, it is resolved that schools for training village guides in (1) co-operation, (2) agriculture, (3) sanitation and hygiene, (4) scouting, (5) physical culture and (6) other civic works be started at a suitable place, in every assistant registrar's circle and that the Government be requested to allow sufficient funds for running such schools.

Resolution No. 2.—In view of the difficulties for irrigation facilities and the loss suffered by cultivators on account of short rainfall, which is being marked every year, it is resolved that the department be requested to make special efforts for the organization of irrigation societies and that Government be requested to grant *taqavi* loans at 4 per cent for such societies and the Registrar to advance loans out of the Rural Improvement Fund.

Resolution No. 3.—Whereas a large number of societies are left unaudited every year, it is resolved that the Government be requested to increase the number of auditors, so that a regular and complete audit may be made every year.

Resolution No. 4.—Resolved that in villages where there is both a village panchayat and a co-operative society the Government be requested to constitute such a village panchayat of the members of the panchayat of the co-operative society.

Resolution No. 5.—This conferenc recommends to the Government to impress upon collectors the supreme necessity of keeping closer watch over the liquidation and execution work carried by the tahsildars. It further recommends that the tahsildars should be given to understand that it is a part of their legitimate duty to see to the realization of the sums under awards, by their amins, just as the recovery of canal dues.

Resolution No. 6.—Resolved that in the opinion of this Conference the stage has reached in the co-operative movement of this province when organization of co-operative societies of various kinds should be undertaken on a large scale. Resolved further, that in order to achieve this object the Registrar and the United Provinces Co-operative Union, Limited, be requested to take steps for the appointment of organizers in suitable areas and that the Government be requested to make a special grant of Rs. 18,000/- per annum, for organization work only.

Resolution No. 7.—Resolved that the Registrar be requested not to insist on the inclusion in the bye-laws of the newly formed societies of any provision to charge interest from members at 22½ per cent or at a rate higher than 15 per cent.

Resolution No. 8.—Resolved that the Board of Industries be requested to co-opt at least two co-operators in their committee of inquiry relating to cottage industries.

Resolution No. 9.—This conference requests the Government to circularise district boards and the Agricultural Department to issue instructions to their subordinate sanitary and agricultural staff to attend conferences of groups of societies, whenever requested to do so.

Resolution No. 10.—This conference strongly recommends to Government to hand over the audit of central and primary societies to the United Provinces Co-operative Union Ltd.

Resolution No. 11.—Resolved that Government be requested to patronise and help industrial societies by purchasing their produce as far as possible.

Resolution No. 12.—Resolved that a sub-committee of three gentlemen named below be formed to frame a constitution and rules of the Provincial Co-operative Conference:—

1. Babu Brij Nandan Lal of Fatehgarh
2. Khan Sahib M. Muhammad Nazeer of Ghazipur
3. Babu Bindbasni Prasad of Benares.

Co-operation in India.*

1. THE PUNJAB.

Registrar's Report for 1928-'29.

The Punjab is admittedly the most progressive of Indian Provinces in several aspects of co-operation. But what would most interest co-operators of other Provinces, are those types of societies which are peculiar to the Punjab—and there are several of them.

Women Societies increased from 112 to 128 and had nearly 2,000 members and Rs. 90,000 working capital. The Government maintained a special staff of one Inspectress and five Sub-Inspectresses to look after them. They are almost entirely thrift societies, 17 were in schools, 4 in hospitals and the rest in towns and villages. There were three conferences, we are told, of these societies and the programme included music, recitations and lectures, "and many women spoke and took part who assuredly would have never thought of doing such a thing, had it not been for their societies." It is not pretended that they are working very efficiently and the report admits that they are being guided "with a light hand". Nevertheless their educative value is great and other Provinces may do well to copy them. It is of interest to note that the Inspectress is a Muhammadan lady, judging from her name.

Consolidation Societies.—The total number of this class of societies at the end of the year under report was 543, of which 115 were started during the year. The area consolidated was 48,709 acres, which was some 16,000 acres less than the area consolidated in the previous year. But the number of blocks consolidated was 88,000 against less than 56,000 of the previous year. As the result of consolidation the average size of a block increased from 0·55 to 3·3 acres. The Government staff at work on these societies consisted of 8 Inspectors and 115 Sub-Inspectors. Regarding the benefits that accrued from consolidation, the report says: "New wells have been sunk, old wells have been repaired; *banjar* land has come under the plough, new path-ways have been made; zemindars who have hitherto had to till the lands of others in neighbouring villages have been able to give up this practice and make a living out of their own land alone, now that it has been consolidated; one family has been able to pay off an old debt of Rs. 300 owing to the increase in their income; a land owner has made a pucca water channel 400 feet long for his newly organised estate. These are all fresh instances of what has happened in past years."

Land Mortgage Banks.—Including one new bank that was started during the year, there were twelve Land Mortgage Banks in the province, which advanced 375 loans totalling about 6·66 lakhs. About 28 per cent of the borrowers were in default of their instalments to their societies. In Lyallpur, a particularly bad district, even imprisonment produced no effect on the defaulters! The report mentions illustrative particulars of individual cases which should prove very instructive to those who are engaged in the running of land mortgage banks in other provinces. As the extract is a long one it is reproduced as appendix to this review. The paragraphs make depressing reading, but are frank and useful.

The Lahore Model Town Society.—This is the biggest and most interesting co-operative enterprise in the whole of India in the direction of house building. A large plot of about 5,000 acres, about 5 miles distant from Lahore, has been taken up by the co-operative society and a suburb has been planned on the lines of "garden cities" of England. The society was started several years ago and its progress has been rather slow. But one is glad to note that the work is going on steadily. The report says: "It has now 907 members; a working capital of 33 lakhs; 75 residential houses finished or under construction; 8 miles of metalled roads; a club house; a tube well; and a dispensary." It seems the arrears due from members are decreasing and that some discord that formerly existed, has died. The further progress of the society will be watched with interest by co-operators all over India, but particularly by those of Bombay and Madras where a fairly large number of housing societies exists.

Thrift Societies.—There are no big urban societies in the Punjab as in Bombay Presidency, nor even those that could be compared with the urban banks of our Presidency. Nevertheless, the thrift movement seems to be quite strong in the smaller towns. In the year under report there were as many as 962 such societies, the majority of them being of schoolmasters. "High Schools and centres of Middle and Primary Schools in which there are no Thrift Societies are comparatively rare." These are rather small societies with an average membership of only 17, and collecting apparently small deposits. Of one interesting school-boys' thrift society in a hill district, it is reported that the boys are required "on the way to and from school or other spare time, to collect some wild-growing forest produce or other, which is sold for them when a saleable quantity is gathered."

Education Societies.—The Punjab has the unique distinction of containing co-operative societies which have for their object the education of adults and children. But they do not seem to be doing so well nowadays. The adult schools fell from 107 to 59 and not all among the latter can justify their existence. The societies that were started with a view to enforce compulsory education among the children of their members fell from 148 to 140 and there was also a corresponding decrease in their membership and in the number of children attending school. The number of societies intended for the education of girls decreased in the year from 12 to 10, but the number of pupils increased from 180 to 303.

Arbitration and better living Societies.—Arbitration Societies are doing well and increasing in prosperity compared with previous years. Their number rose from 43 to 44, the membership from 6,204 to 7,509 and the number of disputes decided from 787 to 924. We are told that even money-lenders find these societies comparatively advantageous and readily join them. Even the losing parties recognise the benefit of their membership.

Better Living Societies are also increasing in number and usefulness. Their number increased during the year from 231 to 289 and their membership from about 8,600 to nearly 11,000. Their primary object is to cut down expenditure on occasions of birth, marriage, death and other ceremonies. These societies are mostly confined to single castes. Their beneficial influence has been felt even by non-members. These sccieties are also improving the sanitation of villages and of the houses of their members. It is to their credit that they are able to collect the fines they impose on their members for breaches of their bye-laws. These Better Living Societies are urgently needed in all parts of India, and if only persons come forward to work them, they would be able to confer immense economic benefit on their members by the reduction of wasteful expenditure on marriages and dowries.

V. V. S.

APPENDIX.*

"The difficulties experienced in recovering loans in such a district as Lyallpur suggest some rather unpleasant thoughts. The real objects of a mortgage bank are to get land-owners out of debt comparatively quickly by substituting loans on low rates of interest for loans on usurious rates of interest, and to provide land-owners with capital for the ordinary business of their estates or for their improvement. It appears that in many cases our banks, though started for these purposes, are used to increase the amount borrowed, by adding new loans on low rates of interest to old loans on high rates of interest. In the ideal, which should not be difficult of attainment, inquiries into the circumstances of the borrowers are made thoroughly, and properly. Here, it appears that frequently inquires are not made thoroughly and reports cannot be trusted. Loans should obviously be spent for the purposes for which they are given. Here, it appears that often they are not. It is reported from one district that a director brought a large number of shareholders to the general meeting for the election of directors, at his own expense; and that there have been cases at meetings where directors "fight like pleaders to get the loans sanctioned which they recommended". In Lyallpur District, a member took a loan for Rs. 1,400 and within three months applied for insolvency. On his loan application he had stated his outside liabilities to be Rs. 3,000; but in the insolvency he states them to be Rs. 11,500. In the same district, a director, after inquiry recommended a loan to an applicant of Rs. 4,400 for the repayment of old debt. The loan

* Vide page 36 & 37 of the Report for the year ending 31-7-1929.

was issued. Shortly afterwards, his other creditors filed an application for insolvency against him; and the loan given to him by the bank is reported not to have been passed on by him to his creditors before the applicatton for insolvency was filed. In other cases borrowers have failed to produce the receipts of their creditors within a reasonable time, which raises suspicion that the money has not been properly applied. In others the receipts produced are not of the same creditors whose names were given in the loan application. All this suggests that in Lyallpur the chief object in life is to borrow money in any way possible. But other banks, such as Shahpur, Sonepat, Naraingarh, can show a very much better record. In palliation of the obvious inadequacy of the directors' reports on applications for loans, it may perhaps be urged that an honorary worker, with his own business to do, cannot be expected to devote enough time to do an honorary job properly. If this is said, the obvious reply is that he should not undertake the job at all. If a director did not do the work, it would be difficult to get it done at all, for the profits of the banks are not, in some cases, enough to pay for a salaried employee. There are cases in which the Punjab Co-operative Union has been paying a Sub-Inspector who is attached for duty to a mortgage bank, which pays only his travelling allowance. This, I consider, is against the principle on which co-operative banks should work; which is, that, if the bank can afford it, it may employ paid servants; but if it cannot afford it, its members should give it gratuitous and true service. The number of loans advanced for the repayment of old debts has increased from 171 to 218 and of these 124 were given in Lyallpur District alone. Combined with the circumstances narrated about this district elsewhere, and the well-known wealth of this district, this suggests, first, that here we have another instance of credit together with its abuse, following an increase of assets; and also that repayment of old debt is a convenient plea for securing a loan not for the repayment of old debt but for the sake of incurring a new one."

2. MYSORE (1928—29.)

The report of the Registrar of Co-operative Societies, Mysore on the working of the movement during the year 1928-29 is, as usual, an account of the good work done with a definite aim in view. We have on previous occasions drawn the attention of our readers to a special feature of this report, namely previously settling the programme for the coming year. To the best of our recollection this practice is observed only in the Presidency of Bombay.

Taking the plan of work as settled at the end of the previous year we get an idea of what the Registrar wanted to do and from the report we see what he has actually achieved. We are glad to note that the Registrar has been able to achieve a good deal of success along the lines of work indicated in the previous report.

The policy of consolidation and cautious expansion has been pursued and more attention has been devoted to non-credit activities. We are

glad to note that students' Co-operative Stores are becoming popular and the work of the Department amongst the depressed classes also seems to be satisfactory. There has been quantitative progress all round and the statistics of the Registrar shows that the movement is progressing at an ever increasing rate. We are sorry however to note that as in this province of Madras the D. C. B. statement is not a cheerful reading. The heavy overdues, whatever be the causes, ought to cause serious anxiety to those responsible for administration and we see that the government in their report are keenly alive to this aspect. The real fact seems to be that the limitations of co-operation were not recognised in the early stages and co-operative societies became land mortgage banks, lending money for long periods with a view to clear off prior indebtedness. It is only now that the unpleasant truth is realised that co-operative banks can at best supply only short term requirements of the agriculturist; and the Land Mortgage Bank, which since writing this report has been started will, it is hoped, soon extend its operation and considerably relieve the burden now thrown upon co-operative societies.

The deterioration of District Banks, which we noticed last year, has gone still further and it is better that they are wound up and the Apex Bank starts its branches with a view to facilitate transactions with primary societies.

The Rural Reconstruction scheme at Lalitadirpur which has the rare fortune of being looked after with parental solicitude by the enlightened Maharaja himself will be watched with great interest by co-operators outside and so also the scheme of Adi Karnataka Colonisation at Gootigere. We are glad to be told that the success of the latter scheme has created a desire among the depressed classes to form more such colonies in other parts of the country and that one such has started at Byrapur.

If Mysore co-operators might profit by experience of other provinces, they will do well to strengthen the Central Co-operative Institute which ought to be the brain of the movement. We are sorry to note that the government gave it only a small grant of Rs. 500 and that the apex bank gave only " a small donation ". Perhaps the amount given was so small that it does not deserve special mention. This central propagandist institute has to run a magazine, to hold the annual conference and to train up workers. It has got its branches in three or four places and unless it is very liberally subsidised both by government and the apex bank, it is not likely to function satisfactorily. We are glad to note, that as in this province there is one prominent individual as the President both of the apex bank and the apex institute. It is therefore possible for the bank to make liberal grants towards maintaining the propagandist institute. We hope this suggestion of ours will be taken up seriously and acted upon. We echo the sentiment of the government and congratulate Mr. K. A. Ramiah and others for the good work done and hope that with unabated vigour they will carry on the work and show better results next year.

S. K. Y.

Reviews.

1. ENGLISH CO-OPERATORS' VISIT TO RUSSIA.

On the invitation of Centrosoyus which as our readers know is the Apex Union of Consumers' Co-operative Societies in Russia, a number of English ladies and gentlemen who were interested in Russia and were ardent co-operators' formed a party and visited that country with a view to learn for themselves as much of the real conditions of Russia as possible. The report of this visit published by the Manchester Co-operative Union and priced as cheap as 4 pence affords very inteiesting reading.

The organisation of Consumers' Society in Russia culminating in the famous Centrosoyus which is both a wholesale and central propagandist institute must be familiar to co-operative readers. The pampelet gives us an account of the systematic plan of extending co-operation according to which a definite stage is reached every year. It is interesting to note that in many towns and villages especially in the neighbourhood of factories, communal kitchens are run by co-operative societies and it is expected that this system of public feeding will be considerably extended with a view to reduce the drudgery work in the home for married women workers. Most of the co-operative organisations doing considerable business are able to give to their members such amenities as cricles and kindergarten playground for children, reading room and co-operative cinemas for grown up people.

The pamphlet has other equally interesting sections and we particularly commend the section dealing with education in Russia not only to the teacher readers, but also to the lay man who as a citizen endowed with the power of vote has ultimately to shape the educational policy of this country. The sections dealing with the condition of women in Russia, Scientific Work in Russia and the condition of labourers in that country would all be read with great interest. We commend this volume to the readers of this journal.

S.K.Y.

2. STUDENTS AND VILLAGERS.

We have received a copy of a small pamphlet with the above title. It is an appeal issued by Dr. S. Jesudason working in the Christu-Kula Ashram. Tirupatur, North Arcot Dt. to educated young people on behalf of the villagers. It sets out in great detail the deplorable condition prevailing in villages, the illiteracy, insanitation, indebtedness and other evils to which villagers are subjected and appeals to young men and women to dedicate themselves for the services of the masses that dwell

mostly in villages. It is permeated throughout by sincere Christian feeling and we commend this pamphlet to all lovers of the country.

S. K. Y.

3. ADULT EDUCATION

BY S. S. TALMAKI.

This is a pamphlet published by the Provincial Co-operative Institute at Bombay and the author Rao Bahadur S. S. Talmaki is familiar to our readers as a former president of our Provincial Conference and as the indefatigable honorary secretary of the Bombay Co-operative Institute. It consists of four sections, in the first of which, the author discusses the need for adult education, which in a land where illiteracy is the prevailing order of the day is very great indeed; more so in the light of the impending political changes when greater power will be delegated to these illiterate masses. In the second section he elaborates a trial scheme giving details thereof and it is interesting for us co-operators, because he wants to make the fullest use of co-operative societies for supplying at present the needed man power and in course of time monetary power as well. In the third section he quotes great authorities on the subject and in the fourth gives a very useful account of the movement as it obtains in England and some other countries of the west. He lays special emphasis upon the Folk High School of Scandinavia. This pamphlet will be found to be very useful to all social workers who want to contribute their humble quota to this grand work of mass education as a means for rural uplift that awaits to be done.

S. K. Y.

4. BOMBAY CO-OPERATIVE INSTITUTE (1928—29.)

The Eleventh Annual Report of the Provincial Co-operative Institute, Bombay for the year ending with 31st March '29 is a record of progress that will be read with great interest by co-operators in this province. The Bombay Institute is in many respects different from our own Provincial Co-operative Union. Its constitution, its method of work, its financial resources are all different and a brief account of its work therefore would be of great use to us, familiar as we are with the working of our Provincial Co-operative Union.

The Institute has got its head-quarters at Bombay and has 26 branches. Its membership is thrown open to Co-operative Societies and to individuals and the latter are sub-divided into patrons, life members and associates. The head office and its branches were responsible for holding 34 conferences – provincial, divisional, district and taluka conferences. They were also responsible for conducting a number of training classes and panchayatdars' classes. They run also three schools in the head-quarters of the three main linguistic divisions of the province, i.e. Poona, Surat and Dharwar representing Mahratta, Guzarati and Carnataka areas. The institute appoints a number of propaganda officers and we are glad to note that these officers have been doing intensive work in limited areas instead of doing work of a diffused kind over an extended area. We are also glad to note that the scheme of starting a Co-operative Insurance Society has been worked and will be given effect to shortly.

We congratulate the institute on its successful work and wish it added opportunities for carrying on its highly useful work.

S. K. Y.

5. EVIDENCE TENDERED BEFORE THE CENTRAL BANKING INQUIRY COMMITTEE BY THE ALL-INDIA INSTITUTES' ASSOCIATION.

This evidence published in the form of a pamphlet is highly suggestive and thought-provoking. It starts with the fundamental statement that co-operatian is the best means of developing the basic indstry of agriculture and the allied industries for converting the agricultural produce into marketable commodities. Equally important is the other fundamental proposition that it is the primary duty of the government to help these developments by all means rendering financial help as well.

Coming into details it wants that a co-operative bank should be permitted to undertake all kinds of banking business including inland exchange business and that it should be allowed to lend money to all persons including non-members. The evidence divides Co-operative Banks under three categories, Viz. those having a capital of Rs. 50,000 and less and these should be subject to careful watch and regulation; those that own capital of more than Rs. 50,000 upto 2 crores of rupees and these should be given the existing privileges enjoyed by co-operative societies and also the freedom of expanding their business along other lines; and big banks with more than 2 crores of rupees as capital that need not be given any concession at all that co-operative societies now enjoy.

The evidence hits the right nail on the head when it states that the real problem is "how the different types of people in this vast land can best be provided with banking facilities" and not how the imperial or other Joint Stock Banks or the indigenous banker can best develop its or his services. It makes some interesting proposals about banking education and deplores the divorce that unfortunately exists between educated Indians and the indigenous system of banking. It is against the importation of foreign capital for developing banking facilities in the country. It suggests various methods for drawing out the shy capital of

India and it finally recommends the following so far as co-operative banks are concerned.

(1) In centres where there are no branches of the Imperial Bank of India, approved co-operative banks may be entrusted with the management of government sub-treasuries.

(2) Where this is not possible, the cheques drawn by Co-operative Banks on the Provincial Co-operative Bank in a province should be encashed at par or at a small reasonable charge by Government Treasuries and the Imperial Bank and its Branches.

(3) Accumulated balances in sub-treasuries might be made available to co-operative banks at a nominal rate of interest to enable them to finance agriculturists against their harvested crops.

(4) The debentures of Co-operative Land Mortgage Banks should be recognised as Trust Act Securities, for though they have not the guarantee of the Secretary of State, they have the guarantee of the Provincial Government."

It is hoped that these recommendations will be given due consideration by the Central Banking Enquiry Committee, on which as our readers would remember, there are some very eminent co-operators.

S. K. Y.

6. SOME TAMIL BOOKS ON CO-OPERATION.

(*i*) *Leaflet on Co-operative Societies.*

(*ii*) *An Exposition of the Principles of Co-operation.*

(*iii*) *Co-operation in India (being a translation in Tamil of the Government of India Resolution on Co-operative Movement 1914).*

(*iv*) *Worker's Co-operation (A drama in Tamil).*

All these four pamphlets are from the pen of the young and enthusiastic co-operator Mr. O. A. Narayanaswamy Iyer, B.A., B.L., Secretary, Tanjore District Co-operative Federation. The pamphlet sets forth the many features of a village co-operative society and explains the significance of unlimited liability and what sorts of loans are available to the viilager, and how to get them. It also lays great emphasis upon "Thrift" and gives a brief account of the bigger organisations functioning above the village society, such as Supervising Unions, Central Banks and Federations. This pamphlet priced so cheap as six pies may be called the Village Co-operator's Hand-Book.

The Government Resolution which was a review of the movement ten years after it was first started contains a statement of the fundamental principles of co-operation and a review of progress made during the decade under consideration. Taken along with its companion volume called in Tamil "Kutturavu Vilakkam" or an exposition of the fundamental principles of co-operation, it will give the beginner a real grasp not only of the principles of co-operation, but the methods of work now obtaining in the Presidency and the inter-relation between the various institutions taking part in the movement. These two may be styled as companion volumes forming a sort intermediate text-book on co-operation for the benefit of village co-operator.

"Worker's Co-operation", a Tamil Drama on labour Unions that turn their attention to co-operative enterprise, is a piece of imaginative literature dealing with co-operation as one of the factors in modern life. We had the pleasure of reviewing an earlier work by the same author, wherein the advantages of Co-operative Sale Societies were set forth. This work also, professedly propagandistic, is written in colloquial Tamil and is a good picture of the condition of poor workers, as it obtains now, and as it may become, if co-operation is fully availed of for their social uplift. It sets out in great detail how the poor worker is exploited by unscrupulous contractors and how there is no salvation for them except through co-operation. The imaginative picture of a Union of actual labourers that take up in course of time contract works and grow prosperous and are able to run a school and build houses for their members, is very well drawn and the drama when actually staged is bound to be very appealing.

Those who have been bestowing attention on the problem of illiteracy and education, so far as our country is concerned, have come to the conclusion that for a long time to come adult education has to be carried on without reference to literacy by means of indigenous agencies and of such agencies available for changing the mentality of the villager by infusing wholesome ideas into his mind, the drama is considered to be one of the most efficient.

Mr. Narayanaswamy Iyer deserves to be congratulated upon the excellent success he has achieved in dealing with this subject in a very appealing way and we hope that this drama would be staged in Tamil countries on all important co-operative and other festive occasions.

S. K. Y.

7. GRAMANI (VOL. NOS. 1 & 2).

We have received Nos. 1 & 2 of the first volume of a Journal called "Gramani" or the Village Leader, a monthly magazine devoted to the study of village self-government and village civics in India, and published by the Secretary of the Gramani Association, Nagpur. They offer very interesting reading and contain learned articles, accounts of village government in other countries, Book reviews, current activities both of the public and the government and lists of similar associations and literature dealing with the subject. There is melancholy interest to some of us, because one article in the second number was contributed by our colleague and disinterested village worker Mr. N. Satyanarayana, who is now enjoying compulsory rest. We wish the journal all success.

S. K. Y.

8. BIHAR CO-OPERATION, *Hajipur Sub-division, with A Foreword by Rai Bahadur Durga Prasad, M.A., And an Introduction by Sir Daniel M. Hamilton Kt. by Sadashiva Prasad, M.A., Author, Co-operative Credit in Jamui Sub-division, Printed at the B & O Co-operative Press, Patna .... Price Rs. 1-8-0, Foreign S 2-5, copies can be had from, The Secretary, B & O Co-operative Federation, Patna.*

We commend this book to all earnest students of Indian Economics. Time was when Economics was taught in Indian Universities as a bookish subject with very little reference to actual problems around us. Fortunately those dark days are over and we have a number of books dealing with the Indian Economic problems both from Indian and foreign points of view. This book is a highly desirable addition to the select books that we have on Co-operative movement in India, and though it deals with the movement in a particular sub-division of the province of Bihar and Orissa, the general remarks of the author are applicable to the movement in general in India.

The author observes that one of the fundamental mistakes committed by the departments in the initial stage was their attempt to tackle the area and problem far bigger than their resources could have allowed them to do with success. Our author has rememembered the wisdom of this remark and has confined himself to a limited area and has done intensive study. The area covered has 171 ordinary societies and four special types of societies excluding the guaranteeing Union and the Banking Union. The author traces the history of the Movement in the area under observation. He discusses the various agencies available for financing the agriculturist and describes their relative merits and demerits, mostly the latter, because none of them except that the co-operative agency is actuated by service motive. He gives specific instances of how the poor agriculturists find that in spite of their constant repaying, their debts never get fully paid up. Based upon actual facts and figures, he shows, how in the area there has been increase of indebtedness in the case of a large number of members, though there has been some decrease as well. As he remarks the increase of indebtedness is due to the fact that at the time the Society is organised, very often the members do not disclose all their liabilities and it is also partly due to cheap credit and careless financing.

In the chapter dealing with the actual credit operations, he has given some suggestions for the improvement of the some, namely, granting of loans in the case of persons of approved character on personal security and not upon mortgage of property (2) lessening of interference on the part of financing banks (3) prompt disbursement of short term loans (4) reduction of rate of interest at which societies lend to their members.

We are glad to be told that some tangible good results stand to the credit of co-operation in the matter. The author points out how lands have been redeemed. He tells us how unlimited is the scope for effecting agricultural improvement and the Introduction of cottage industries and the diffusion of ideas of cleanliness, sanitation and the spread of literacy. He lays emphasis upon the fact that in spite of apparent progress, due emphasis has not been laid upon thrift. The last chapter which deals with the shortcomings enumerates among others corruption, appropriation of loans by Panchayats, lack of properly trained non-officials to lead the movement, and the absence of co-operation between the various departments engaged in the village uplift.

The book has got some fine illustrations that add very considerably to the attractiveness of the volume. The author deserves the thanks of all students of Indian economics in general and of Indian co-operators in particular for his very careful and trustworthy study and his able marshalling of facts and figures in support of his general observations.

S. K. Y.

District News

I

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

Extracts from the proceedings of the meeting of the Board of Management of the Bank held on 29 · 6—1930.

* * *

Res. No. 2.

To consider the appointment of 2 Superintendents, one for the finance section and the other for the Executive section of the Bank and also the appointment of one clerk for the Executive section as per letter dated 9-1-'30 from the Vice president of the Bank.

(*a*) To consider the resolution of the General Body dated 25—12—'29 regarding the formation of an administrative section in the Bank.

(*b*) To consider the Joint petition dated 15—1—'30 of the office staff for an overtime allowance.

(*c*) To consider the proposals of the President on the above subjects and the suggestions made to the proposals of the President by Mr: R. Srinivasa Iyengar. (Deferred subjects)

(*d*) To consider the circular of the M.C.U.B. dated 4—6—'30 communicating the resolution of their Board of Management regarding the grant of subventions for consolidation and rectification work and requesting us to forward our proposals for their consideration. (Relevant extracts of same are furnished in the enclosed sheet.)

RESOLUTION.

(*a*) & (*d*) proposed by Mr. D. P. Thathachariar and seconded by Mr. M. G. Parthasarathy Mudaliar that no administrative section need be opened. For 16 against 6.

Ayes.

Mr. M. G. Parthasarathy Mudaliar	Mr. Somasundra Iyer
,, R. A. Sivananda Mudaliar	,, Sri Rangachariar
,, D. P. Thathachariar	,, Ismail Saheb
,, Lakshmana Reddiar	,, Kanaka Venkatarama Iyer
,, S. N. Kesava Reddiar	,, Balasubramania Naidu
,, Seshadri Iyengar	,, Veeraswami Reddiar
,, Chokkapa Odayar	,, R. Ramaswami Mudaliar
,, Kolandavelu Odayar	,, T. M. Jambulinga Mudaliar

Noes.

Mr. R. Srinivasa Iyengar	,, S. Raghavendra Rao
,, R. Krishnaswami Iyengar	,, V. Srinivasa Rao
,, A. Chakarapani Iyer	,, A. T. Muthukumaraswami Chettiar.

Sd. V. SRINIVASACHARIAR, *President.*

C. 62/30-31 (True Copy) Dated :—24-7-1930

Communicated to the Editor, The Madras Journal of Co-operation, Rayapettah Madras, for favour of information with reference to his letter dated 10—7—'30

E. ANANDATHIRTHA RAO,
Secretary.

II

THE MADURA RAMNAD DT. CO-OPERATIVE CONFERENCE.

We have received a communication from the **Madura Ramnad District** Co-operative Conference Convening Committee **at Periyakulam, Madura, that** the Conference is proposed to be held there on **the 23rd and 24th August 1930** and that the Periyakulam Co-operative Urban Bank **has taken the initiative** this year for bringing about the said Conference and **has formed a Convening** Committee for concerting the necessary measures.

Government Order.

NOTIFICATIONS.

Fort St. George, 11th July 1930.

(G. O No. 1390, Development).

No. 241.—In exercise of the powers conferred by sub-sections (1) and (2) of section 43 of the Co-operative Societies Act, 1912 (II of 1912), read with section 21 of the General Clauses Act, 1897 (X of 1897), the Governor acting with Ministers is hereby pleased to make the following amendments to the rules published with the notification of the Local Government in the Revenue Department, No. 483, dated 2nd October 1915, at pages 1039—1042 of Part I of the *Fort St. George Gazette*, dated 9th November 1915, as subsequently amended :—

AMENDMENTS.

1. In the preamble to the said rules—

(i) at the end of clause (*e*), the word 'and' shall be omitted ;

(ii) at the end of clause (*f*), the word 'and' shall be added ; and

(iii) after clause (*f*), the following clause shall be inserted, namely :—

"(G) 'Working capital' means such portion of the reserve fund, paid-up share capital, loans and deposits received by a society and debentures issued by a society as have not been locked up in buildings and other fixed assets ".

2. For rule X of the said rules, the following rule shall be substituted, namely :—

"X. The reserve fund in a registered society shall be invested or deposited in one or more of the modes mentioned in section 32, sub-section (1), clause (*a*), (*b*), (*c*), and (*d*) of the Act ;

Provided that when the reserve fund of a society exceeds 20 per cent of its working capital, the excess may, with the sanction of the Registrar, be used in its own business :

Provided, further, that distributive societies may, with the special sanction of the Registrar to be obtained in each case, utilize the whole of the reserve fund in their business ".

All-India Provincial Co-operative Institute's Association.

9, BAKEHOUSE LANE,
FORT BOMBAY,
16th July 1930.

To

V. RAMDAS PANTULU, ESQ.,
President, All-India Provincial Co-operative Banks' Association, Madras.

Dear Sir,

I have the honour to invite attention to my circular dated 23rd April 1930,* a copy of which was sent to you.

In that circular, the All-India Provincial Co-operative Institutes' Association notified that the All-India Co-operators' day should be celebrated in all Provinces and States in India on the First Saturday in November, which this year falls on the 1st November and that the sale of Thrift Certificates should form an outstanding and striking feature of the Day Celebrations. I suggested therein that details of the Thrift Certificates would be communicated by me later in consultation with the All-India Provincial Co-operative Banks' Association.

I have therefore to request you to kindly advise me as to the details in connection with the issue of the Thrift Certificates. My own ideas on the subject are as follows :—

i. The certificates should be more or less on the basis of the Postal Cash Certificates, as regards printing and form.

ii. They should be issued by the Provincial Co-operative Banks or the Provincial Co-operative Institutes, for their respective areas.

iii. The rate of interest (simple) allowed should be 5% per annum. It is the fact of saving and of practically locking up the saving for a term of years that is important from the co-operative point of view, and not the rate of interest allowed. A higher rate than 5% might prove inconvenient to the issuing Bank or Institute.

iv. The certificates should be for 5 years. Of course, they would be encashable earlier at any time like the Postal Cash Certificates at a discount.

v. The denominations that seem to me to be convenient are Rs. 1-4-0 ; Rs. 2-8-0 ; and Rs. 5. The sale price should be respectively Re. 1, Rs. 2, and Rs. 4.

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* Vide page 4 of Supplement I to the May 1930 Issue of the Journal.

vi. For the middle classes, Three-Years' Certificates might be issued, the denominations being Rs. 100 and Rs. 500. The sale price should be respectively Rs. 85 and Rs. 425.

vii. The cash value of the certificates at different times would be as under :—

A. For the Five Years' Certificates :—

	Rs.	A.	P.
The Re. 1 certificate if cashed earlier than 1 year ...	1	0	0
If cashed after one year, but before two years ...	1	0	9
„ two „ three ...	1	1	6
„ three „ four ...	1	2	3
„ four „ five ...	1	3	0
On due date or after	1	4	0

B. For the Three Years' Certificates :—

	Rs.	A.	P.
If cashed earlier than 6 months ...	85	0	0
If cashed after 6 but before 12 months ...	87	0	0
„ 12 „ 18 „ ...	89	8	0
If cashed after 18 months but before 24 months ...	92	0	0
„ 24 „ „ 30 „ ...	95	0	0
„ 30 „ „ 36 „ ...	98	0	0
On due date or after	100	0	0

I do not think the institution issuing these certificates will find it difficult to invest in a suitable manner the amounts collected, since these would remain with it as a sort of fixed deposit, and since as the last resort, the moneys realised could be invested in the Postal Cash Certificates.

I have the honour to request you to kindly let me know at an early date whether these suggestions meet your approval, so that I could communicate them with such modifications as may be suggested by you, to the Provincial Co-operative Banks in the various Provinces and States.

I have the honour to be,
Sir,
Your most obedient servant,
H. L. KAJI
Honorary Secretary.

Forwarded with compliments for favour of opinion, particularly as regards the institution (Provincial Co-operative Bank or Provincial Co-operative Institute), that should issue the certificates and the organising of a band of volunteers and other arrangements contemplated to popularise the sale of these Thrift Certificates, to the following :—

The Managers, Provincial Co-operative Banks.
The Honorary Secretaries, Provincial Co-operative Institutes.
The Registrars, Co-operative Societies.
The Members of the Standing Committee of the All-India Prov. Co-op. Inst. Association.
The Editors of the Indian Co-operative Journals.

R. C. No. 29/30-31.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION
ROYAPETTAH MADRAS.
21st July 1930.

G. SRIRAM BABU NAIDU ESQ., B.A., B.L., DIP. ECON.
Honorary Joint Secretary.

Dear Sir,

At the request of several village panchayats, this Union proposes to publish a monthly journal under the title of "The Village Panchayat" in three languages, i.e., English, Telugu and Tamil, in the place of "The Madras Panchayat Bulletin" till now published by the Registrar-General of Panchayats and recently abandoned by him.

In this connection, I wish to point out that the Registrar-General has consented to supply this Union with copies of all his circulars and is also willing to contribute articles to the Journal, with a view to make it a success. The Journal will be of the same size as the old 'Panchayat Bulletin" and will be run more or less on the same lines as was done by the Registrar-General. There will be also original articles by well-known and expert rural workers. The subscription also will be the same as before, i.e., Rs. 2 per copy per annum.

I, further, beg to point out that this Union is not a stranger in the matter of publication of journals. You may be aware that "the Madras Bulletin of Co-operation" used to be conducted by the Registrar of Co-operative Societies in the same manner as the "The Panchayat Bulletin" was conducted by the Registrar-General. When the former gave it up, this Union undertook the publication of the Journal and I am glad to say that the Madras Journal of Co-operation is now one of the best conducted and widely circulated journals in India with a very good circulation even in all foreign countries. I am sure that, with your co-operation, "The Village Panchayat" will also be a success, enhancing the utility of this Union as a propagandistic institution. Being a co-operative concern, it need hardly be mentioned that this Union does not intend to make any profit out of this venture, but merely wishes to propagate the various advantages of the Village Panchayat Movement among the people.

May I therefore request you to kindly fill up the order form below and send it on to me before 15-8-1930, with a remittance of Rs. 2 towards subscription for one year. The first number is expected to be out within a month, which of course depends upon the ready and prompt response which this appeal will receive at your hands.

Yours faithfully,
G. SRIRAM BABU NAIDU,
Hon. Joint Secretary.

To

All Presidents of Village Panchayats
All Subscribers of "The Madras Panchayat Bulletin".

Station..................................
Post..................................
Date..................................

To

THE HONORARY JOINT SECRETARY,

The Madras Provincial Co-operative Union,

Royapettah, Madras.

SIR,

Please enlist me / our institution* as a subscriber for your Journal, "The Village Panchayat". The annual subscription of Rs. 2 is sent by M. O.

Yours faithfully,

* In the case of Institutions, a copy of its resolution may kindly be communicated.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION,
Royapettah, Dated 21st July 1930.

Sir,

We are glad to inform you that we have produced the first set of 33 slides on Co-operation. Our slides excel others in quality and we are offering them at a very cheap rate in order to propagate far and wide the evils of drink and the benefits of the Co-operative Movement.

The following gives you a brief idea of the story illustrated in the slides. A copy of the pamphlet dealing with the story in detail will accompany every set of slides purchased. We shall be obliged if you can kindly order for as many sets as possible and popularise our slides.

Sets are available for sale, the coloured set at Rs. 50 and the uncoloured at Rs. 35.

Yours faithfully,
G. SRIRAM BABU NAIDU,
Hon. Joint Secretary.

To

All Central Banks
Federations and Unions.

THE STORY.

Ramayya, a poor labourer, in the village of Indukurpet, on his way home after the day's toil, meets his friend Subbayya near the village toddy shop. Subbayya has no money and loiters near the shop to get hold of some friend who will oblige him with his usual pint. He is glad to meet Ramayya and drags him into the shop. They both drink. Ramayya pays the bill and goes home empty-handed. His wife and children are starving. He beats his wife, brushes aside his little son and returns to his evil companion. They plot together, Ramayya commits theft in Pulla Reddi's house in the latter's absence and is taken to the Police Station.

Pulla Reddi, a rich enthusiastic young man, has returned to his village after completing his educational career and started a co-operative society for the benefit of the villagers. On coming home, Pulla Reddi hears the story of Ramayya, runs to the Court and prays for the latter's discharge assuring the Magistrate that he would take up the responsibility of reforming the man. He makes Ramayya abandon drink, helps his family in several ways with the aid of the Co-operative Society and finally enables him to become a landholder owning bulls, buffaloes etc., and enjoying all the amenities of an honest, hardworking ryot.

11 23 (88) The defects of the *tagavi* system are the protracted period of the preliminary inquiry and the leakage to which the loans are at times subject.

12 24 (88) The defects of the co-operative system are delay in the disposal of applications and the inadequacy of finance.

13 25 (89) While there is considerable room for making credit easier than at present, facile credit is no panacea for the ills the agriculturist is suffering from.

14 26 (90) Unless the borrower is educated and understands the economic value of credit and exercises judgment and prudence in its use, no system of finance will be of any appreciable benefit to him.

15 27 (91) The opinion of the Royal Commission on Agriculture that "in Co-operation lies the salvation of the rural classes of India" is endorsed.

16 30 (94) The Government of India should place at the disposal of the local Government a part of the money raised through post office savings banks, for being advanced to co-operative societies or as *tagavi* to individuals, at a rate of interest not much higher than that allowed to the depositor.

17 31 (94) It would be to the interest of everybody concerned if some kind of co-ordination can be arranged between the *sowcar* and the co-operative societies.

18 32 (95) In famine tracts, some amount out of the *tagavi* grant or from the Famine Insurance Fund should be placed at the disposal of the co-operative societies for being advanced to suitable agriculturists; and finance should be arranged for a cycle of years consisting of a normal period of good, bad and indifferent years.

19 34 (96) In the canal tracts of the Deccan, the situation is becoming serious owing to rise in cost of cultivation and fall in price of sugarcane. It is essential that the repayment of the outstandings should be spread over a number of years and that the Provincial Bank should give the necessary instalments for the purpose. For the bigger cultivators, a land mortgage bank should be started to supply current finance, while for the smaller ones ordinary co-operative societies should continue to make the necessary advances.

20 35 (97) In the case of the aboriginal tracts, the only two practical remedies are the spread of co-operative societies on the lines followed in the Panch Mahals district and the grant of *tagavi* loans by Government. In either case, a special staff will be necessary to supervise and conduct the operations.

21 36 (98) In Sind, for big *zemindars*, co-operative *zemindari* banks would be the best means of finance not only for current agricultural purposes but also for land improvement and redemption of debts.

22 37 (99) As for the *hari*, either the *zemindar* must undertake to finance him or he should get finance from the co-operative society, his *zemindar* standing surety for him.

23 40 (108) (109) The scheme of advances under the Land Improvement Loans Act through the agency of the co-operative movement has been only partially successful. In order to make it more successful, it is suggested that, in each district, where co-operation has made progress, there should be some officer of the Co-operative Department, who has undergone training in the elements of agriculture and engineering practice, to examine the applications and also to watch over the proper use of the advances made. Where there are *taluka* development associations with a qualified staff, the services of the staff should be utilised by the Co-operative Department for the purpose.

24 42 (115) Three co-operative land mortgage societies have been started in the Province. Government may now consider whether they should not permit the formation of more co-operative land mortgage associations in different parts of the Province without awaiting the results of the work of the three societies.

25 43 (115) The arrangement of lending the services of a Government officer, for the systematic valuation of land, to land mortgage societies seems, on the whole, to be the most suitable in the existing circumstances.

26 44 (115) In respect of valuation and grant of loans, control must, in the present circumstances, be centralised.

27 45 (115) Under the existing arrangements, no portion of the margin between the borrowing and lending rates is available to the local land mortgage societies. Whether a fixed share of the profit should not be given to them is a question worthy of consideration.

28 46 (115) Government, after comparison of the results of the working of the existing societies, may decide what should be the area of operations of such societies in future.

29 47 (116) Government should actively assist in starting a central land mortgage bank.

30 48 (116) The bank should be registered under the Co-operative Societies Act.

undertaken to appraise the public of the facilities available at the treasuries for purposes of remittance.

50 100 (187) The Imperial Bank should give increased facilities for remittance and suggest ways and means to Government of giving facilities to joint stock banks. co-operative banks, indegenous bankers and the public generally through its own local offices and branches and their treasuries and sub-treasuries.

51 108 (199) Co-operative banks and indegenous bankers should be encouraged to do *hundi* business in the *mofussil* and they should be appointed, if it can be arranged, agents of the Imperial Bank.

52 111 (206) The number of persons depending on agriculture who have come within the fold of rural credit movement is 10·7 per cent of the total agricultural population of the Province.

53 112 (208) It is essential that the question of proper selection of members should be borne in mind by those responsible for management or supervision of primary societies.

54 113 (208) Membership of such societies should not become unwieldy.

55 114 (209) Attempts must be made to teach every member of co-operative societies not only his rights and privileges but also his duties and responsibilities. This work should be undertaken by Provincial Co-operative Institute assisted by the trained staff of the Co-operative Department. The co-operative movement has a claim on the resources of Government for expenditure on such education.

56 115 (210) A proper and timely preparation of normal credit statements by primary societies is necessary. Every central bank should take special care to see that this is done.

57 116 (211) Special limits of loans are being fixed in the case of suitable members of primary societies where ordinary limits are not sufficiently high. Such limit should be fixed for a period of three years.

58 117 (212) Loans to individual members should be advanced as far as possible in instalments and not in lump.

59 118 (213) In the bye-laws as well as in the accounts of the societies, short-term, intermediate and long-term loans should be clearly distinguished.

60 119 (214) Separate societies should be organised for big landholders in the Presidency proper as is being done in Sind, wherever there is a large number of such landholders.

61 120 (215) Great care is necessary as regards selection and training of supervisors engaged by supervising unions. Selection

should be subject to the approval of the district federation of unions, wherever such exist.

62 121 (216) Banks may advance loans to primary societies to finance good members only, even when others have defaulted. In the present state of development it is not necessary to enforce the principle of corporate responsibility too rigidly.

63 122 (217) Before cancelling a mismanaged society, the union should have the authority, with the consent of the Registrar, to suspend a society and to entrust its management to a suitable person or persons to a definite period, not exceeding two years.

64 123 (218) The Co-operative Department has been following a policy of consolidation and improvement rather than of expansion during the last few years. It is necessary now that, with all the ordinary safeguards, more societies should be organised wherever the ground is ready for them.

65 124 (219) Share system would be a better method for encouraging thrift than compulsory deposits. The need for voluntary fixed deposits will, however, remain and members should be encouraged to make such deposits.

66 125 (219) Efforts may be made to introduce savings deposit system in all well-managed primary societies.

67 126 (221) A federation of urban banks should be organised in each of the linguistic divisions of the Province.

68 127 (221) Co-operative urban banks should not be allowed to finance joint stock concerns. The needs of such concerns can be met more appropriately by industrial banks.

69 128 (221) Urban banks may be allowed to finance bigger men, provided they have sufficient funds to satisfy the demands of men with small means. The suggestion that urban banks may be allowed to finance artisans' societies within their areas is not approved as this is the function of district central banks.

70 129 (221) The business of urban banks can be considerably expanded if they make advances on security of agricultural produce and also on the security of gold and silver where arrangements can be made for godowns and for proper custody.

71 130 (221) Urban banks should concentrate mainly on short-term business and should not lock up their funds in loans on the security of houses and landed properties.

72 131 (222) Salary earners' societies should be looked upon primarily as thrift societies. Credit when allowed should be based on the desire and ability of the members to practise thrift.

73 132 (223) Factory workers' societies are more of the nature of loan than of thrift societies and render service to their members mainly by securing them funds for domestic expenses.

74 133 (224) In rural areas members of depressed classes should generally be advised to join local village co-operative societies. It is not necessary to organise separate societies for such classes, expect when the men are engaged in some special industries such as leatherwork or weaving, for which speaial arrangements for finance are required.

75 134 (224) Special societies would be necessary in urban areas for members of depressed classes constituting distinct groups by reason of their being engaged in some particular trade and industry. The best cource for them, however, would be to seek admission to an urban people's bank.

76 135 (224) Where large numbers of the members of the depressed classes are engaged in the service of a public corporation, the public body may be induced to start a Co-operative Society to which these men may be freely admitted as members.

77 136 (225) There should be co-ordination between the co-operative sale societies and the co-operative credit societies.

78 137 (226) For co-operative land improvement societies it is necessary to take power under the law to compel a minority to join a scheme and to contribute towards its expenses and maintenance, when 75 per cent of the holders of land owning not less than three-fourths of the land falling within the scheme agree to combine and form the society.

79 138 (227) Only seven per cent of the finance required by the agricultural population of the Province is supplied by the co-operative movement.

80 139 (231) The ultimate policy as regards branches of the Provincial Bank should be to evolve a banking union out of every one of them. A beginning may be made by changing the constitution of the branch advisory committees so as to convert them into local boards of directors and empower them to advance loans upto a certain maximum amount for a single society.

81 140 (231) A branch of the Provincial Bank may be converted into a banking union, provided the latter is in a position to give the same facilities to its constituent societies ar are given at present and two-thirds of the societies in the area agree to the conversion.

82 141 (231) The business of the central banks will considerably develop if they start branches within the area financed by them.

83 142 (232) The proposal for the centralisation of all co-operative finance in one institution is not approved.

84 143 (233) The work of central banks should be co-ordinated by the organisation of a small committee consisting of a representative of the Co-operative Department, one of the Provincial Bank, three of central banks and one of urban banks.

85 144 (233) Such a committee should look into all important matters, particularly the training of the staff, their adequacy and efficiency, the borrowing and lending rates of the banks, inspection of central banks and divisional federations of urban banks and similar matters of common interest.

86 145 (234) It is not necessary for central banks to co-operate for the purpose of lending and borrowing on a provincial scale.

87 146 (235) The co-operative movement has received certain concessions from Government. Some additional concessions are recommended.

88 147 (236) The Provincial Bank as the apex bank for the whole movement should have a substantial cash credit from the Imperial Bank.

89 165 (250) When land is held by an inferior holder on terms which prevent him from raising money on its credit, either the superior holder or should finance the inferior holder or should stand as surety for loans which the latter may from co-operative societies.

90 156 (250) In the case of inalienable *inam* lands, Government should either undertake to finance the holders by means *tagavi* or should allow the lands to be mortgaged to co-operative obtain societies.

91 181 (289) Propaganda should be carried on for opening new savings bank offices, and in the experimental stage, in selected areas, officers of co-operative societies or village schoolmasters serving as part time postmasters should be entrusted with the work of collecting deposits.

92 190 (294) Co-operative societies and banks should explore all avenues for drawing to themselves savings of small men by attractive plans for savings deposits.

93 193 (298) There is a vast field for the spread of the operations of life insurance companies in rural areas and among owners of land.

94 195 (300) Co-operative cattle insurance Societies should not be started unless the actuarial aspects of the proposal are thoroughly investigated in a scientific manner.

95 203 (305) Joint stock and co-operative banks should allow moneys to be withdrawn from savings bank accounts by cheques.

96 214 (307) Only in two places there are branches of the larger joint stock banks. The only banking organisations possible in small centres are urban and central co-operative banks or their branches.

97 215 (307) The Imperial, joint stock and co-operative banks may adopt a system of having part time branches working two or three days in a week and city branches working a few hours on pay days.

C. C. P. WORKS, LTD., MADRAS.

BY-LAWS

OF THE

Madras District Co-operative Central Bank Ltd.

(Registered on 10-7-1930.)

I—Constitution, Objects and Membership

1. The Madras District Co-operative Central Bank Ltd., No. X. 63 is registered as a Co-operative Society under Act II of 1912. Its main objects shall be (1) to collect funds for financing co-operative societies; (2) to serve as a District Bank for the co-operative societies in the City of Madras and (3) to carry on general business of banking not repugnant to the provisions of the Co-operative Societies' Act. Its address shall be the Madras City. Its operations shall ordinarily be confined to the Madras District. It shall be referred to in these by-laws as "The Central Bank."

2. The Capital of the Central Bank shall, for the present, be rupees five lakhs made up of 5,000 shares of Rs. 100 (hundred) each. Every co-operative society within the said Madras District shall be eligible for admission and also any person over 18 years of age and of sound mind, provided firstly that not more than 500 shares shall at any time be alloted to applicants other than societies and secondly that the number of such individual shareholders shall not exceed the number of society shareholders.

3. Every member joining the Central Bank must take up at least one share. But no individual member can at any time hold shares exceeding Rs. 1,000 in face value. Each society shall take at least one for every Rs. 1,000 which it wishes to borrow from the Central Bank. The duty of admitting members and of allotting shares to them shall vest in the Board of Management, referred to in by-law 12 below, who may reject any application without assigning any reason.

4. The liability of a member shall be limited to the share capital subscribed by him.

5. (*a*) No member shall at any time be permitted to withdraw any share or shares held by him until the expiry of 3 years from the date when the shares become fully paid up, subject, however, that no

withdrawal exceeding 10 per cent. of the aggregate paid-up share capital of the Bank, as it was on June 30th preceding, shall be permitted in any one year and provided that such withdrawals shall not affect the borrowings of the Bank for the time being. No member indebted to the Bank shall at any time be permitted to withdraw the whole or any portion of the share capital held by him in it.

(*b*) No member shall be permitted to transfer any share held by him unless the transferee be a member or some person whom the Board of Management is willing to admit as a member and provided in any case that the transfer of a share shall not be operative unless and until it is sanctioned by the Board of Management, and provided also that when there is any application for transfer of share from any individual member, preference shall always be given to such application for transfer before allotment of new shares on application received therefor either from individuals or societies.

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

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

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

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

(iii) the person nominated be admitted by the Board of Management as a member of the Central Bank under by-law 3.

(*b*) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the Central Bank, the heir or legal representative of the deceased or any person nominated by such heir or legal representative within one month of the death of the deceased member, shall be entitled to succeed thereto, provided such heir or legal representative or his nominee shall have been admitted by the Board of Management as a member of the Central Bank under by-law 3.

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

7. A past member shall be liable, as provided in by-law 4, for the debts due by the Central Bank as they existed on the date when he ceased to be a member for a period of two years from such date. The estate of a deceased member shall be liable, as provided in by-law 4 for the debts due by the Central Bank as they existed on the date of his decease for a period of one year after his decease.

II. General Body

8. The General Body of the Central Bank shall consist of the following members :—

(1) Delegates representing societies and

(2) Individual members.

Each society, being a member of the Central Bank, shall appoint a delegate and vacancies among the delegates shall be filled up in the same manner. A delegate ceasing to be a member of his society shall cease to be its delegate. Every delegate shall hold office for a period of three years or until his successor shall have been appointed. Each delegate shall have only one vote.

9. The ultimate authority in all matters relating to the administration of the Central Bank shall vest in the General Body.

(A). A General Body of the Central Bank shall be convened by the Secretary in pursuance of

(1) a resolution by the Board of Management,

(2) a requisition signed by one-fourth of the number of members or by thirty members whichever is less,

(3) a requisition by the Registrar of Co-operative Societies, Madras.

(B). The following procedure shall be adopted in conducting the general body meetings.

(1) "Not less than 21 days' notice shall be given to members before a meeting of the general body is convened. Such notice shall specify the day, the hour and the place of meeting and shall be accompanied by an agenda and all other papers relating to the subjects on the agenda ; but the non-receipt of such notice by any

member shall not invalidate the proceedings at any genera meeting".

(2) "Any member of the Bank who wishes to propose a resolution or move an amendment to any by-law at a general meeting shall forward a copy of such of resolation or amendment to the Bank so as to reach it not later than the 15th July each Year. No resolutions or amendment to any by-law of which notice has not thus been given by the members shall be moved at any general meeting."

(3) "Any member wishing to move an amendment, any resolution or other motion on the agenda paper of a general meeting or to move any resolution on any matter contained in the report of the Board of Management or to have details of information regarding any matter in the report shall forward a copy of the same to the Bank so as to reach it not less than seven clear days before the date of the general meeting. Amendments to motions under this clause may be moved at the general meeting without previous notice."

(4) "Previous notice is not necessary in respect of the following whether at an ordinary or special general meeting."

(i) A motion for a change in the order of business as stated on the agenda paper

(ii) A motion for the adjournment of the meeting or the debate.

(iii) A motion that the meeting do pass to the next business on the agenda paper.

(iv) A motion that the meeting be dissolved.

(v) A motion to refer the matter under discussion to the Board of Management for decision or report.

(vi) A motion that the meeting do resolve itself into a committee.

(vii) A motion for the appointment of a committee to enquire into and report upon any matter before the meeting at the time.

(viii) Any business which in the opinion of the Board of Management is urgent.

(ix) That the question be now put.

10. The following among other matters shall be dealt with by the General Body :—

(1) Adoption of the annual administration report.

(2) Consideration of Registrar's notes of audit or inspection.

(3) Amendment or repeal of existing by-laws or the enactment of new by-laws.

(4) The election of members to the Board of Management.

(5) Appeals from members from the orders of Board of Management.

11. The quorum for a general body shall be thirty or one-fourth of the total number whichever is less. All questions before the meeting shall be decided by a majority of votes. Every member present shall have only one vote.

III.—Management

12. The Management of the Bank shall vest in a Board of Management consisting of not more than nine members, of whom six shall be elected from among delegates representing societies and three from individual members at a meeting of the General Body of the Bank. Out of the 6 elected from among delegates representing societies, three shall be from societies which have paid up not less than Rs. 5,000 towards the share capital in the Bank. The members of the Board of Management shall hold office for a period of three years. Should a vacancy occur in the Board of Management during the period of the said three years, it shall be filled up by the remaining members of the Board of Management until the next annual meeting of the general body, when it shall be filled by election for the unexpired portion of the period of three years, provided that the proportion of members of the Board of Management representing shareholding societies shall always remain unaffected.

13. No person shall be qualified to be a Director on the Board of management—

(1) If he is under 21 years of age, or

(2) If he is an adjudged insolvent, or

(3) If he is found lunatic or becoming of unsound mind, or

(4) If he is punished with imprisonment for a term exceeding six months.

14. The members of the Board of Management shall elect from among themselves a President and a Vice-President. The Board of Management shall appoint a paid Secretary on a suitable pay and he shall have no seat on the Board of Management.

15. The entire administration of the Central Bank shall vest in a Board of Management. The quorum for a meeting of the Board of Management shall be five.

16. (*a*) (1) The Board of Management shall meet from time to time to conduct the business of the Central Bank.

(2) The Board of Management may prescribe procedure for circulation of papers in all cases of urgency. The decisions arrived at any circulation shall be placed before the next meeting of the Board for their information. Should a difference of opinion arise in the course of such circulation the matter shall not be decided by circulation but shall be placed before a meeting of the Board of Directors.

(3) Members of the Board of Management who fail to attend three consecutive meetings of the Board shall cease to be members but may be reinstated by the Board.

(4) The President or in his absence, the Vice-President or in the absence of both any other member of the Board of Management shall preside at every Board Meeting of the Central Bank.

(*b*) The Board of Management shall have full powers—

(1) to inspect and to ascertain by enquiry if the by-laws are being properly observed by societies, but they shall not interfere with the exercise of discretionary powers by the Panchayats of societies,

(2) to prescribe from time to time the forms in which monthly accounts should be submitted by societies and pass remarks thereon for the information and guidance of the societies,

(3) to develop the co-operative movement in this district.

(4) to make rules consistent with the Act and these by-laws for the proper conduct of the work of the Bank.

(5) to authorise any officer or officers of the Bank by resolutions of the Board and grant powers to him or them to act on behalf of the Bank,

(6) to incur conveyance charges for Directors which may be fixed from time to time, and

(7) to exercise all powers and do such acts and things as may be exercised or done by the Bank and are not by these by-laws expressly directed or required to be done by the Bank in general meeting subject nevertheless to such restriction as may be prescribed by the Bank in general meeting.

17. The Board of Management shall have power from time to time to make subsidiary by-laws not inconsistent with these by-laws

or Act II of 1912 and the rules framed thereunder for the conduct of the business of the Central Bank. A copy of such by-laws shall be furnished to the Registrar of Co-operative Societies for information.

IV.—Funds

18. The Central Bank will ordinarily obtain funds from the following sources:—

(1) Share subscriptions.
(2) Deposits.
(3) Other borrowings.
(4) Entrance fees and miscellaneous receipts.

19. (*a*) The value of each share shall be paid in one lump sum on admission or in instalments. When paid in instalments Rs. 10 shall be paid with the application, and Rs. 10 on allotment and the balance in eight calls Rs. 10 each, it being left to the discretion of the Board of Management when each such call shall be made, provided that the interval between two successive calls shall be at least three months. Share capital paid in advance shall be reckoned for the purpose of dividend. A member who is elected to pay the share value in instalments, may pay the whole or any portion of the balance at any stage in advance. A member shall be competent to exercise the rights of membership on payment of Rs. 20 payable with application and on allotment.

(*b*) Any member not paying the instalment payable on allotment or a subsequent call within three months after notice of such call, shall pay the same with interest at nine per cent per annum from the date of default until payment, and if he continues as defaulter for another period of three months, the Board of Management shall not permit him to enjoy the privileges of membership and may proceed to re-allot all shares held by him to others under by-law 3 and the name of the defaulting member shall be removed from the rolls of membership and when the value of such re-allotted shares is paid into the Central Bank, the share capital due to him be paid back. No dividend shall be paid to such defaulters on the share capital actually paid up from the date of default to date of repayment. Any loan outstanding against a member removed under this by-law shall become payable at once without regard for the period for which the loan was given.

20. The Board of Management may receive deposits or loans on their discretion either from members or from others, and it shall

be open to them to settle the terms on which deposits or loans shall be taken, provided that deposits from co-operative societies shall be received in preference to all other kinds of deposits.

21. Every member shall, on admission, pay an entrance fee of one rupee per share. Every transferee of a share shall pay a like fee of one rupee per share. But no member shall be required to pay more than five rupees in all as entrance or transfer fees.

V. *Loans*

22. (*a*) The funds of the Central Bank shall be primarily utilized for the purpose of granting loans to co-operative societies registered under India Act X of 1904 or India Act II of 1912.

(*b*) Loans may also be granted to individual share-holders of the Bank on their deposits with the Bank. Loans granted on the security of deposits shall not exceed 90 per cent. of the amount of such deposits ;

23. Such portion of the funds of the Bank as cannot be utilized in the above said manner or manners may be invested in one or any of the ways referred to in Sec. 32 of India Act II of of 1912.

24. It shall be the duty of the Board of Management to deal with all applications for loans received from co-operative societies, to obtain from supervising agencies and, where necessary, from the Registrar full information regarding such societies and to see that loans are granted to them with due care and caution. The Board of Management or the committee appointed to deal with the loan applications shall settle all details in regard to the period of repayment of loans granted by them, the instalments of repayment, the rate of interest, etc., provided that the rate of interest charged on loans shall not exceed seven and a half per cent per annum. Interest on overdue interests shall be levied at seven and a half per cent per annum. The Committee referred to in this by-law shall consist of 3 members. The loan applications may be disposed of by circulation among the members of the Committee and their decision, if unanimous, may be acted upon; otherwise the matter shall be referred to the Board of Management for disposal. In the absence of any one of the members of the committee from Madras, sanction by the other two may be acted upon.

25. It shall be open to the borrower to repay a loan wholly or partially before the due date according to his convenience.

26. The amount of paid up share capital, deposit and any other money to the credit of a member or a past member shall be subject to a first charge in favour of the Bank in respect of any monies due to the Bank, from such member or past member. The Bank shall be at liberty to appropriate the whole or any portion of such paid up share capital or deposit or any other money to the monies due by the member to the Bank.

VI. *Supervision Fund*

27. The Central Bank shall contribute to the supervision at the rate of annas eight on every sum of interest earned by it on every Rs. 100 (hundred) of loans granted by it to co-operative societies. The amount so found due, together with contributions from primary societies which the Central Bank shall receive on behalf of the District Federation in accordance with the Audit Certificate of Primary Societies, shall be credited to the current account of the District Federation. The Central Bank may also contribute such further sums to the Federation for supervision, education and propaganda as it shall deem fit.

VII. *Profits*

28. The net profits of the Central Bank as declared by the Registrar every year shall be disposed of as shown below :—

(1) twenty-five per cent shall be carried to the credit of the reserve fund.

(2) out of the remainder, a dividend subject to a maximum of nine per cent per annum on the paid-up value of each share may be paid to members proportionately to the amount of paid-up share capital held by each and also to the period during which the paid-up share capital was so held during the year.

(3) out of the remainder :—

(*a*) a sum not exceeding seven and half per cent of the net profits may be paid to a Common Good Fund to be utilized for any of the purposes mentioned in section 2 of the Charitable Endowments Act VI of 1890 (India), namely, education, if the general body so wish.

(*b*) a such sum as is allotted at a General Body Meeting may be carried to a Building Fund or Dividend Equilisation Fund or both.

(4) any profits not allotted in the manner aforesaid in any year shall be forthwith added to the Dividend Equilisation Fund.

All undisbursable and undivisable profits shall added to the Reserve Fund.

VIII. Reserve Fund

29. (1) The reserve fund shall belong to the Central Bank as a whole and is intended to meet unforeseen losses. No member can claim a share in it. It shall be invested in such a manner as the Registrar of Co-operative Societies prescribes.

(2) On the dissolution of the Central Bank the reserve fund and other funds contributed by it under provisions of its by-laws shall be applied :

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

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

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

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

IX. Miscellaneous

30. All payments by societies to the Central Bank shall be credited in the following order :—

(1) to interest due,
(2) to fees, fines, etc.,
(3) to supervision fund,
(4) to principal due,

(5) to their reserve fund,
(6) to share capital instalments due,
(7) to advance payments of interest,
(8) to advance payments of principal.

31. Should any doubt arise either in the construction of India Act II of 1912 or of these by-laws, or in regard to any other matter more especially in regard to the supervision and audit of societies, it shall be the duty of the Board of Management or of the general body to obtain the advice of the Registrar and to abide by it.

32. No amendment to, or alteration in, or cancellation of, a by-law and no enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by the Registrar.

33. The Central Bank shall prepare annually in such form as may be prescribed by the Registrar (*a*) a statement showing the receipts and disbursements for the year, (*b*) a profit and loss account, (*c*) a balance sheet and (*d*) such other statements as may be prescribed by the Registrar. These statements shall be made up to 30th June and a copy of each shall be sent to the Registrar within fifteen days after the close of the co-operative year ending 30th June. After the Registrar has verified the statements and granted his audit certificate, the Central Bank shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

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

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

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

NOTE.—"Member" in this By-law includes "A Society" affiliated to the Central Bank.

35. Should there be a conflict between the by-laws of the Central Bank and the by-laws of an affiliated society or Federation the Registrar shall be consulted and his decision shall be followed.

C. C. P. WORKS, LTD., MADRAS.