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Editorial Notes

LATE DR. S. SWAMINATHAN

In the sudden death of Dr. S. Swaminathan, M.A., Ph.D., Bar-at-law, the co-operative movement in this province has sustained a serious loss. It is unnecessary for us to dwell upon his academic qualifications, legal acumen and lucrative practice. He was the president of the Provincial Bank for a period of five years and he was at the time of his death President of the newly started Central Land Mortgage Bank for the Province. He was the Chairman of the Reception Committee of the Provincial Co-operative Conference for the year 1921. He had a firm grasp of the principles of banking and his services have been utilised by banking institutions outside Madras such as the State-aided Bank of Travancore of which he was the President. We are reliably informed that most of his earnings were invested in co-operative concerns only. We beg to offer our sincere condolence to Mrs. Swaminathan and the members of his family.

EDUCATIONAL CONFERENCE AT MADRAS

We are glad to note that the All India Teachers' Conference which held its sessions at Madras during the Christmas week last month thought it fit to pass the following resolution on Co-operation :—

"This Conference is of opinion that Co-operation is an effective means of national uplift and therefore recommends (a) that it should be made a compulsory subject of study in all training colleges and schools and in the upper classes of High Schools, (b) that co-operative book depots should be established in all educational institutions and (c) that teachers should take a more active part in the co-operative movement than at present."

It was pointed out in the course of the discussion of this resolution that the last portion is not quite applicable to this province, where the enthusiasm of teachers in Local Board service has been curbed by a recent G.O. In reply thereto, it was asserted that, though teachers here have been taking sufficient interest, it was not the case with reference to teachers in other provinces.

It was also remarked that the Educational Exhibition got up in connection with this conference had no exhibition on Co-operation, not even charts and figures though there were some charts and figures about Public Health and Sanitation in the country. Let us hope that this defect would be removed when the All India Federation of Teachers' Associations will hold its next session at Benares. We hear that representatives from other countries of Asia, Africa and Australia are likely to meet there. We hope that, on that great occasion, important co-operative organisations all over the land will put forth their best efforts and put up a series of fine exhibits of high educational value on Co-operation.

THE CENTRAL LAND MORTGAGE BANK

We draw the special attention of our readers to the two articles on the Central Land Mortgage Bank for Madras that appear in this number. The names of the writers should command respect on account of their long and intimate connection with the movement. The Hon'ble Mr. V. Ramadas Pantulu who is one of the directors of the Central Land Mortgage Bank, in his well informed article, discusses a number of practical problems that have to be faced and solved in connection with the working of the newly started bank. He prefaces the article by a discussion whether long term money could have been collected and lent to primary Land Mortgage Banks by the existing Provincial Bank itself and comes to the conclusion that so far as this province is concerned a separate institution has to be created. He lays emphasis on the need for changing the by-laws of the primary mortgage banks which would hereafter become the constituent members of the central bank in such a manner as to avoid misfits. He discusses the question of allotment of shares on which 7 per cent

dividend has been almost assured, the rate being on a par with the rate at which the central bank lends to primary banks. After examining the various possible methods and arrangements for voting, he recommends that individual shareholders should be given one vote each irrespective of the number of shares held and that societies should have voting power based upon the shares they own. He puts in a strong plea for the development of rural finance by encouraging primary land mortgage banks to float their own debentures, provided they do not enter into unhealthy competition with the central bank; otherwise they will degenerate into mere transmitting agencies and not have any initiative, and he quotes the example of Bombay to show how rural finance can be built up and the shy rural capital drawn into these banks. As regards the question whether the central bank should undertake deposit banking, he gives it as his view that it should not. He then discusses the best mode of constituting a sinking or debenture redemption fund to inspire confidence in the investors. The next point and a very important point he deals with is whether the Central Land Mortgage Bank should seek the help of another real bank for certain facilities to make money easily available to its clients. We hope that this question, which has been settled one way at the last meeting, will be taken up again and discussed on its own merits. He points out how the Registrar is made all powerful in the Bank but concludes with an appeal to the people to utilise the bank as most of these minor defects could be set aright in due course.

Rao Bahadur A. Vedachala Iyer who also deals with the same theme from the view point of the help it is likely to give to the agriculturist emphasises on the fact that the main object of the Central Land Mortgage Bank should be not merely debt redemption but also to give credit to the peasant for land-improvement "so as to enhance the savings of the ryot and to secure such savings for annual repayment of debt." He sounds a note of warning to the enthusiasts to recognise the limitations and not attempt impossible cases of debt redemption. He rightly emphasises on the need for ascertaining the actual repaying capacity of members and pleads for the management being left mainly, at least in the earlier stages, in the hands of non-borrowing individual members of the Central Bank. He also recognises that ordinary rules of procedure have been departed from. Still he pleads for hearty co-operation of people with the Government in as much as the Government have set the ball arolling and defects, if any, can be set aright in due course. We recommend both these articles to the careful consideration of our readers.

PROPAGANDA IN THE CITY

We draw the special attention of our readers to an article that appears in this number about the propaganda work done in this city by the officers and employees of the P. C. U. It deals with the tragic topic of the breakdown of the supervising machinery devised by the Department and the thorough mishandling of the city societies. It is sad to contemplate that at the very headquarters of the province where so much non-official and official knowledge and guidance were available such little use should have been made of them and avoidable mistakes should have been allowed to be perpetrated. It is never too late to mend and let us hope that, as a result of our propaganda, members of the societies intended for the poorer classes will realise their rights and duties and that most of the tottering institutions will be overhauled and rehabilitated.

That the magic lantern is a powerful aid to propaganda has been accepted by all and now that we have that aid let us hope our propaganda would be more vigorous, effective and popular.

THE U. P. CO-OPERATIVE UNION

We have read with great pleasure the report on the working of the United Provinces Co-operative Union for the year 1928-29. The need for such a central organisation has been long left and the Oakden Committee recommended that central banks should be relieved of the duties of organisation and supervision which should be entrusted to a provincial committee. The Government accepted that recommendation which was also reiterated at the Provincial Conference and thus the Union came into existence on the 1st July 1928." It has got three bodies, the General Body consisting mostly of delegates returned by society members and a few ex-officio and nominated members, the provincial committee consisting mostly of members elected by the General Body and some ex-officio and nominated members, and the Executive Committee consisting of two ex-officio members and five others elected by the Provincial Commitee from amongst its members." We are glad to note that the Executive Committee has been meeting often and that "the discussions were lively and there was hardly a meeting of the Executive Committee which did not last for 6 hours and some meetings have to be adjourned to the following day to dispose of the agenda."

This Union has taken up the field staff employed by the banks and is in charge of supervision and propaganda for the province as a whole. It has revised the salaries of supervisors and started the provident fund system and has invested safely the amount already to the credit of this fund in co-operative banks. It is interesting to note that the Union has presented two silver medals to the best workers amongst the supervisors. The Union Office is now located in the Registrar's Office and it is hoped it will in due course have an office and establishment of its own. The general assistant to the Registrar acts as the Honorary Secretary of the Union. They are trying to have a few centres of Rural Reconstruction and they have also extended the course of training to supervisors for one year. The Union has popularised homesafes and the balance sheet displays a very satisfactory state of affairs. We congratulate the Union on the excellent work done and hope that, in years to come, they will get out of the leading strings of officials and be a source of power and inspiration to the province as a whole.

WHAT WE HAVE TO LEARN FROM U. P.

We have pointed out on former occasions in the pages of this Journal that the lack of co-ordination between the demand and supply of trained hands is likely to produce a glut in the market and the problem of unemployment which now exists only among graduates and S. S. L. C's is likely to reappear amongst these technically trained hands as well. The needs of the service, official and non-official, should be roughly ascertained beforehand and only the necessary hands should be trained. This is what our co-operative brethren in U. P. are doing and we would do well to learn this lesson from them.

Secondly, they insist upon the capacity of explaining things to villagers in the village dialect and to deal with them so as to gain their confidence as a primary qualification and they attach importance to aptitude for social service and membership in Scout or Seva Samithi and other recognised institutions for social service. Very wisely do they add that preference will be given to those whose wives also are prepared to work as village guides for women. If more hands than necessary apply, they hold a competitive examination and choose the required number of hands. One of the necessary tests which those candidates have to undergo is to walk 10 miles in 4 hours, a test which every village worker should compulsorily be subjected to. Moreover the training period has been extended to one year and is divided into five months of theoretical instruction in the principles of co-operation and agriculture and five months of practical training in the field and two months of further theoretical training in advanced subjects like Law and Theory of Co-operation. We are glad to notice that among the subjects included there are the following: (1) rural education with special emphasis on village school as community centre, (2) village administration, (3) practical agriculture, (4) cottage industries, (5) and above all village sanitation, (6) first aid and (7) scouting. In all these respects, we have much to learn from our brethren in U. P. Our students are engaged more or less in cramming a few text books and they don't get opportunities for grappling with village problems; much less they get into actual contact with the villager. Let us hope that improvements on the lines suggested above will be made in the training of co-operative workers in this province.

WHAT SWEDISH CO-OPERATORS HAVE DONE

When any co-operative enterprise is started that is likely to come into collision with capitalistic enterprise already in the field, we are invariably told that such attempts are bound to fail, that capital has got so much of organisation, that it is impossible for co-operation to dislodge it; yet we find that co-operators are able, if not practically to drive the capitalist from the field, at least to break his monopoly and bring down the prices of articles to the ultimate benefit of the consumer. It is with some pride that we read about the achievement of co-operators in Sweden. There were many trusts and cartels run by capitalists and they were able, by regulating the supply of certain articles and by cornering others, to get monopoly prices for the articles under their control. Consumers' co-operative societies combined together and determined to challenge them and in course of time we are glad to note that they were able to reduce the price level of the country as a whole. To quote one specific instance, they brought down the price of electric light bulbs by 33 per cent, of rubber shoes by 43 per cent and of grain flour by 46 per cent. They have been able to confer similar benefits upon consumers of margarine, matches and linoleum. Here is a good example for Indian co-operators to follow. Instead of feeling despondent when we compare our puny strength with the might of the capitalistic giants, if we plunge into the field and carry on our work with loyalty persistently for a sufficiently long period, success is bound to be ours.

A NATIONAL RAT WEEK FOR INDIA

The loss of national wealth caused, and that at the cost of so much of labour, by the depredation of rats in an agricultural country like India is immense and these rats are also known to be the agents and carriers of cruel diseases like plague; and yet no systematic method is used for exterminating them. It is interesting to note what England is doing in this matter. One week is set apart every year for systematic destruction of rats and is called the "National Rat Week." The people are roused to the seriousness of the danger caused by rats by means of cinema films and lantern slides dealing with the subject of Rat Menace, and the Ministry in charge of Agriculture supplies local authorities with the names of firms that deal in rat destructive preparations and materials and they publish leaflets and pamphlets regarding the destruction of rats. In India the common good fund of village co-operative societies could not be better utilised than in popularising a literature of this sort and in enabling the peasant to exterminate his foe. We have applied to the English Ministry of Agriculture for specimen copies of their publications and we shall place at the disposal of our readers any information we get on this subject.

SOME INTERNATIONAL DEVELOPMENTS IN CO-OPERATION

During November last, there were held in London meetings of the various sub-committees of the International Co-operative Alliance and, though we have no detailed account of the proceedings, we have got enough information about the general trend of affairs there. One committee sat to discuss the possibilities of co-operative assurance being carried on, on an international scale. Among the various nations of the West, co-operative assurance has become an accomplished fact though, in this country, we have just made very small beginnings and that only in Bombay and Calcutta. But the co-operators in the West, not being satisfied with these national concerns, want to devise some method of merging their national concerns into a big international organisation.

Propaganda by means of films has become a recognised feature and the question is mooted whether it is not possible to establish a propaganda department "which would regularly furnish information on the release of new films and their contents stating how far they are suitable for exchange."

Steps are already being taken for the formation of an International Banking Concern and the existing state of affairs in the various co-operative national banks was studied in a comparative and comprehensive manner by the secretariat of the International Co-operative Alliance. A survey of the tables thus prepared enables us to conclude that "Co-operative banking institutions are making steady progress, that they are making themselves increasingly serviceable in mobilising the savings of individual co-operators and the surplus funds of co-operative organisations, that they are supplying co-operative productive undertakings with a growing volume of capital, and so laying a solid foundation for that international co-operative banking edifice which is the ultimate end of the labours of the International Co-operative Banking Committee."

Another line of development is towards the International Co-operative Wholesale Society. Co-operation in the West, as we know, has been more or less on the lines laid by Rochdale Pioneers and the consumers' societies that sprang up in various parts have in course of time created for the better management of their business national wholesale societies. The next step is towards the creation of an International Wholesale Society with a central agency in London to take charge of the import and export trade of each national wholesale society.

It is time that we in India should come in a line with other countries of the world. Let us hope that the All India Co-operative Institutes' Association will pave the way for linking India with these great international movements and for giving us a status therein, which we, as an important nation of the world, deserve.

Agricultural Demonstration Societies.

By H. M. Hood Esq., I.C.S.

Much has been written on the merits of the Indian ryot, his preseverance, his patience and his skill and there is little to be said which is not to his credit. Centuries of experience is behind him and it is not surprising that at an early age he has acquired an unrivalled knowledge of what can be got out of the land with the methods and material handed down to him by his forefathers and made familiar to him from his childhood. But communications are a recent invention and it would be even more surprising if careful research with knowledge and experience collected from widespread sources could not place at his disposal information and material which could materially enhance the return he gets for his labour. This is borne out by the actual facts. The output per acre of rice in the Cauvery Delta is low compared with what is produced in several other localities. Cane elsewhere will yield more sugar than that commonly grown in the Circars, and so it is with other crops, and not only with crops : the village cow gives comparatively little milk, the village hen lays a few eggs and even they are small and seemingly not very fresh.

The Agricultural Department is there for the purpose and wherever it has laid its hand there have been improvements which the ryot can turn to his advantage. It is a simple matter to find a variety of paddy which elsewhere gives a bigger yield than the indigenous ones, but it does not follow that it will give as good a yield or any yield in an Indian delta and it requires years of patient work to produce a strain of seed which will give a better yield, breed true and stand up satisfactorily to the conditions of soil and climate in any particular area. Much time spent on soil surveys, on experiments with manures and implements, on detailed examination of the methods employed in the villages and on breeding improved seed grain at the various seed farms and experimental stations has produced valuable results. There are now available many good strains of seed suitable to specific localities, recommendations on manuring, on improved ploughs suitable for different kinds of soil, besides a great deal of more general advice.

The question arises that if this is so and if the ryot is an intelligent person with a keen eye to his own interests how is it that over large areas, areas over which detailed work has been done, the old fashioned plough is still used, paddy is still transplanted in handfuls involving a high seed rate, phosphatic manures are little used in a land poor in phosphates, the same old seed is used and the out-turn continues at a steady level of mediocrity, and in another area where greatly improved cane is available only a small proportion of the whole have yet adopted it. Largely it is due to the conservatism of the ryot who takes an enormous amount of convincing that the methods and material to which he has not all his life been accustomed can be an improvement or give him any advantage. Partly it is due to the customs of tenure particularly in the larger holdings cultivated on a sharing system by sub-tenants who have neither the intelligence nor the inclination to adopt improvements of which they will only reap a part of the benefit. But also it is due to the difficulty of bringing the improvements home to the ryot himself. Departmental demonstration farms exist; there are hundreds of demonstration plots in Madras Presidency where ryots by agreement cultivate their own holding definitely under the advice of the Agricultural Officers and there is a small staff of officers constantly touring round the villages, but if a ryot will not walk half a mile to look at another ryot's demonstration plot. and apparently few will do so, and if the ryots living within a few miles of an agricultural farm where experimental and demonstration work is going on do not know of its existence, it is obviously a very up-hill task to persuade the farmer in his own interests to take advantage of the vast amount of work that has been done in the course of several decades.

It is evident that other means and other channels must be sought for getting to the ryot and the obvious one which presents itself is the co-operative organisation. It is not only that the members of co-operative societies have joined those societies to better their position and are evidently prepared to do a little to help themselves but also there are frequent meetings of the societies and of the panchayats and of the unions when there are opportunities to exchange views and to meet agricultural officers. The Agricultural Department in this province is already taking advantage of such occasions for giving advice and it is usual for officers of the Agricultural Department to attend the more important co-operative meetings.

But more than this is now being attempted by the organisation of co-operative societies of a special type.

These societies are known locally as the Lalgudi type after the first of their kind to come into prominence, that at Lalgudi in Trichinopoly district. The society was formed with a small share capital and its members are drawn from a small area of which Lalgudi is the centre. It has taken on lease about 10 acres of double crop wet land on the edge of the Cauvery Delta. The land taken comprises a number of fields and they are cultivated by the society through its paid servants under the advice of the officers of the Agricultural Department. Each field is divided into two halves. One half is cultivated in the time-honoured fashion of the Cauvery Delta, the local plough, local seed, customary manures and transplantation are employed on it. The other half is cultivated on improved lines. each field being used to demonstrate a particular improvement or additional improvement. Careful accounts are kept showing the work done and materials used and the cost for each plot and in the end the yield is measured and valued. From this the net profits of cultivation are worked out for each field and the effect of the various improvements advocated can be seen at once. It is in fact purely a demonstration society and anything in the nature of experiment is discouraged for its object is to popularise work the value of which has been already established in experimental forms.

The main difficulty to be faced is the maintenance of detailed accounts which must be accurate and assess fairly to all the fields a proper share of common costs. This involves considerable work for the management and such a society can only be started with any prospect of success where men are available who are willing to give a great deal of personal attention to its management but there are now half a dozen working over the adjacent districts of Trichinopoly and Tanjore and others have been organised in other districts.

There is also another factor which deters organisation and that is a certain nervousness about the results. Some sort of State guarantee against loss has been asked for but the necessity has been neither proved nor admitted. The promptors want to know what will happen if for any reason, for example bad season or local calamity, the society's crops fail and there is a loss. The answer is that the society is in the same position as a ryot. He does not get a State Guarantee, his good years must make up for his bad years. So it must be with the society and if the bad year comes before any reserve can be built up a loan will have to be arranged to tide it over and to be repaid from subsequent crops.

The produce of such a society is to be kept and disposed of in separate parcels, the local grain produced sold in the market but the produce of the strain seed is to be carefully matured and disposed of to ryots for seed grain. The higher price it will command will add to the profits of the society but it must be observed that in the first year of the Lalgudi Society's working this point was not attended to.

It will however be possible if strain seed is carefully preserved to use such societies as centres for distributing them but clearly the small area at the disposal of such societies renders it impossible to supply such seed on a large scale.

The success of such societies depends on ensuring that the society itself does everything, both cultivation and account keeping, and that only advice is received from outside. These functions must be carried out honestly without attempting to prove anything. If the advice is sound the facts will come out in the accounts, but if a servant hopes to please anyone by showing that a method yields more than another it is simplicity itself to take a little grain from one plot to another. Such dishonesty may please some faddist but the ryot does not benefit by a fudged demonstration. He is harmed if he follows that example and he becomes suspicious of other improvements also.

In the second place, very careful account keeping is necessary coupled with measurement of land and grain to ascertain both the cost and the return per acre in each plot.

Thirdly, if these societies are to succeed in demonstrating any agricultural method, the ryots must be induced to go and see it. For this, advertisement is necessary to get them there on particular days when there is something to see.

There is ample room to improve the yield on a ryot's holding and this is one method by which improvements can be brought home to the ryots: it is worth doing.

A Central Land Mortgage Bank for Madras

BY THE HON'BLE MR. V. RAMADAS PANTULU

THE IDEA OF A SEPARATE CENTRAL ORGANISATION IS SOUND.

The society registered on the 12th December 1929 as the Madras Co-operative Central Land Mortgage Bank, Limited, under the Co-operative Societies' Act II of 1912, is the first of its kind in India.* In the Punjab, where a scheme of co-operative land mortgage credit has been working for some years past and in Bombay, where it was recently inaugurated, the debenture issue was centralised in the existing Provincial Co-operative Banks. I understand that the Central Provinces intend to follow their example and, so far as I know, co-operators in no other province in India contemplate at present the establishment of a distinct central agency to finance primary land mortgage banks apart from their own apex financial institutions. The Registrars' Conferences of 1926 and 1928 and the Royal Commission on Agriculture, while formulating a scheme of centralised debenture issue to effectively feed a network of primary banks, did not give any lead on the question whether the existing Provincial Banks should or should not be utilised for the working out of the scheme. The Townsend Committee on Co-operation in Madras and the Committee appointed by the Madras Provincial Co-operative Union, however, made definite proposals in favour of a separate Central Bank for land mortgage credit. I have on more than one occasion expressed my personal predilection in favour of segregating land mortgage credit from deposit banking carried on by a provincial bank, for there are certain risks involved in mixing up in the provincial bank the two kinds of credit which are to be dispensed to ultimate borrowers by two types of institutions which differ in their constitution, tradition, outlook and resources. Apart from this general objection which might perhaps be easily got over by separating the two branches in the Provincial Bank—the normal co-operative credit and the farm mortgage credit—into water-tight compartments, three very definite reasons weighed with me in being a party to a scheme of a separate Central Land Mortgage Bank. *Firstly*, the Madras Provincial Co-operative Bank will not under its present constitution possess any control or regulating authority over the primary land

* The registered by-laws of the Bank are printed as supplement to this issue.

mortgage banks simply by virtue of its being asked to finance them under a system of centralised debenture issue; without such control and regulation, its finances in the farm mortgage credit section will not be sound or safe. *Secondly*, the Provincial Bank has, by a process of evolution, become an apex bank so far as the existing credit institutions are concerned and deals only with central banks which virtually own it, the individual shareholding being absolutely negligible; the establishment of direct relations between it and the primary land mortgage banks and a substantial increase in the individual shareholding which will be necessary for the successful working of the new scheme will involve a radical revision of the Provincial Bank's constitution. *Thirdly*, the price which the Provincial Bank shall have to pay in return for the privilege of floating debentures with Government guarantee will be heavy. In the Punjab, the Provincial Bank is precluded from building up a reserve fund or paying any dividend to its shareholders, being obliged to divert the entire profits of each year to a debenture sinking fund for the redemption of the principal sum. In Bombay also, sinking fund is created before profits are arrived at, the contribution varying from 1 to $1\frac{1}{2}$ per cent of the amount of debentures outstanding on the basis of the average rate of interest charged by the Bank on its lendings. The Madras Provincial Bank could not perhaps have been easily persuaded to adopt these measures. In these circumstances, a separate Central Mortgage Bank has much to be said in its favour, although its working will be beset with real difficulties without the assistance of other bankers, as I shall show later.

THE POSITION OF THE PRIMARY LAND MORTGAGE BANKS.

The scheme of the Central Land Mortgage Bank is obviously incomplete until its relations with the primary banks are clearly defined and the bye-laws of the latter are so re-shaped as to fit into the scheme of centralised debenture issue. It will be a mistake to do it in haste or to leave this task entirely to the Department. The Registrar will be well advised to place the proposals to suitably amend the primary banks' bye-laws before the Board of Directors of the Central Bank and act upon their advice; otherwise, the chances of misfits in the adjustments of the various parts of the new machinery cannot be eliminated. The substance of the scheme as a whole is this: a Central Land Mortgage Bank with primary land mortgage banks and individuals as shareholding members is set up to raise credit by floating debentures to finance the primary land mortgage banks. Individual share

holders cannot borrow. The primary object of the Bank is relief of agricultural indebtedness specially of small landholders, but improvement of agricultural land and methods of cultivation will be within their scope. In 1925, the local Government set up small land mortgage banks in certain localities. The number of those registered up to date is 21. But, only half a dozen of them are working. In the majority of cases, the reason for their not working is the difficulty experienced in floating and marketing debentures locally. Even assuming that, in due course of time, local business can be adequately developed, it was felt that a centralised scheme of debenture issue would not only provide ampler funds, but will remove some of the other evils of excessive decentralised debenture issue. If numerous small banks are permitted to float debentures as they please, the rate of interest on debentures, their market quotations, and their negotiability will all vary with the agency floating them and a certain amount of competition among local banks in marketing the debentures will follow. Hence the centralisation. But the idea of centralisation need not be carried to its extreme limit, so as to deprive the primary banks of all initiative and enterprise in developing long term rural capital in suitable localities where it can be obtained with out competition at a cheaper rate than the Central Bank can lend for. This matter will be discussed in more detail when I deal with-the debentures past and future. Another matter which awaits decision is the limit of the borrowing power of these primary banks and the proportion it bears to its owned capital. I am of opinion that this proportion should be the same right through. An ultimate borrower shall be given a loan to the extent of 25 times his share capital and the primary banks shall also be entitled to borrow upto 25 times of their paid up share capital, as is the case with the Central Bank under its bye-laws. I do not find any justification for insisting on a large share capital in the primary bank when it is not done in the Central Bank. The reasons given for insisting on share capital by the Baroda Land Mortgage Bank Committee in their instructive report may be thus summarised. The first and the most important consideration is that a *small* share capital forms a guarantee for the bonds issued by the bank; it is an additional attraction for bondholders. The second reason for recommending this feature is that it enables the Bank first to give loans upto the amount of its share capital and thus makes for economy; in the absence of such power in the hands of the Bank, it would have either to issue bonds every time a loan is required or to issue bonds for a good round sum and hold the proceeds in its hands till the loans are made. The third reason in favour of share capital feature is that the shareholder will have a sort of tangible interest in the bank. The Baroda Committee considers that a share capital of 5 per cent of the loan held in cash and 5 per cent held as a reserve liability will suffice. The reserve liability does not appeal to me, having regard to the ample nature of the security demanded for the loan. Most of the Baroda Committee's reasons are inapplicable to our primary banks in future as they are not expected to float debentures in ordinary course. It is certainly not necessary to fix a large amount of share capital for the primary banks in order to swell the capital of the Central Bank for obvious reasons. As for tangible interest of shareholders, it does not make much difference whether it is 5 per cent of the loan as the Committee wants or 4 per cent as suggested by me. The borrowing power of the members of these banks is now fixed at Rs. 2,000 and in some it has been recently raised to Rs. 3,000; it is true that these banks are primarily intended to help small holders, but there will be many such whose needs will require a limit of Rs. 5,000 in numerous cases.

Some of the primary banks have been reloaning money realised by collections from members under fresh securities, so as not to suffer loss of interest on the collections and in order to avoid frequently redeeming debentures before maturity lest they should become unpopular. If the primary banks are not responsible for the issue of debentures and the money loaned out to members is derived exclusively from the Central Bank, can the primary bank reloan the collections ? Presumably not. The entire collections have to be remitted to the Central Bank. Evidently there is nothing to prevent the Central Bank reloaning portions of them on fresh securities to the primary banks and through them to the members of the latter. This circutous procedure will result in interim loss of interest. Steps should be taken to provide against it. The levy of three months' interest on advance payments is inequitable and should be done away with. The advisability of utilising in special circumstances as interim investments the collections partly for making short term advances to the members of the primary banks for productive purposes has also to be considered. Suitable arrangements must be made to rectify these and similar difficulties experienced in the working of the primary banks. The primary banks are linked up in a way with each other. The debenture holders have a floating charge on the mortgages of all the banks. If one bank's securities depreciate below their debenture

values, the other banks will have to make good the loss. At the same time, no bank can withdraw its share capital at any time and retire. So, each stands for all and all stand for each. The terms of the Trust deeds, Indenture bonds and Debenture forms have to be materially amended to suit the altered conditions.

As for the nature of the operations of the primary banks, the only safe rule is that they should not undertake any transaction which is not economically beneficial to the borrower. Too much attention cannot by given to the repaying capacity of the borrowers. While the mutual knowledge of, and control over, each other among the members is the insistent feature of the Raiffeisen society, the insistence in the case of land mortgage credit limited liability society is on the sound valuation of the security, careful investigation of title, correct assessment of borrowers' credit and efficient management of affairs. It must be realised that the work of the mortgage banks is extremely impersonal and largely devoid of human element. Their co-operative character consists in ensuring the economic benefit of the loan, the scrutiny of its purpose, spreading of recovery over a sufficient number of instalments during a long period so as to effect them from enhanced margin of profits, limiting the number of shares held, restriction of dividends to a low figure and the goal of gradual elimination of non-borrowers from dominance in the management and the like. The official agency lent by the Government to assist the primary banks in discharging these duties and to inspect them should be instructed to so conduct itself as not to destory the initiative and sense of responsibility of the directors of the bank by encouraging dependence on officials for every thing. The powers of inspection and revaluation secured to the Central Bank under bylaw 4 (f) should be amplified by subsidiary rules in consultation with the primary banks so as not to place the latter entirely under official control or to make the Central Bank helpless in its dealings with the primary banks. The question of settling the areas of operations of the primary banks may have to be examined afresh.

SHARE CAPITAL.

The authorised capital of the Bank is Rs. 10 lakhs, of which one half only will be allotted at present, leaving the other half to swell the share capital of the primary land mortgage banks when they can find it. Each share is valued at Rs. 100. The limit of individual shareholding is Rs. 10,000 while no limit is placed on the shareholding of primary land mortgage banks. The immediate work of the Bank is of course to enlist shareholders and allot shares. The conditions of shareholding in the primary land mortgage banks and the Central Mortgage Bank materially differ. The primary banks are exclusive associations of borrowers, or prospective borrowers; whether the latter eventually borrow or not they are entitled to borrow. In actual practice, however, the borrowers alone have contributed almost the entire share capital of these banks. In fact, the share capital is derived in the Andhradesa from the initial loan and credited to share money account. The levy of share capital and the commencement of lending operations thus begin there almost simultaneously in the primary banks, and those that have built up business rapidly by commanding local confidence have been able to pay dividends from the first or second year of their starting. In the Central Land Mortgage Bank, the individual shareholders are ineligible to be borrowers. They constitute a body of lenders who have to find the requisite working capital to finance the borrowing members of the primary land mortgage banks. The allotment of shares and the collection of share money in the Central Land Mortgage Bank are not, therefore, followed by an immediate commencement of the lending operations of the Bank. Some appreciable interval must inevitably elapse between the two processes. Even advance payments received from those who apply for debentures cannot be disbursed until the indenture bonds are duly transferred to the Central Bank and the Trustee. The practice of advancing loans before taking mortgage securities which is said to obtain in certain Tamil Banks is wholly indefensible. The prospect of a seven per cent dividend is a deferred one and no one can definitely foretell when the Bank can be expected to be in a position to pay the full dividend. If the working expenses of the Bank are put down at Rs. 1,000 per month or Rs. 12,000 per annum, the Bank should develop transactions to the tune of Rs. 12 lakhs to earn the working expenses alone, for the margin between its borrowing rate of six per cent and the lending rate of seven per cent is only one per cent. Nevertheless, there are reasonable prospects of the requisite share capital being subscribed by discerning individuals who are able to judge of the fair chances of the Bank becoming a success at no distant time. The primary banks out of necessity to borrow from the Central Bank to accommodate their members who apply for loans after executing mortgages of their properties and who will not countenance delay, may be expected to make every effort to come in with as much share

capital as they can scrape. The primary bank to acquire its borrowing power from the Central Bank must collect its share capital and invest it in the Central Bank. At present, the primary land mortgage banks which are working have lent out practically the entire amount of their share capital and the ready money available with them for investment in the shares of the Central Bank is not much. They can, however, in due course, find sufficient money for the purpose from the collections and make necessary adjustments towards share capital. It will not be long in the case of the few good primary land mortgage banks before they can accumulate appreciable shareholding in the Central Bank. In the case of the primary banks which are not now working, and those which will be started hereafter, the share capital they can find will depend upon the extent to which local business can be stimulated there.

The share capital required by the Central Bank in the initial stages will, however, not be great having regard to the fact that its borrowing power is fixed at 25 times its owned capital. Hitherto, the half-a-dozen primary banks which are working developed transactions aggregating only to Rs. 7 or 7½ lakhs. Assuming that in the course of the next one year, the Central Bank and the special Land Mortgage Bank Officer can so force the pace and the primary banks become so active as to develop double the volume of the existing business, and an outlet is found for an additional sum of Rs. 15 lakhs, all the share capital that will be required for the purpose of borrowing that sum will not be more than Rs. 60,000. If more share capital is forthcoming, it may no doubt be itself lent out, but it will be a fruitless transaction, as the dividend payable on it and the rate at which it can be lent are both fixed at 7 per cent. If an outlet is not found, it will be an unnecessary liability. In that view, it would have been wiser to have fixed the dividend on the share capital at a slightly lower figure than the lending rate, say, somewhere between 6 and 6½ per cent. It is now 6¼ per cent in the primary banks. The business of allotment of shares therefore requires care and caution and a fair amount of acquaintance with the course of progress of land mortgage credit in the primary banks that are already registered. The central bank need not attract—and as a matter of fact it is precluded from attracting—any money which is not actually required to meet the ascertained needs of the primary banks. It will be an extremely inadvisable step to allot big sums to a few large subscribers and thus find the bulk of the capital that will be now required from a few wealthy and influential individuals. Such a course, besides committing the fortunes of the Bank to the care of a few select persons, will exclude altogether the small subscribers and co-operators who desire to participate in the affairs of the Bank, for they have to wait until a future occasion for a further allotment of share capital. It is, therefore, my earnest desire that the applications of small subscribers should not be crowded out by a few large orders and the Board of Management cannot be too vigilant in this matter. No individual should be alloted more than five shares.

VOTING STRENGTH.

Intimately connected with the question of allotment of share capital, is the question of voting strength which is somewhat clumsily expressed thus in bye-law No. 37: "Each nominated member shall have only one vote and, in the case of shareholders, there shall be *one vote for each share*." The reference to nominated members is evidently to the Registrar who is not a nominated but an ex-officio member of the Board of Directors and to his nominee on the Board under Bye-law 24. On the Board, each director has only a single vote and decisions are taken by a majority of the votes of those attending and voting. So, the bye-law has presumably no application to the transaction of business by the Board of Directors. It is evidently intended to apply to voting at General Body meetings. The Registrar's nominee may or may not be a shareholder in the Bank. If he is a shareholder, is it intended that the privilege of exercising as many votes as the number of shares owned by him, under the latter part of the bye-law, should be taken away by the first part of the bye-law by reason of his accepting a nomination to the Board of Directors at the Registrar's hands? Apart from the unsatisfactory wording of the bye-law, which might be easily set right, the vital principle embodied in it deserves serious consideration. It is a clear departure from the universally recognised co-operative principle of "*one man, one vote*". To a certain extent, it was a conscious departure in order to prevent the few primary banks' representatives being outvoted by the large number of individual shareholders. But this object can be achieved only when the aggregate shareholding of the primary banks exceeds that of the aggregate stock of the individual members, as for instance in the case of the M. C. U. B. where the rule of votes on share basis obtains. There, the 180 individuals together own only Rs. 18,000, no individual being permitted to possess more than

one share, while the 30 central banks own about Rs. 6 lakhs and all the 180 shareholders turning up in a body cannot record as many votes as a single central bank can. The departure in that case was designed to promote the co-operative principle and to effectively prevent its being defeated. But, in the case of the Central Land Mortgage Bank, it will take considerable time to attain that position. In the meantime, if the individual shareholding is kept below that of the primary banks by manipulating the allotment, the share capital required to give the necessary borrowing power may not be forthcoming as the primary banks are not now in a position to find the bulk of such capital. The only alternative is to fix the voting power at a low figure, my personal opinion being in favour of a single vote irrespective of the number of shares held by an individual member, while the voting strength of the banks is left to be exercised on share basis as now. The amendment of bye-law No. 37 should be attempted before large vested interests under its protection come into existence, for it may then be impossible to effect the change, except with the willing concurrence of the few large shareholders, however overwhelming the co-operative opinion of the small holders may be. If prompt steps are not taken in this direction, I am afraid the good intentions of the promoters of the scheme will be largely frustrated and the interests of the primary banks and their members cannot be adequately safeguarded.

DEBENTURES-PAST.

The bulk of the working capital of the primary land mortgage banks is derived from money raised by the issue of debentures on the floating security of the properties mortgaged to them by the borrowers. Those debentures were sold to the Government and M. C. U. B. at $6\frac{1}{2}$ per cent and to the public at 7 per cent. The first question to be tackled under the new scheme is what should become of them. There are only two alternatives. One is to get the securities, on the cover of which the debentures were floated, immediately transferred to the Central Bank and thus raise funds through the medium of the Central Bank to redeem them, the old debenture holders being given the option of taking new debentures at 6 per cent in lieu of their debentures which now carry a higher rate or to receive repayment in cash. The course is, in my opinion, extremely unfair both to the debenture holders as well as the primary banks and any proposal to that effect should not be entertained. The other is to leave the debentures in tact to be redeemed by the primary banks in due course on maturity or earlier if need be, under the existing provisions of the by-laws of those banks. To me, the latter alternative appears to be sounder. The Government and the Madras Central Urban Bank may, however, be requested to help the primary banks by agreeing to have their existing debentures carrying 6½ per cent converted into 6 per-cent debentures at the hands of primary banks themselves so that the benefit of reduction may go to the primary banks. If the Government is unwilling to allow its debentures in the Primary Banks to be outstanding, it will at least give sometime for their redemption. In the meantime, the M.C.U.B. might advance the requisite amount to redeem the Government debentures in the Primary Banks. I believe the M. C. U. B. can do so. It must be realised that the new scheme does not benefit the Primary Banks so far as the price of the money they borrow is concerned. At present, a primary bank that has borrowed on its debentures a sum of Rs. 1 lakh in equal moieties from the Government and the Public pays on that aggregate sum interest at 6¾ per cent. As local reputation of a primary bank grows and its transactions expand, the prospects of local money being had at less than 7 per cent are assured. The ground for a reduction of the present 7 per cent rate on debentures is already being prepared in one or two banks. But under the scheme, every primary bank is obliged to pay 7 per cent to the Central Bank on all the money it needs, although the M. C. U. B. or the public may be prepared to lend at less interest to them directly. There are of course the compensating advantages of the resources, that the Central Bank can place at the disposal of the primary banks, being made ampler, the chances of competing issues of numerous small banks flooding the market being eliminated and fresh areas where local enterprise has hitherto failed to attract debentures being developed for providing long term credit to agriculturists through the central organisation. But there can be no possible objection to the past debentures being kept alive and allowing the primary banks which have built up the existing business to continue to enjoy the profits thereof.

DEBENTURES—FUTURE

The intention of the promoters of the Metropolitan Bank is, perhaps, to put a stop to the issue of any more debentures by the Primary Banks. It is true that one of the basic ideas of the new scheme is to prevent competing issues by several small institutions being put upon the market, the evils of such a course being obvious.

But, cannot this object be achieved without altogether reducing the primary banks to the position of mere applicants for loans from the Central Bank? Under this scheme, the primary banks will be simply conveyancing offices for the preparation of mortgage bonds and the deeds of transfer of those bonds to the Central Bank. The distribution of the money to the executants of the mortgage bonds after its receipt from the Central Bank is a mere mechanical process. Duties connected with the investigation of title and valuation of properties will also pass to a large extent into official hands, eight Sub-Deputy Registrars to take charge of the existing banks and two Deputy Registrars to oversee and organise their work having been already appointed. It is a misnomer to call the primary bank *a bank* any longer, because it does no *banking* whatever. It is no more than part of the clercial establishment of the Central Bank located at different centres for the convenient transaction of the Central Bank's business. This position can be remedied, in my opinion, by leaving to the primary bank a certain amount of latitude to do its own banking, the importance of which cannot be exaggerated. If the power of the primary banks to borrow on debentures is strictly circumscribed by limiting the maximum rate of interest they can offer on them to that offered by the Central Bank itself, that is 6 per cent and limiting their operations to their area so as not to fish for investment from outside their area, no question of the primary banks competing *interse* or with the Central Bank arises; on the other hand, this course has certain definite advantages, not the least important of which is the scope for the development of long term rural capital by the primary banks in at least some favourably situated localities. It must be remembered that one of the objects of the Central Bank is to get cheaper money to the primary banks. No justification exists to make it dearer than what a Primary bank can get it for, unaided by the Central Bank. Knowing, as I do, the conditions in almost all the districts of the Province, I am definitely of opinion that there is scope for such development. Credit movement has been so developed hitherto as tô remove all incentive to primaries to build up their own working capital. I refuse to subscribe to the statement that there is no rural capital to be developed. In areas of Bombay Presidency which are distinctly poorer than many parts of this province, it has been built up. The rural capital invested on postal cash certificates and postal saving banks is considerable. The spare money lent out in rural parts to individual agriculturists for want of sound investments which can, with a certain amount of effort, be diverted into the movement, is also large. But then, the societies are habituated to look to urban capital pooled for their benefit in the central and the Provincial Banks and to merely act as intermdiaries for the simple purpose of distributing the loans between the central banks and rural co-operators, all the principles underlying the peoples' banks which are devised to collect and administer their own capital, having been thereby more or less obliterated. The process will be completed by destroying the facilities for the development of long term rural capital by the primary banks. Extensive co-operative endeavour to collect the capital required for farm mortgage credit is desirable. In these circumstances, it is undesirable to completely wipe out the machinery for the development of long term rural capital where conditions permit. The primary banks ought, therefore, to be allowed to retain freedom to develop such capital under specified conditions and on terms which prohibit competition and secure uniformity of price for long term money.

THE CENTRAL MACHINERY AND ITS FINANCIAL ADJUSTMENTS.

The financial adjustments of the central machinery are unsatisfactory in the extreme and are calculated to retard the easy and rapid movement of its parts. The accumulation of capital for prompt and ready disbursement to primary banks is by no means rendered the facile process that it should be. Its working capital will be derived from share capital, debentures and deposits; entrance fees are negligible; and reserve fund will take time to come in. No provision is made in the by-laws specifying the purpose or the terms or rates at which deposits may be received. It is, I believe, left to be regulated by subsidiary rules. Deposit banking ought not, in my opinion, to be combined with mortgage finance. It will not be easy for the Bank to maintain the required fluid resources and observe other regulations which deposit banking imposes. Deposits are provided for, as I understand the by-laws, to tide over temporary needs and to get emergency capital. But any extensive resort to deposit banking will involve the bank in loss and the government also will lose on the guarantee. A little reflection will show this. Moreover, if deposit banking and mortgage credit operations can be combined in the same bank, there was no need to start a separate central bank, for such an agency already exists. If the Central Land Mortgage Bank offers higher deposit rates than the M. C. U. B. or the local joint stock banks, a most undesirable competition will ensue to the disadvantage of all concerned. The

questionnaire of the Banking Enquiry Committee shows that the Government is keen on eliminating factors that tend to promote such competition. I have already referred to the requisite quantum of share capital and the limitations on its accumulation to an extent beyond what is necessary for the borrowing power that it creates to the bank. So, the real source that counts is the debenture money. The provisions relating to debentures are contained in by-law 4 which gives power to the bank "to float debentures on the security of its assets and of land mortgages transferred to it by mortgage banks to such periods and on such conditions as may be approved by the Government of Madras" and in by-laws 15 to 22. The effect of these provisions may be thus summarised: (1) the total value of the debentures issued by the Bank shall not exceed 25 times the paid up share capital and reserve fund; (2) they shall be issued only on the security of its assets and of the mortgages transferred to it; (3) except to the extent that the security is covered by the share capital and reserve fund, the rest of the debenture can be floated only after the land mortgages taken by the primary banks from the ultimate borrowers are actually transferred to the Central Bank; (4) the total value of the debentures actually in circulation at any time shall not exceed the value of the mortgages of the primary banks assigned to the central bank.; (5) no debentures, whatever, can be floated by the Bank without the previous sanction of the Trustee who for the present is the Registrar, nor can one denomination be converted into another without his sanction. (6) the specific powers of the Bank to float debentures is controlled, notwithstanding anything to the contrary in bye-laws 15 to 22, by the general restraint on its powers contained in bye-law 4, whereby the Government can limit the period and the conditions at their pleasure. The rigour of the operation of the last two mentioned restraints may perhaps be mitigated by general instructions issued to the directorate by the Government and the Trustee, fixing the maximum limits which may prevail during a specified period and dispensing with the necessity to seek sanction each time the debentures are issued. One wonders whether this excessive caution is dictated merely because Government has guaranteed interest or whether it is partly due to an apprehension that land mortgage debentures when fully developed might eventually compete with giltedged securities and periodical government loans on treasury bills and the like. The directors who, besides being Co-operators, are also public men, might surely be trusted to see that the Bank's operations do not conflict with the larger interests of the State. Unless a more courageous policy is adopted and the needs of agriculturists are placed in the forefront of the Government's Development Programme, the prospects of reducing any portion of the huge unproductive debt of the cultivator and providing him with substantial capital for cultivation and agricultural improvement will continue to be gloomy.

BANKING HELP.

A land bank cannot ordinarily serve its members effectively and promptly without the assistance of another bank or banks. In the German Landschaften, the borrowers are handed over the debenture bonds to the extent of their loans, and there exist banks which, knowing the worth of these bonds, encash them for a small discount. Such facilities do not exist here. There must, therefore, be a Bank to act as the Agents of the Central Land Bank to promptly pay the borrowers, as soon as they execute their mortgages, and recover the advances from the debenture money as it flows in. Otherwise, an appreciable interval must elapse between the application to the primary bank and the final disbursement of the loan after the requisite money is doled out by the central bank out of the sale proceeds of the debentures. The delay will greatly inconvenience the borrowers and diminish the popularity of the primary bank and the central bank. At present certain primary banks avoid such delays by loaning the advances made by the prospective debenture holders even before the debentures are actually handed in to the investors. It is open to doubt whether this is regular, specially because these banks are not brought under the rules regulating fluid resources etc., as in the case of the central banks taking deposits. The resort to any such practice by the Central Land Mortgage Bank on a large scale will prove ruinous and will lead to gross abuses. Unnecessary money may be dumped in the interests of the investors. The bank will then lose and so will the government on its guarantee, as later profits of the Bank will be absorbed in making good the interim loss of interest and there may be deficit to meet the interest on the debentures, which deficit the Government should have to make good under the guarantee. It is with a view to reduce these delays by advance payments and to reduce the cost of management that the Committee of the Provincial Co-operative Union proposed that the Madras Central Urban Bank should be set up as Managing Agents of the Central Land Mortgage Bank for a period of five years, subject of course to

the control and direction of the Board of Directors of the Central Land Bank. It was also felt that a higher degree of confidence and liquidity will attach to the debentures in that case, at least in the initial stages, than if they were floated entirely on the initiative of a new agency not hitherto known to the money market. The proposal found favour with the Departmental Conference held at Madras in 1928 which had the expert advice of Mr. Lamb of the Imperial Bank of India, who has since retired from service. At a later Departmental Conference held in June last at Ooty, which was attended by three non-officials besides myself, the proposal was, however, vetoed, as all those three non-officials objected to it. The Madras Central Urban Bank being unacceptable, another bank may be associated with the business, The advance payments, whether treated as temporary deposits by the mortgage bank itself or are directly deposited with the bankers of the central mortgage bank, must not carry any more interest than the highest rate permissible on deposits. They will bear the full interest of 6 per cent from the date the debenture is issued to the investor. This arrangement will not delay the disbursement of the loans to the primary banks. These loans can be disbursed as soon as the securities taken by the primary banks are transferred to the central bank, but never before that date. As soon as the securities are transferred, the Central Land Mortgage Bank can operate on a cash credit obtained by it from its bankers and disburse the loan to the primary banks. The cash credit can be liquidated as soon as debenture money is realised. The securities obtained by the Central Land Mortgage Bank by loaning its share capital will be at its own disposal and can be given as cover for the cash credit to its bankers. So, in this manner, a cash credit can easily be arranged for. This extra share capital may have to be collected in addition to the 4 per cent, of the debenture money. But it is worth doing and it will yield a profit when the dividend is reduced to $6\frac{1}{4}$ per cent and involves no loss even otherwise.

As to the cost of management, the matter is one of temporary difficulty. If the Government reconsiders its decision and makes a subsidy grant for the maintenance of the Bank for a time or if it grants a loan free of interest following the precedent of the Hindu Religious Endowments Board, the problem will be solved for the time being. The Board therefore, naturally resolved to adopt this course of approaching the Government.

THE CHARACTER OF THE DEBENTURES AND THEIR REDEMPTION.

The debentures carry interest at six per cent, payable half-yearly and if and when they are made incometax free, they will carry interest only at $5\frac{1}{2}$ per cent. Interest on debentures floated within the first five years to the aggregate value of Rs. 50 lakhs is guaranteed by the Government for the full period of their life, that is 25 years. The Bank is expected to establish its reputation in the money market within this period. Attempt is being made to get these debentures recognised as Trustee securities under the Indian Trust Act. Provision is made in the bye-laws for a Debenture Redemption Fund into which are credited portions of the recoveries made from the members of the bank under mortgages whether on redemption or on sale. Debentures are not to be issued at discount. They are issued at par and every endeavour will be made to prevent their depreciation and the Bank will buy them, but not above par, in the open market, if the market for them shows a downward tendency. The debenture, under these circumstances, will become easily negotiable. There can, therefore, be no doubt that the debentures of the Central Land Mortgage Bank will be popular and several classes of people will come forward to invest money in them. The Bank will thus have ample resources to finance primary banks to any extent that the demand from agriculturists for long term loans might be forthcoming. The bye-laws contain no definite indication of the manner in which the sinking fund is to be worked. Bye-law No. 16 says that the money earmarked by the Trustee for the purpose shall be credited to the Imperial Bank or such other bank as may be approved by the Registrar. Bye-law No. 36 permits the investment of the funds at the disposal of the Bank in the manner prescribed by section 32 of the Act with the exception of the investments on the securities of other co-operative societies. This exclusion is, in my opinion, both ultravires and inexpedient. Section 32 contemplates various kinds of investments and deposits. Whether bye-laws 16 and 36 supplement each other or whether they are mutually exclusive so far as sinking fund is concerned, is doubtful. It should be cleared up. If bye-law 36 does not apply to sinking fund investments and the fund has to be invested only in a bank of the Registrar's choice under bye-law No. 16, I am afraid the redemption scheme will not work. The most advantageous method of working must be adopted in order to keep the Bank's finances sound, and in my opinion, the recommendations of the Townsend Committee deserve to be

followed. Two main considerations should guide us in working the Debenture Redemption Fund. Debentures should not ordinarily be redeemed before the expiry of the full period of their maturity, for otherwise their popularity will vane. If a feeling gets abroad that the Bank will call in the debentures and pay them up at its pleasure, the inducement for long term investment disappears. At the same time, no bank can afford to altogether waive its right to redeem its debentures before maturity, if the interests of the bank require it. In fact, the interests of the investors themselves may demand such a scheme of redemption to be put in operation, so that the outstanding debentures may not depreciate in their value in the open market. So, a definite scheme of redemption should be evolved with due regard to these considerations. It should be worked in four stages. (1) A proportion of the debenture money should be fixed for each year by the Board. The Trustee should normally leave this to the Board. The proportion will obviously depend upon the period and other features of the outstanding debentures. The money will, no doubt, in the first instance, go into an approved bank, but it must be invested with the least possible delay whenever a profitable investment is available. Gilt-edged securities themselves may be had at 5 or $5\frac{1}{2}$ per cent. There may be bonds of local bodies or other safe quasi-official corporations available from time to time carrying the same interest of 6 per cent which the debentures bear, if not more. The Madras Central Urban Bank has some debentures, covered by its general assets, to invest in, but for some unknown reasons, bye-law 36 precludes the investment of the Central Mortgage Bank's funds in them, or in securities of other co-operative societies, however profitable they may be, by the conscious omission of the clause (c) of Section 32 (1) from bye-law 36. (2) If no such investments are available, then an attempt must first be made to ascertain whether debentures are available for sale in the open market, and the Bank may purchase them not above par. (3) If debentures are not available for purchase in the open market, then an attempt must be made to ascertain whether any debentures are voluntarily forthcoming for redemption, after issuing six months' notice of the quantity it wishes to redeem in each year. (4) Finally, if a sufficient number of debentures is not forthcoming voluntarily for redemption, the debentures, upto the required amount, may be retired by drawing lots. The Bank may offer cash or new bonds to the value of the bonds redeemed, the option resting with the debenture-holder to receive either. If this procedure is adopted and made known to the investing public, apprehensions about premature retirement of debentures will be set at rest and their popularity in the market will be better assured.

THE BANK AND THE PUBLIC.

It is true that the preliminaries connected with the inauguration of the Bank did not follow the usual co-operative principles and practice and that the procedure adopted by the Registrar at the ceremony provoked a certain amount of adverse criticism from some responsible co-operators. Nevertheless, it is my earnest prayer that, in the interests of the agriculturists of the province, who have been long looking forward for a scheme of long term farm mortgage credit, every endeavour should be made to create a favourable atmosphere for the successful working of the Bank. The main framework of the Bank is the same as that recommended by the Committee of the Madras Provincial Co-operative Union, and the bye-laws also in the main follow the draft of that Committee with the exception of a few. I must, however, make it plain that the few changes thus made in the Committee's draft had the effect of transforming a purely non-official organisation into a virtually official organisation. The Registrar's statutory control under Act II of 1912 was extended at least in half a dozen other directions. Firstly, he is himself constituted the Trustee of the Bank; secondly, he is assigned an ex-officio place on the Board and its Executive Committee; thirdly, he is accorded the privilege of appointing another member also to the Board as his nominee; fourthly, he is vested with the power to control the appointment of the Secretary of the Bank; fifthly, in his capacity as the Trustee, he is vested with the sole power to determine whether debentures should or should not be issued by the Board or converted from one denomination to another; and sixthly, he is made the authority whose recommendation the Board is obliged to seek before it can sanction loans to the primary banks. This list is by no means exhaustive of the Registrar's powers under the bye-laws; it is merely illustrative. Bye-law 54 which compels the Board of Directors to refer to the Registrar all matters of doubt as to construction or meaning of the provisions of the Act and bye-laws or validity or effect of proceedings, and which makes his ruling final, is a mere euphemism for a declaration that the opinion expressed by the Registrar at the meetings of the Directors shall be implicitly obeyed by the rest of the Board. Any further reference to him will be an idle formality by which the Board will stultify

itself. Being a party to the proceedings, he cannot be a judge, simply he is a deciding director. It is therefore indisputable that the constitution leaves little or no initiative, power or responsibility to the directors, except to the extent that the Registrar surrenders his powers. In actual practice, however, he is expected to do so, keeping his powers in reserve to be used only when the peace, tranquility and good government of the Bank demand their exercise and to normally leave the directors to themselves. Team work between the official and non-official co-operators should be made pleasant to mutual benefit. I hope and pray that in working to a successful issue the new scheme of land mortgage credit, whose potentialities for the economic uplift of the peasants are immense, if it is worked in a true spirit of sympathy and helpfulness, it will be made possible for officials and non-officials to collaborate and give their best to the institution.

Co-operative Land Mortgage Banks and Agricultural Industry

By Rao Bahadur A. Vedachala Iyer

The Government of Madras has sanctioned the floatation of a Land Mortgage Bank for the Madras Presidency at Madras. The Bank is to finance primary land mortgage banks by getting money by the issue of debentures on the security of mortgages of immovable property obtained by such primary mortgage banks. Such debentures are repayable at the end of 25 years and bear interest at 6 per cent. The State guarantees interest for a period of 5 years and assists the Mortgage Central Bank by giving expert staff to work the scheme and to get responsible valuation and proper distribution of loans in primaries.

The Primary Land Mortgage Banks will be on limited liability basis with a small jurisdiction of villages in a radius of 5 to 7 miles, will obtain mortgages of immovable property, transfer them to the Central Land Mortgage Bank and secure the funds required by it from the Central Bank.

The long term loans contemplated in this arrangement are, as stated by the department, mainly for the removal of indebtedness of the agriculturist which operates as a heavy load on his slender resources. Such loans will also be useful for land improvement or for purposes of improvement of irrigation facilities.

This arrangement is welcomed by all co-operators as they have been struggling hard for it for a number of years. The advantages derivable by this arrangement can only be realised if it is worked in a businesslike way and with a co-operative spirit of self-help and self-reliance combined with business discipline.

It is desirable that co-operators should be aware of the innumerable difficulties likely to be felt in working a land mortgage bank especially for the removal of prior indebtedness of the agriculturist and co-operators should shape the working of such banks on business lines if the desired end is to be realised.

An ordinary money lender who lends money on the mortgage of immovable property expects the safe recovery of the principal as well as the realisation of the annual interest till the principal is repaid.

If any default occurs in the payment of interest, he does not press for it but allows it to accumulate so long as the safety of all his dues is assured. In a co-operative concern, the default in payment of the instalment of principal and interest will invariably follow the closing of accounts and the recovery of the entire sum due which practically bring the property to sale. Hence co-operative mortgage loans under such exacting terms should not be given unless the average repaying power of the borrower is assured for the period of the loan. If this is not carefully ascertained before loan is given, the mortgage bank will have got transferred the debts from the money lender who gets ready cash, to itself with the necessity of litigation for recovery. The scrutiny of such repaying power must be done by *competent* and *responsible* men. Government officers who are deputed may be competent men (if really proper selections are made) but they are not *financially* responsible men. Hence the Directors who sanction such loans on the security of mortgages of immovable property may get the assistance of Government men deputed but should be made to feel their financial responsibility. Besides, such local directors will have local knowledge which alone will help them to get a correct estimate of the repaying power of the borrower. Dependence on Government men however highly paid or carefully selected is likely to lead to inactivity on the part of the directors besides eventual financial ruin or sudden closing of accounts of borrowers or even primary banks. Wherever competent directors who could feel their responsibility are not available, such banks should not be floated. There should be no excess of zeal in this respect. Earnestness combined with adequate scrutiny should be secured to ensure efficient working of Land Mortgage Banks.

A Co-operative concern is expected to watch the career and conduct of its members so that they may fulfil their responsibilities and obligations to the society. Hence the mortgage bank should be in the closest touch with the borrowers. The essence of co-operative lending is to make each borrower overcome the disease of *debt* without losing his land. The ordinary moneylender also removes the disease of *debt* but unscrupulously extinguishes the land holding of the debtor. Removal of debt does not consist in the transfer of borrowers from one creditor to another but can be satisfactorily secured only when the borrowers are made to secure the amount required in a period of 25 years. Co-operative mortgage banks should arrange for the securing of such savings and for such savings being tapped at the proper time without bringing the property mortgaged to sale.

It is a problem as to how far the primary land mortgage banks now started or to be started are expected to fulfil this difficult task of enhancing the savings of the borrowers and of securing such savings as repayment of the annual instalments.

Actual investigation on the question of removal of agricultural indebtedness and the repaying power of the borrowers with reference to the yield in the agricultural industry would show that a majority of cases could not safely be brought under the scheme in hand and that such cases can only be successfully handled when money is made available repayable in 50, 60 or 70 years. For such an arrangement to be practicable, the State should issue debentures and make money available for co-operative organisations. Co-operators should be very careful in their investigation into the repaying power of each borrower and should avoid dumping cases requiring longer period of repayment into the present arrangement. The present scheme will only tackle the problem to a very limited extent and care should be exercised to avoid attempting impossible cases for redemption within the allotted period for which debentures are issued.

I find that a provision is to be made for primary mortgage banks having some voice, probably a predominant voice in the management of the Central Land Mortgage Bank. I am convinced that too much stress should not be laid on this aspect of co-operative or democratic advantage. The jurisdiction of the Central Bank is the whole presidency and representatives of primary banks may not, many of them, have the capacity to run a central institution more difficult to manage than District Central Banks. It will be more advisable to run the Central Land Mortgage Bank on the responsibility of non-borrowing shareholders with a small combination of really competent representatives of primary mortgage banks.

In a number of cases of prior indebtedness, it will be found wise to sell a portion of the holdings and to save the rest from the clutches of the sowcar. Hence a careful investigation should be made before primary mortgage banks take up such work. The borrower's estimate of his annual savings expected in 20 years should be carefully scrutinised by the primary land mortgage bank, the directors of which are expected to do it fairly accurately with their local knowledge. This portion of work cannot be attempted by the Central Land Mortgage Bank nor can it be entrusted to an extraneous official

agency however conscientiously it may be expected to discharge its work.

The floatation of a central mortgage bank may be an easy affair by procuring shareholders and by drafting a constitution for it on approved business and legal principles. Such a constitution can make ample provision for the safety in title of the bank's money. Its working efficiently and for the real benefit of the people depends on the safe working of the primary banks. Hence I would place more value in the organisation of primary land mortgage banks. Great care and scrutiny should be exercised in the floatation of such organisations and a close watch must be kept over the work of primary mortgage banks if the desired object is to be achieved. The Central Land Mortgage Bank will have to stand on its own legs in this respect even though, in the initial stages, the State may grant assistance in the shape of money and men.

Audit is a very important factor in any business concern but pre-audit by closely watching the recommendations of the primary mortgage banks and their efficient working is more important besides being a very difficult affair for the Central Mortgage Bank stationed at the Presidency Headquarters with a jurisdiction over the whole Presidency. Intimate touch with the primary banks and their working has to be provided for even though the cost may be prohibitive.

These observations are put forward with a view to stabilise the working of land mortgage institutions in this Presidency, not merely for the removal of prior indebtedness which however requires more elaborate arrangements but for the more important task of agricultural improvements involving large outlay which the agriculturists are not now able to put forth except by concerted action and by bringing banking arrangement to help such endeavour.

Increased production means increase in the sum total of a nation's wealth. It may not mean the prosperity of the people. The problem of poverty is the problem of the prime necessaries of life. Production, whether agricultural or industrial, should first of all be directed *not towards profit* but towards the supply of the *national requirements of life's necessaries.* Bernard Shaw says, " The only way in which a nation can make itself wealthy and prosperous is by good housekeeping; that is by providing for its wants in the order of their importance and allowing no money to be wasted on whims and luxuries until necessaries have been thoroughly served.

There should be less ostentation, less wastefulness, less uselessness, but there would be more food, more clothing, better houses, more security more health, more virtue—in a word "more prosperity". Any attempt to secure the above should be *self-initiated, self-directed, self-corrected* and *self-controlled.*

The above observations will apply to the co-operative movement which seeks to secure the amelioration of the agriculturists. District co-operative banks and the land mortgage banks should handle short and long term credit so as to give facilities to the agriculturists to better their economic position. This ideal should be kept in view by all co-operators who work the co-operative movement, official and non-official.

The Central Mortgage Bank, Madras, will come into working order very soon, the Registrar of Co-operative Societies being the Trustee. He has *selected* the first directors. The by-laws framed seem provide for the Registrar approving the selection of the Secretary and having control over the issue of debentures. The reason apparently for not giving freedom in these respects to the bank's shareholders to elect their directors, to appoint their secretary and issue debentures without intervention by the Registrar is to see that the proposed initiative and control by Government creates confidence in the ready acceptance of debentures when issued. At the same time, some co-operators took exception to such a procedure because of the loss of co-operative or democratic treatment in the working of the institution. Some co-operators acquiesced in the procedure adopted because of the fact that the Registrar was unable to alter the procedure laid down by Government, rather by himself with the concurrence of Government. Whatever may have been the reason for the changed procedure, co-operators can feel satisfied that the Government has after all taken the responsibility of running the show and has set the ball rolling. It is not impossible to alter the objectionable procedure adopted at a later stage. At the same time, Government should be warned that the successful working of the Central Land Mortgage Bank depends on the earnest work of the financially responsible shareholders of the bank.

Co-operative Banks and the Imperial Bank

BY MR. A. SRINIVASACHARIAR

(Secretary, Srivilliputhur Co-operative Banking Union.)

The Imperial Bank, even at the commencement of the Banking Enquiry Committee, have signalled their mentality towards the co-operative banks by a circular letter that bonds of rural societies (unlimited) should be substituted by Government paper in course of years. The Bankers met in conference on 19-10-'29 and strongly protested against the circular letter and pointed out that the bonds of societies are far more secure than individual firms which are freely accommodated with cash credit. The resolution of the Bankers is reproduced below to explain the reasons for their conclusion.

> " Resolved that this decision of the Imperial Bank of India is highly retrograde and displays a want of confidence in the security of co-operative papers. This Bank is of opinion that there is no warranty for the position taken by the Imperial Bank of India. As the Imperial Bank of India admittedly occupies the position of a State Bank at present, it is felt that the existing facilities for the discount of Agricultural papers should not now be permitted by the Government to be withdrawn especially in view of the fact that the question is now engaging the consideration of the Banking Enquiry Committee."

In pursuance of the above resolution, individual Central Banks are also passing resolutions to the same effect.

The Imperial Bank in their turn are issuing another circular letter asking Central Banks to furnish a list of societies which do not work satisfactorily and whose debts are bad or doubtful. The Central Banks should in one voice rise and say that the working of societies depend largely upon Government audit and that the security of bonds of village societies is far more substantial than that of any other bonds. At any rate Government Paper has got depreciation in value while bonds of village societies have increasing value till societies are liquidated, when alone interest ceases to run according to the Registrar's Circular. The administration reports of Tanjore and Coimbatore Central Banks show that their profits are affected by depreciation of value of Government Paper. It remains to be seen in what other banks similar conditions have prevailed. Moreover, Government

Paper also has at the back the revenues of the ryots which are again secured by holdings of ryots. The bonds of societies are also secured by the properties of co-operators in villages but depreciation in one will be substituted by increasing values of the properties of members of societies as a whole, being unlimited liability societies.

The transactions of the Imperial Bank are largely engrossed in Treasury balances which are again ryots' monies. There is no reason why, under these circumstances, the Co-operative Department should passively give room to the Imperial Bank circular in spite of a strong concensus of opinion of the eminent co-operators and Banks in conference in October 1929.

It is up to the co-operators to challenge the Imperial Bank or the Department to show how their distrust in bonds of societies is substantiated. A perusal of the administration reports on the working of the Co-operative Societies in the previous years shows that there was no room for such doubts and we do not know how the latest administration report runs.

The sudden ebullition of the Imperial Bank seems to be due to the strong agitation of co-operators and co-operative organisations to urge on the Imperial Banking Enquiry Committee and the Provincial Banking Enquiry Committees to give prominence to Co-operative Banks or at least an equal status with the Imperial Bank. Perhaps there is a counter-move to throw dust on co-operative bonds and apparently materials are being gathered with that end in view.

Mr. Hood, our former Registrar of Co-operative Societies, is the Chairman of our Provincial Banking Enquiry Committee and his view is that the security of bonds is not the criterion but realisability is the point to be considered. Nice questions may therefore crop up in the course of the enquiry to distinguish between the two, and all Central Banks should wake up and let in strong evidence for their case.

The Provincial Union and the Madras Central Urban Bank may also ascertain from other Provinces if the Imperial Bank branches there are making similar efforts and how the Department views such circulars. The Provincial Committees' questionnaires in other Provinces may also be got and circulated to all Banks before evidence is commenced in our Province.

Group Clerks for Co-operative Societies

A SCHEME

By Mr. R. A. Sivananda Mudaliar

(President, South Arcot District Co-operative Federation)

It is known to all who have an intimate knowledge of the working of societies that the principles of co-operation have not been thoroughly understood and that all the prescribed accounts are not written up in many of the rural societies. The causes are of course many. In some of the societies the secretaries do not have a fair knowledge of the three R's. In some, the secretaries know how to read and write, but they do not know or care to know the system of writing up accounts in co-operative societies. In some other societies, though the secretaries know how to maintain the accounts, they are not inclined to write up the accounts and take interest in the working of the society without any fixed remuneration. Whatever the causes may be, all societies should write up the accounts themselves, submit the prescribed returns and should be run on the right co-operative lines. The societies should write up the Minute Book, Receipt Book, Cash Book, Admission Book, Loan Ledger, D. C. B. Register, Liability Register etc. They should prepare and submit loan applications, property statements with Survey Nos., Monthly Statement of Receipts and Charges, Monthly D. C. B. Statement, Annual Statement etc.

2. It is very rarely that a society does all these functions. The Supervisor is burdened with the task of writing up accounts etc. Instructions in the Registrar's Circular No. A. 2038/27 dated 17-6-'27 prescribing that societies should submit monthly D. C. B. Statements to Unions which should in turn submit a consolidated statement to the Federation for review are yet to be carried out. All our efforts to achieve this have been in vain. Supervisors are unable to cope with the ever increasing work. Honorary workers have not done as expected and there is a limit to all honorary work. The work should anyhow be done and the following scheme is therefore submitted to Co-operators for due consideration, constructive criticism and suggestions.

3. The secretary or clerk of a society should be paid a fixed clerical allowance from the general funds of the society for doing the

clerical work irrespective of the fact that the society is working on a profit or loss. One should have at least an elementary knowledge of the principles of Co-operation and account-keeping to be able to do the work satisfactorily. The Federation should hold a month's course for the secretaries of rural societies and, after holding an examination, issue certificates to all those who are qualified for the post. The present system of holding training classes for two or three days does not serve the purpose. Private candidates may also sit for the examination without undergoing any course, on payment of a prescribed fee. The Federation should have a right to withdraw the certificate at a later date, if the work or conduct of the individual is at any time found unsatisfactory.

The fixed clerical allowance shall be at the rate of 8 annas per year, for every 100 rupees of loan outstanding on the 30th June last and shall be paid from the general funds of the society. The clerical allowance shall be paid only to those who hold the certificate of the Federation and appointed by the society with the sanction of the Union. If the clerk or the paid secretary fails to do the prescribed work, the Union should insist on his being removed, failing which the Federation shall withdraw the certificate and thereby make him ineligible to continue as clerk.

In societies where qualified men are not available and therefore work is not done properly, the society shall remit to the Union a sum equal to the clerical allowance and the Union shall arrange to have the work done by appointing group clerks from among those who hold the certificates of the Federation. The group clerk shall be paid from Rs. 15 to Rs. 25 per mensem and should have completed the lower secondary course. The clerical allowance funds collected by the Union shall not be spent for any purpose other than the pay of the group clerks. If this fund is found insufficient to meet the pay, the Union may arrange for further contribution from societies or make up the deficiency from its own funds and any further deficiency shall be made up by the Federation which will get a lump sum grant for this purpose from the Central Bank. This is certainly a legitimate charge on the general funds of the Central Bank.

This scheme cannot in any way be said to be unco-operative. If this is unco-operative, the appointment of clerks or paid secretaries in urban banks and central banks is equally unco-operative. Appointment of group clerks will not displace the honorary workers,

for there will still be sufficient scope for honorary work even after the scheme is brought into force. The work of supervisors will become light and one supervisor can efficiently supervise about 30 societies.

In addition to the above fixed clerical allowance, the panchayatdars may be paid the usual remuneration in societies which work at a profit at a maximum rate of ¼ the Net Profit to be fixed as follows :—

100% of ¼ the Net Profit, if members' overdues under Principal are below				10%
90%	,,	,,	,,	20%
80%	,,	,,	,,	30%
70%	,,	,,	,,	40%
60%	,,	,,	,,	50%
50%	,,	,,	,,	60%
Nil.	if members' overdues under principal are above 60%			

Co-operative Building Societies

Bye-laws 12, 14, and 16, 51 (a)

Bye-law 14 provides that building societies shall borrow all their monies from the Government only. And it stipulates that any loan taken from other sources should be repaid whether from members or others as soon as they receive the loan from Government. It means that the Government desires that its loan should be made the first charge upon the assets of the society. We agree. Bye-law 51 (a) provides for the loan from Government for the purchase of house sites, to the extent of double the share capital. Where a society is not in a position to provide the entire amount required for the purchase of a site, but has secured a portion of the amount as share capital from certain members, the society is bound to apply for the loan of the rest of the amount from Government under bye-law 14. Though bye-law 51 (a) applies to a member in his individual capacity, it does not apply for the same purpose to the society as a corporate body. Bye-law 2 confers on the society the sanction for the purchase of sites for building purposes in its corporate responsibility. In this connection comes the utility of the bye-law 16 which provides for the maximum borrowing capacity of the society, to the extent of 4 times its paid up share capital including the construction that may be put upon the site. In the interval between the time the society is negotiating the purchase of a site and its receiving the loan from Government, the society is permitted, if necessary, to take deposits from members in order to carry on the negotiations and achieve the desired object of the society, according to bye-law 12. We agree that the responsibility of the society is corporate in taking loans or deposits. But it cannot wipe off the individuality altogether from its purview, as only individuals go to make it a corporate one. Supposing in a case where a certain group of individuals have far advanced in their operations and another group of individuals have just entered into a bargain in the same society, and in the course of the transaction that the society is temporarily obliged to take a deposit, knowing fully well that the same has to be discharged as soon as the Government loan is received, from outside, is it justified in denying the first group of members the grant of their loan for which they are entitled until the discharge of the deposit taken in respect of the purchase

of the site for the second group of members? How is the responsibility here divided? Is it corporate or individual? And when of course the discretion is left with the Registrar for the grant of loans for specific purposes to such societies, under bye-law 16, and when as a matter of super-caution the Registrar denies the sanction of the loan, as a case to be treated on the individual solvency of the society, when the loan from Government intended for the first group of members is naturally abnormally delayed and when by the delay so caused the members are simply accumulating the interest on their paid up share capital taken as loan with no benefit, what should be the solution? Each loan is covered by a substantial security in the shape of the built house or the purchased site. How can this be treated as a corporate responsibility, without the individuality behind it? By saying that because there is a deposit under B group to the extent of half the value of the site, the other half having been provided by the group members paying their share capital, the loan on the A group cannot be sanctioned, we are simply nullifying the object in bye-law 51. The loan on group A is covered by the buildings that are constructed under it and stand on a different level with the security under group B which covers the loan drawn from Government for that purpose. There will be sense in saying that there cannot exist both a deposit and a Government loan on the same security and nobody can dispute the fact that any deposit taken on the particular security should be discharged as soon as the Government loan is received, on the same security. But to deny a society the loan entitled to it under bye-law 16 on the total paid up share capital of the society under some pretext, and refuse the grant of a loan for A because B has some outside liability, would obstruct the natural and logical development of the society. You may say that a subsequent transaction may be entered into after the completion of the first one. But in the proper functioning of a society you cannot shut out particular individuals from availing themselves of the advantages of the society until after the others have completed their operations. This is a serious anomaly here. Neither of the bye-laws countenance such a situation. Supposing that a society has a paid-up share capital of Rs. 5,000 and its deposit is only Rs 2,000 and the value of the site purchased is estimated Rs. 4,000, and the society applies for a loan of Rs. 5,000 for the building of houses under a different group, of which the first instalment is intended to be taken as Rs. 1,000, there will be no serious hardship in granting a corporate loan of

Rs. 7,000 for the wiping off of the deposit and for the construction or at the first instance a loan of Rs. 3,000 on the total paid up share capital of the society to cover the deposit and the first instalment of loan for construction. And the security for the Rs. 3,000 is a land worth Rs. 4,000 under group B and the value of the site under group A which is Rs. 1,000 altogether Rs. 5,000. Why should you then deny the grant of a consolidated loan under bye-law 16 so as to enable the society to work on? When you say it is our discretion, it is only denying the benefits of the bye-law to the society. Under bye-law 14 when you say that the deposits should be cleared as soon as the Government loan is received, it will only mean that there can be no liability on the same property both to Government and to another member. That is, the property must be free of prior charges when it is mortgaged with Government. It cannot mean that when a charge is made upon a property entirely for the Government loan, there can be no other liability upon any other property outside the first one, charged to Government. They can insist upon this condition being observed when that particular property is mortgaged to Government. Otherwise the provision to take deposits under bye-law 12 is meaningless. Deposits are taken only when there is a necessity for it and when the site is developed, surely the first charge upon it is made in favour of Government by wiping off the deposit. This can only be the normal construction that can be put upon the various bye-laws when read together.

G. S. S.

Co-operative Central Banks in Madras Presidency

(Review of the Administration reports for the year ending 30th June 1929.)

BY THE HON'BLE MR. V. RAMADAS PANTULU

The ten reports of the Central Banks under review are representative of the different portions of the Presidency, three coming from Coast Districts of Andhra Desa (Nellore, Guntur and Ellore), four coming from the Tamil Nadu (Kumbakonam, Chingleput, Salem and Srivilliputtur), two from the Ceded districts in Western Andhra (Hospet and Cuddapah), and one coming from the West Coast (South Kanara). The operations of these ten banks for the year ending 30th June 1929 are shown in the tabular statement appended (Vide next page).

On the basis of the Working Capital, these Central Banks can be divided into three broad sections: the banks with a working capital of Rs. 50,00,000 and above, banks with Rs. 20,00,000 and above but below Rs. 50,00,000, and banks with a working capital below Rs. 20,00,000. Under the first group, we have only one Bank, namely the Co-operative Central Bank at Conjeevaram, with a working capital of Rs. 50,60,587; under the second group, there are two Banks, Salem and Guntur. The rest come under the third group whose working capital ranges between 7,00,000 and 20,00,000. The Cuddapah District Co-operative Central Bank which has only a small working capital of Rs. 7,46,407 has been in existence from the year 1918 and it is not known why it has not yet sufficiently strengthened itself. Compared with other Banks in the same group which were started in or about the same year, namely, Ellore, Srivilliputtur, Nellore and Hospet, the progress of the Cuddapah District Co-operative Centraal Bank is far from satisfactory.

MEMBERSHIP AND SHARE CAPITAL.

It will be observed that in every one of the Central Banks under consideration, the Societies have got a preponderating influence over the individual shareholders and to that extent it may be said that the Central Banks are being practically controlled by the societies affiliated to them. In point of paid up share capital also, it may be said that in all the Central Banks except the South Kanara Central Co-operative Bank Ltd., where the contributions are equal, the Societies' contribution far exceeds that of the individuals. It has been reported that in the Co-operative Central Bank Ltd., Conjeevaram, and in the Hospet Co-operative Central Bank, Ltd., Hospet, the shares reserved for individuals have

Statement showing the financial position of the Central Banks during the year ending 30th June 1929.

Name of the Central Bank.	Number of Share-holders: Indivi-duals.	Number of Share-holders: Socie-ties.	Share Capital Paid up: Indivi-duals.	Share Capital Paid up: Socie-ties.	Total Paid up Share Capital.	Reserve Fund and other Funds.	Working Capital.	Loans outstanding against societies as on 30—6—1929.	Overdus: Principal	Overdus: Inter-est.	Loans issued: L. T.	Loans issued: S. T.
South Canara Central Co-op. Bank ...	248	390	73,100	71,022	1,44,122	52,884	13,63,882	9,09,423	2,73,989	11,150	2,31,736	3,06,391
Nellore Dist. Co-op. Banking Union ...	81	390	33,350	1,26,056	1,59,406	46,659	17,07,363	14,60,263	2,98,244	7,628	2,34,039	4,27,438
Tanjore Dist. Co-op. Central Bank, Kumbakonam ...	163	326	49,900	68,219	1,18,119	62,074	17,72,715	13,83,563	1,89,214	580	5,37.473	4,02,832
Hospet Co-op. Central Bank, Hospet...	131	276	23,271	1,45,877	1,69,148	38,786	11,59,859	10,31,875	2,41,744	6,536	3,18,695	85,720
Co-op. Central Bank, Conjeevaram..	107	808	1,00,000	3,14,310	4,14,310	1,57,203	50,60,587	47,18,103	5,44,792	Nil.	6,28,474	2,51,315
Salem Dist. Urban Bank ...	102	475	80,000	1,01,587	1,81,587	1,63,759	27,76,251	25,42.212	5,37,705	7,527	6,77,860	2,68,419
Guntur Dist. Co-op. Bank, Tenali ...	125	366	24,900	1,52,908	1,77,808	87,972	25,88,035	23,01,712	2,32,572	8,283	4,51,800	9,31,322
West Godavari Dist. Co-op. Central Bank, Ellore ...	44	242	24,200	1,52,045	1,76,245	45,736	19,83,888	18,41,040	1,02,909	1,853	4,78,535	11,57,676
Srivilliputhur Co-op. Banking Union..	75	224	25,410	87,106	1,12,516	25,282	11,82,644	10,56,392	1,91,567	634	2,35,541	93,992
Cuddappah Dist. Co-op. Central Bank	59	181	23,040	53,230	76,270	19,733	7 46,407	6,22,946	1,97,275	21,336	79,000	74,435

been fully subscribed ; while in the case of the latter bank, a proposal has been made to increase the shares for individuals.

RESERVE FUND.

The Reserve Funds of all the Central Banks except those of Hospet, Srivilliputtur and Cuddappah range between Rs. 45,000 and Rs. 1,65,000. The reserve funds of the Salem District Urban Bank and the Co-operative Central Bank Ltd., Conjeevaram, top the list amounting to Rs. 1,63,759 and Rs. 1,57,203 respectively. The reserve funds of the Hospet, Cuddappah and Srivilliputtur Banks are Rs. 38,786 and Rs. 19,733 and Rs. 25,282 respectively. Considering the age of these Banks, the accumulated reserve fund is very small and efforts must be made to increase the transactions of the Banks and earn larger profits.

The Kumbakonam and the Cuddappah Banks have each provided a reserve for bad and doubtful debts, the amounts to the credit of that fund being Rs. 14,500 and Rs. 1,000 respectively. It is gratifying to note that, in addition to the statutory reserve fund, all the Central Banks have set apart a certain percentage of their net profits to other funds like Building Fund, Dividend Equalisation Fund and Common Good Fund.

In addition to these, the South Kanara Central Co-operative Bank and Srivilliputtur Co-operative Banking Union have also a special reserve fund to whose credit Rs. 3,758 and Rs. 72 respectively stand outstanding as on 30-6-1929. During the year, the Co-operative Central Bank Ltd., Conjeeveram, which was till now in a rented building, moved into its own large building which was recently opened by H. E. the Governor and it is hoped that very soon other Central Banks also will provide themselves with buildings of their own.

The Salem District Urban Bank Ltd., spent during the year a sum of Rs. 500 out of its Common Good Fund for the development of Khaddar and it has been held under objection by the Registrar, as the purpose for which it has been given is not covered by the objects contemplated in bye-law 20 (c) of the bye-laws of the Bank. It is certainly a desirable object and helps Co-operation and thrift and is educative in so far as it teaches the benefits of a subsidiary occupation to agriculturists. If bye-laws are defective, they may be so amended as to bring this object within their scope.

WORKING CAPITAL.

While the deposits in Salem, Ellore, Nellore, Cuddappah and Guntur have shown an upward tendency, that of Conjevaram has been stationary, and those of Srivilliputtur and South Kanara have shown a downward tendency. This downward tendency in these two Central Banks has been due to the withdrawal of the Local Board deposits. In the case of the Nellore District Bank, the only item of increase is under deposits of Local Bodies, but in the case of the Bank at Kumbakonam, there has been an increase in the deposits of individuals and a decrease in the case of Local Board deposits. Nearly 50 per cent of the borrowings of the Nellore, Kumbakonam, Guntur and Cuddapah Banks are from the Local Boards and Joint Stock Institutions. The deposits of Societies are appreciable in all the Banks. The Banks at Mangalore, Kumbakonam and Cuddappah have surplus funds. The Bank at Mangalore has invested the surplus in the Provincial Bank and in Postal Cash Certificates. On account of the addition of interest to the Postal Cash Certificates, the value on date has appreciated. The Banks at Kumbakonam and Cuddappah have invested the surplus in Government Securities to the face value of Rs. 2,67,300 and Rs. 35,000 respectively. Like other Banks which have invested in Government Securities, these two Banks had also to write off as depreciation a sum of R. 13,445 and Rs. 730 owing to reduction in the capital value of the Papers.

LOANS TO SOCIETIES.

During the period under review, it has to be observed that a great bulk of the loans disbursed by all the Banks except Hospet, Conjeevaram and Salem have been for short term. It is reported that, in Conjeevaram, and Hospet, there is a great demand only for long term money. In Hospet, the bulk of the Banks' money is lent out as five years' loans. Short term loans are very prominent in the eastern districts of Andhradesa. Guntur and Ellore Banks have disbursed Rs. 9,31,322 and Rs. 11,57,676 respectively as short term against Rs, 4,51,800 and Rs. 4,78,535 respectively disbursed as long term during the year.

OVERDUES.

The proportion of overdues to the demand in Central Banks is very heavy, and in some banks is increasing. In the Co-operative Central Bank Ltd., Conjeevaram, excluding the sum of Rs. 2,05,325 for which extensions have been granted beyond the year under review, the overdues under principal at the end of the year amounted to Rs. 5,44,792.

In Cuddappah the overdues are very heavy mounting up to 60 per cent under principal and 36.7 per cent under interest. During the year, only 21 agricultural societies out of 142 borrowed, and of the sum of Rs. 1,53,435 advanced to societies, only Rs. 68,850 relate to amounts advanced to agricultural societies and the balance of Rs. 84,585 to other Societies. The need for overhaul work in the Cuddappah district cannot be over—emphasised. In spite of the fact that the Bank gave a contribution of Rs. 1,200 for rectification and consolidation work to the Federation, no work in that direction appears to have been done either

by the Federation or by the Unions, and the dormant and indifferent societies have increased in number. The real cause is said to be the indifference of some societies to the discharge of their obligations to the Central Bank. Societies which could not be said to have suffered on account of bad seasons have also defaulted to the Bank, but yet there is still a ray of hope in the fact that collections under interest have been fairly satisfactory since the close of the year, and it is hoped that the Bank will take early steps to revive the Societies in its area of operations and safeguard its own interests.

In Kumbakonam, the percentage of overdues to the outstandings amounts to 13.7% and 19.5% to the demand which is also high ; considering the area of operation which is confined to a fertile portion of the district in a deltaic area, the transactions of the bank have not grown with the age of the bank as may legitimately be expected. There is perhaps more scope for the bank to spread its ramifications wider and to increase the volume of business in its constituent societies.

In Hospet, the overdues are 23.43% of the outstandings. The very elements seem to be against the development of the movement in the district, at least in one portion of it, there being only 20 inches of rain every year. Human material which identifies itself with co-operative work in the district is either wanting, or not forthcoming for some reason or another. To improve the working of the societies during the year, the bank offered a rebate of as. 8 out of interest realised on every Rs. 100 of loans, borrowed by societies provided the societies entertained competent men to attend to the clerical work therein. Only 9 societies in the district availed themselves of the offer.

Similarly in the South Kanara Central Co-operative Bank when a special grant of Rs. 2,000 was made to the District council for overhaul work, special staff could not be, it is said, entertained for want of trained men. The overdues to Central Banks are 30.1% of the outstandings and 27.5% of the demand for the year. Yet it is a point to be noted that overdues have gone below last year's figure.

The Bank at Nellore has overdues to the extent of 20.5% of the outstandings and 22.39% of the demand during the year. The reasons for the growth of overdues are said to be insufficiency of rainfall and failure of crops in the non-deltaic areas. If these are justifiable causes for extensions, the obvious course is to examine each case on its merits and reduce the proportion of overdues by granting extension on a sound basis.

As usual, Cuddapah and Nellore Banks have made an exhortation to the Unions and the Federations regarding the increase in overdues and the corresponding decrease in the number of societies which have regularly taken loans and requested them to bestow more attention to collection and rectification work.

Salem has already realised its position and is carrying on intensive work. It is hoped the new scheme inaugurated therein will prove a success and disclose the possibilities of a lead to all other banks in the Presidency.

The speeding up of collections and reducing overdues is a commendable activity on the part of central banks so far as it goes. But the way in which it is done leaves much to be desired from a co-operative standpoint. At the last meeting of the Central Bank's Conference, the Registrar exhibited some charts in the premises of the M. C. U. B. They show that the collections go up to the peak at the end of the Co-operative year when there is no harvest or other facilities to repay and that the curve tends to flatten at the time when repayments are co-operatively desirable. To finance the agriculturist at the right season when money is needed and to collect when it is most convenient to the borrower to repay ought to be the ideal to be pursued.

Inspections and Administrative Section.

In the list of Central Banks under review, the only bank that has so far set up a machinery to obtain direct information through its own field staff about the condition of societies financed by it is the Salem District Urban Bank, Ltd., which has appointed its own inspectors to work along with the Union Supervisors. It is thus in a position to have first-hand information regarding details of the societies financed by it.

As a contrast to this, the banks at Mangalore, Srivilliputtur, and Ellore seem to exclusively depend on federations, for information regarding the societies financed by them. The reports of these central banks do not mention anything about the inspection by the bank of the societies affiliated to them either by a paid staff or by directors.

The directors of the Nellore Bank seem to have taken a keen interest on the inspection of societies by themselves. During the year, 21 societies were allotted to 6 directors for inspection and reports relating to 15 societies by the directors have already been received and steps taken on such reports such as the recovery of the heavy balances in the hands of the panchayatdars and recommending increase of the maximum borrowing power. An administrative section has also been formed and a panel of the directors of the administrative section constituted during the year. Two inspectors have been appointed, but one resigned and there was only one inspector on duty throughout the year. He has visited 24 societies and revived 2 societies.

The banks at Conjeevaram, Guntur, Cuddappah and Hospet have, each an administrative section attached to them. At Conjeevaram the administrative section is collecting all materials available regarding the societies financed by the Bank and there is no outdoor staff attached to it, whose place is being taken by the Federation in the district. At present, inspection of societies by the central bank directors is mostly confined to the verification of assets and examination of overdues, and to the study of the possibilities of developing the financial facilities which the bank can afford to the societies in connection with the loan applications received from them. The administration report says that "even there it cannot be said that a systematic inspection has yet been instituted."

At Guntur, an administrative section was temporarily opened for one year with 2 inspectors and a clerk. The administration report is silent over the work done by them during the year under review.

The bank at Hospet has 2 inspectors of whom one is under training.

At Cuddappah, an administrative section has been formed and till the end of February 1929, the report says, they could not secure the services of a competent hand. From March onwards his services were utilised in collection work in a good number of societies besides inspection of a few important societies.

The administration report of the Kumbakonam Bank is silent over the work of inspection of societies by the Bank.

General.

It is regrettable to note that there should have been no improvement in the working of societies in many of the banking areas under review. The divisible profit earned by the bank at Cuddapah is only Rs. 4,604-10-0 whereas the book profit amounts to Rs. 35,002. The bank had to bid for properties in the villages at the time of sale of the immovable properties of defaulting members of societies.

There have been cases of mismanagementand misappropriation in the South Canara and Bellary Districts which are very much to be regretted.

The Kumbakonam Bank has not furnished any information about their working except publishing the audit certificate issued by the Registrar. This feature was also noted in the last year's review. The administration report of the Conjeevaram Bank, though voluminous and giving a comprehensive idea of the co-operative movement in the district, may have usefully given more information regarding itself, the working of the federation in its area and the rectification and consolidation of societies carried out during the year either by the bank or by the federation. It is advisable that the administration reports of central banks be standardised to facilitate reference and review.

Co-operative Propaganda in the City—Impressions during the First Session.

By Mr. G. Sundaram

(Assistant Secretary, P. C. U. and lecturer in charge of City Co-operative Panchayatdars' Classes.)

Readers of this Journal may be aware of the activities of the P.C.U. in educating the members of the depressed class societies in various parts of this city. It has been noticed that, owing to the rapid growth and hasty organisation in the past, most of the members of the societies have not understood even the rudimentary principles of co-operation and have in some cases allowed the intriguing to misappropriate funds. In one society, the members desire the P.C.U. to undertake the prosecution of an ex-secretary for frauds committed by him some years back but left undetected up till now even by the auditors of the department.

The supervising schemes of the department in this city are considered to be mere experimental measures and experiments are even now being tried one after another. There was a time when it was thought by an officer in charge of the city societies that one union for the whole city would be an ideal thing that could be effectively tried. It was tried by him but declared unworkable by his successor. The idea of having four unions in different corners of the city was experimented upon. Though the areas were in this case compact unlike in the previous scheme, it was found that this very compactness brought in incomes scarcely sufficient to maintain a single supervisor for each union area for the following reasons :—

1. The big societies have been persuaded to disaffiliate themselves from unions and to contribute to the audit scheme of the department. As a matter of fact, even small societies which are not affiliated to any union have been asked to pay for their audit instead of being persuaded to join a union, advantage being taken under the plea that non-union societies which do not employ private auditors come under the new rules and should pay for their audit.

2. The small societies for the reasons stated already were unable to maintain the unions to which they were affiliated.

In one case a union was advised to accumulate the supervision funds instead of collecting them till a time when the funds would be sufficient to maintain an efficient supervisor. In another case the secretary himself was persuaded to undertake supervision and meet his expenses from out of the supervision fund. In a third case, the attempts at starting new societies in order to strengthen the finances of the union

were hindered for the reason that there were already societies covering the area. In this case, mention has to be made of the reckless way in which areas have been fixed for some societies. There is a credit society for the whole city. There are also communal societies which have jurisdiction over the whole city. Besides these, there are employees' societies which can admit members residing in any part of the city. It would be very convenient for any officer in charge of the city to refuse registration of any society organised by a union on the ground that the area has been already covered by another society. But the same theory never hindered the officers from registering societies in any part of the city if they liked. In the fourth case, it was a favoured child of the department ; but, misappropriations having taken place there, the societies affiliated to it were advised to agree to the voluntary liquidation of the union. The experimental measures with regard to supervision cannot but be confessed by the department itself as failures and it has been brought to our notice that orders liquidating all the unions have been passed by Mr. H. M. Hood, our former Registrar, on the date of his leaving the department, with a view to try another pet scheme of his, a quasi-official and non-official body to be in charge of the supervision of the societies in the city. Let us wait and see. But it may not be out of place in this connection if we state that the societies, big and small, suffer deplorably for want of effective supervision and that the overdues are going up by leaps and bounds. We have never favoured a scheme of divided responsibility in which neither agency has a free hand or initiative.

With a view to find out the exact economic condition of the depressed classes and the extent to which Co-operation can be made use of in bettering their condition, Mr. G. Sriram Babu Naidu, Joint Secretary of the P. C. U., has undertaken an economic and co-operative enquiry with the assistance of a few voluntary workers. The following localities have been chosen for the present :—

1. Gramachery in Purasawalkum.
2. Vettiancherry in Do.
3. Kalianamaistry Gardens Chery in Perambur.
4. Kalimanchery near Mount Road.
5. Teynampet Mosque Chery.

Of the areas selected, three (3, 4 & 5) have co-operative societies while two (1 & 2) have no societies for them. The selection of the above areas in different parts of the city has been so made as to bring into limelight the difference in the economic condition of the people in the two kinds of localities and to find out what kind of co-operative activity will be best suited to prevent economic waste, if any, and to arrive at solutions to better their economic condition.

As already announced in the several local dailies, the P. C. U. has secured a good magic lantern and a large number of slides on co-operative credit, stores and thrift; and already a few lantern lectures were delivered in December last in some parts of the city which were well appreciated by the public. Various societies in the city as well as in the moffussil are now coming forward with requisitions for arranging lantern lectures. It is also hoped to take pictures depicting various co-operative activities in the province and make slides out of them locally at the P. C. U. office which course, we believe, will be better appreciated by the public who would then have a chance to see and know themselves. The P. C. U. welcomes any requisition in the matter of taking pictures and making slides out of them.

The second session of the city co-operative classes will commence shortly this month.*

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* Please see programme printed elsewhere under Local and District News.

Recent Utterances

Mr. C. Duraiswami Aiyangar, M. L. A.,

(Extracts from Presidential Address at Anantapur District Co-operative Conference on 24-11-29)

During the last quarter of a century the co-operative movement has been making headway slowly though steadily in this country, though even to this day it has not been able to dispense with the spoon-feeding of the Government. But the time must be soon reached when the faith in the movement and the confidence in the non-official administration must so develop as to bring about a complete deofficialisation of the movement. We have now a hierarchy of banks -- provincial, district and rural. Ambition now is to seek an All-India Central Co-operative Bank over the head of all. Those who feel the inconveniences of such a bank have alternative proposals such as opening of rural credit branches in some form of state or reserve banks or inter-provincial comity of transaction for mutual accommodation. I believe that all these proposals are at this stage more ostentatious than utilitarian. The existing provincial chain of banks has in itself ample room for improvement and expansion. When it reaches its full stature within the province, it will be inadvisable to mar its provincial autonomy by an extra-provincial connection. In the future constitution of India, each province will for almost all purposes be an autonomous state and the co-operative movement need not be an exception. Retention of public funds in the apex bank of the province can be expected. With the growing confidence in these banks, the law of trusts will come to treat the banks as authorised securities for trust funds, both public and private. Funds of temples and mutts will freely flow into these banks and it will be needless to think of extra-provincial auxiliaries. After all which province is in a position to meet outside demands for financial aid? If State aid becomes necessary, even then provincial revenues will give the adequate relief. Further the statute itself must be a local one for future regulation of the movement. The Act of 1912 is still in force after a lapse of seventeen years. I feel that some changes in the statutory powers of the Registrar are already necessary. Bombay has made its own law by Bombay Act VII of 1925. The Act under which we are functioning does require revision and the extent of revision must depend on the varying degrees of the growth of the movement in the several provinces. In all respects it is desirable that the movement is confined to a province.

The main purpose of the movement is, it is admitted, the grant of relief to the much-indebted agriculturists. The poverty of the country is best reflected in the condition of the agriculturists who form the bulk of the population. Constant failure of monsoons, uncertainty of tenures, burden of assessment and taxation, want of subsidiary occupations, drinking facilities afforded by the State and illiteracy have all contributed to make the poor ryots slaves of the usurious moneylenders. Next to the ryot comes the handloom weaver whose existence is becoming precarious by the inroads of imported cloth and the mills. Still nearly 40 per cent of the clothing is in the hands of the handloom weavers. Their condition is no better than the tiller. His loom is pledged to the moneylender. He has to sell his labour at a low cost to meet the demands of his creditor and to keep his family alive. If wealth accumulates anywhere in this country, it is only to be deported to foreign countries through motors, diamonds and other luxuries, too numerous to mention. Thus the whole situation became hopelessly bad beyond redemption even when the Government put up this new succour. To those in whom the life was still lingering, this was a source of rejuvenation. But the statistics do not show that even one per cent of the really needy people have come under this umbrella. I believe the rural societies are in many cases only lending money to the village moneylenders and they lend again to the needy ryot, themselves taking all the advantage of low interest and convenient payment guaranteed by the societies. If there is any truth in this, we have no right to congratulate ourselves on the statistical achievements recorded in the annual administration reports. There has not been any propaganda worth the name to make the primary agriculturist in need realise that the whole movement is intended for his emancipation from the moneylender. Those who are in charge of village societies are not feeling the responsibility of extending the benefits direct to the poor agriculturist. When I hear of the number of agricultural societies with the strength on their rolls and of the statistics of the ryots who really reaped the benefits of these societies, I feel sceptic about the correctness of the definition of the term 'agricultural' as used in the literature of the co-operative societies.

Then again it is a matter for regret that those who say that they are interested in the development of the co-operative emancipation of their brethren are not prepared to make even slight sacrifices. Every shareholder thinks of how best to increase his annual dividend. Every depositor asks himself which society will give him the highest rate of interest and whether he can get more from a needy private borrower than from a deposit in a co-operative bank. He looks to the banks only for want of other applicants for his spare money. He never considers whether with his money he cannot be of great use to the very people from whom he got his wealth. If these cravings of moneyed men have to be satisfied, the societies are obliged to extort a heavy rate from their borrowers. Ultimately the borrower feels that there is not much to choose between the sugar-coated Shylock and the bitter quinine of the

societies. In my view, more than 8 per cent should never be charged on the loans advanced to the ultimate borrower. If the shareholders and the depositors alike are satisfied with a flat rate of 5 per cent on their money, more relief can be given to the ultimate borrowers. After all, getting 5 per cent is not a great sacrifice on the part of those who used to love $3\frac{1}{2}$ per cent notes and 5 per cent bonds. Just the same mentality that refuses to go in for Khaddar on the score of its cost, albeit it may help his poor brethren, is exhibited in the investment of surplus money also. Leading advocates who amass their wealth from the purses of the poor relend it to the poor through the medium of the Nattukotai chetties to get the best outturn of interest. But then people are content to invest money on landed property at a calculation of 5 per cent yield even with the consciousness of not having even that in almost alternate seasons. This leads us to the question how far the co-operative banks are creating an atmosphere of confidence around them. The non-flow of money into these societies may also have to be attributed to the unsatisfactory working of the societies as often revealed even by the published defalcations. The cancellation of a single registry in a year is so detrimental to the growth of the movement that half a dozen new registries cannot compensate the loss of good name. In the annual report for 1927-28, I find that the registration of 107 societies was cancelled as against 71 in the previous year. It is therefore not surprising that only 1,260 new societies were registered in that period as against 1,455 in the previous year. It cannot be said that the fertility has become exhausted for bringing into existence new societies and that therefore there was a fall. It is purely a question of creating confidence. To avoid this, all precautions must be taken in the first instance when the societies are registered. No society ought to be taken in for mere *dakshinyam.* The demand must proceed from the really needy people and those who undertake to manage it must give proof of their sympathy for the poor.

There comes next the question of supervision. If the supervision is efficient and effective, no society can ever fail. The extent and efficiency of supervision are tested by the amount spent over supervision charges and not on quality. Between the apex bank in Madras and the rural societies stands the District Bank which is both a borrower and a lender. Plain reason dictates that it must be the duty of the District Bank to supervise all the societies in the district. I am aware that it has become a very contentious question how far the work of supervision, as even distinct from inspection, must be entrusted to the District Bank and what ought to be the proper constitution of that body. As regards inspection the Townsend Committee, while recognising the right as well as the responsibility of the Central Bank to keep in touch with the financial status of the borrowing societies, proceeds to make a queer and illogical recommendation as to procedure. One can understand the suggestion that in the first instance they may have the position ascertained and scrutinised through a Union or Federation. But there is no logic in suggesting that failing these sources they must apply to the Registrar for permission to inspect with the discretion in the Registrar either to grant or withhold such permission. The greatest concern tn the matter is that of the lending bank and the intrusion of the Registrar in the transaction is meaningless and needlessly obstructive and annoying as well. In fact in places where the District Bank is also a factor in the Federation, the inspection as to financial condition may be directly taken up by the Federation even without the first stage of reference to the Union. When the financial condition of a society gives room for doubt, the speediest inspection by the party concerned is the best plan. Questions of prestige may be retained by the bureaucratic Government to itself without transferring to the co-operative organizations.

Coming to the question of supervision, there is certainly some force in not allowing the Central Bank to probe too much into the internal affairs of the societies and thereby cripple their powers of free development. The unions will best discharge the responsibilities of supervision with all the advantage of local knowledge the members of the unions possess. The best machinery for functioning in all the nine ways specified by the Townsend report is the union itself, provided the members of the union are given a little training by their advanced brethren among the co-operators. But I think an occasional general supervision of the societies may be undertaken by the Central Bank through their deputed directors, such deputy not being a member of the union himself. Control without the airs of a controller, advise without the air of an adviser will be the essence of co-operation. For some time to come it is natural that the Central Bank should command on its board persons who are more efficient than those on the unions. We are after all for co-operation and not prestige. Hence occasional advice from the Central Bank will not be resented. Frequent interference will be detrimental to the internal management of its own affairs.

Then we have this new steer in the machinery, viz., the Federation, with which we are closely concerned today. I am glad that this is one of the districts in which the Central Bank is represented on the Federation even inclusive of its executive. It is in the fitness of things that a responsible body like the Federation should embrace the district Bank also as, in my humble view, the position of the District Bank ought to be that of head over the limbs. The Townsend Committee report has clearly laid down the duties of the Federation. General supervision over the work of unions and union supervisors, co-operative propaganda in villages, responsibility for the organisation of new societies, and co-operative education of non-official workers have all been allotted to the Federation. If this body works well, then the shareholders and depositors alike may

take sound sleep over the money lodged in any bank in the district. Even the duty of inspection laid on the Central Banks may afford to become rusty by non-use.

Permit me to add that what is most essential in all these organisations is the securing for the various Boards of management persons of zeal, earnestness coupled with efficiency. As in other institutions, so here the principal officeholders in all urban banks are drawn from the busy realm of the bar and my learned brethren seek only additional feathers in these offices. I mean no disparagement to my friends of the learned profession which to-day supplies the brainpower for several institutions. But from the very nature of their avocation can they honestly say that they are able to bestow adequate attention to this honorary work? Still by far the keenest competition centres round the offices of the co-operative banks and societies. They cannot pretend to have banking, auditing and accounting experience when they enter upon their offices. But perhaps there is no help. Fulltimed, experienced and intellectually equipped gentlemen are not available and even if there be a few, they have not got the influence to secure votes. But I must admit that many of my lawyer friends have now become experts and can be safely trusted, provided they are able and willing to devote at least one hour in a day to this responsibility undertaken by them. I wish for a system of having an assistant secretary attached to every secretary who must get himself trained and this assistant secretary must retire in favour of another at the end of every year so that gradually every director may be one trained in executive work. As regards supervisors, I think the training of supervisors must be undertaken by the Government at their cost just as technical training in other branches are all done in public institutions at the cost of the State. The cost of training supervisors must not fall to any extent on the co-operative funds. Trained teachers, engineers, medical practitioners etc., are all supplied by the appropriate institutions maintained by the Government and I think co-operative supervisors may be similarly trained in suitable institutions and given diplomas. I am glad to find from the annual report for 1927—28 that in addition to the training classes at five presidency centres, proposals were laid before the Government to open a central school at Madras in conjunction with the School of Commerce. Responsible and multifarious as the duties of the Federations are, I confess I am not conversant with the manner in which the Federations are now working. My plan will be that the members of a Federation must divide the area of the entire District into as many circles as there are members and each member must be in charge of a circle. Care must be taken that the member in charge of a circle has no interest, direct or indirect, in any of the rural societies in that circle. His primary attention must be the rectification of ill-managed societies. The bugbear always is in the accumulation of overdue instalments of interest or principal. The very foundation of the movement lies in the prompt payment of interest and the due discharge in time of the principal. If that is not attended to, then the whole edifice must fall to the ground. The borrower will then be ruined not by a wily sowcar but by organised gods of destruction. We sometimes hear of the rural society having regularly discharged its obligation to the Central Bank while its own debtors have not done so. This is always a danger signal. The unpaid arrears of interest or principal must in both cases correspond. What I mean is that the percentage of overdue interest from the primary borrower to the rural society must be the same as the percentage of the overdues from the society to the Central Bank. Else a false appearance is kept up, and if continued, collapse is certain.

Then there is the next best duty of propaganda. Pamphlets and *patrikas* may be useful to one section but the main propaganda must be in the heart of villages by personal contact. The villagers must feel the advantages of the movement and go in large numbers for reaping the benefits thereof. Above all there is the important question in what directions the movement must show its real progress. Is the movement to be mainly a money-lending movement or should it proceed along non-credit lines also with vigour? At present the distinction between agricultural societies and non-agricultural societies seems to be only that between tweedledom and tweedledee. It gives a false appearance and swells figures of a white-washing report. I am as much an agriculturist as a non-agriculturist. Loans taken by me from any rural society will be treated as loans advanced for agricultural purposes even though I might have used it for buying law books. But is that the spirit of the movement? I know of building societies which advanced amounts for housebuilding to those who could have built even without this aid. Similarly rich landholders might have received a great deal of loans from agricultural societies. Technically they may be entitled to draw loans. But the spirit of the movement will never be satisfied until the loans went to help the needy agriculturist in the purchase of his seeds, implements, manure etc., and that from a co-operative store maintained for the purpose, and unless the recovery of his dues was also not by direct cash payment from him but by the marketing of his produce by co-operative aid rendered to him so that his produce may get him its full value and his dues may be realisable out of such full value. It is to that end propaganda and effort must be directed and that will be the highest function of the Federation. The Royal Commission on Agriculture apprehends a number of difficulties in the way of such enterprises on non-credit lines. They think that such business talent is rarely to be found among the members of the societies and where it is found it is soon diverted into self-aggrandisement and the business of

the society comes to grief. I am not inclined to be so pessimistic as the commissioners guided by some interested witnesses before them were driven to become. I concede that human nature will continue to be human for all time to come. But all the same, co-operative stores have been a success in many cases. Leaving a margin for personal profits enjoyed by the guiding persons of a society, still the poor among the ryots or labourers have much to gain by co-operative purchases and sales.

There are also other industries and labourers who stand to gain by co-operative business apart from credit. Chief among them are the handloom weavers. By the organised efforts of the millowners of Bombay and Ahmedabad helped by some imitation millowners of this province also, the handloom weavers are crushed day after day. The latest onslaught was when in the Simla session of 1927 the Legislative Assembly passed a measure enhancing the duty on yarn which has acted heavily on the handlooms with some slight benefit to the spinning mills. I raised my feeble protest against the measure both in the select committee as well as on the floor of the house. But I could not get the necessary votes though even the supporters of the measure were convinced of the justness of the claim made on behalf of the handlooms of which there are several millions yet. It was then suggested as a palliative that the Government should set apart 12 lakhs annually out of the additional revenues derived by the measure and grant them for the improvement of the handloom industry. For want of organization, the offer is not enforced. Even if such an amount were granted, I am afraid that without an organisation it will be dissipated and never reach the weaver unless there are co-operative societies for weavers to operate effectively and economically on such grants. The supply of yarn and the marketing of the finished product must alike be in the hands of co-operative societies if really the weavers should be benefited.

We find from the annual report for 1927—28 that there were 53 societies exclusively for weavers through which raw materials of the value of Rs. 1,18,695 were sold to the members and only finished products of the value of Rs. 26,373 were received for sale from the members. Even out of this, goods of the value of Rs. 6,000 remained unsold at the end of the year. But I am for my part not alarmed at these figures and I do entertain the hope that very soon the weavers will come to know the value of joint purchase and sale. The non-return to the society of the full quantity of production is certainly due to the needs of their debt discharge. The agriculturist and the weaver are two friends in need whom the Federation in its propaganda and organisation of new societies should never forget. The starting of one such society and the watching with care of its work will bring more credit to tha Federation than the organisation of a dozen money lending societies pure and simple or a similar number of psuedo-agricultural societies. I therefore press on you the importance of this aspect expecting you to lead the way to the Federations in other districts. Then the so called vociferous voice which is said to be declaring the Federations as superfluity or fifth wheel in the co-operative machinery will be hushed completely. If this Federation will also advise the agriculturist to spend his leisure hours to prepare charka yarn and make his own cloths at least, if the Federation also makes every villager understand that unless he gives up his habit of drinking he will not be admitted as a member of any society, they will be doing the most substantial work in the development of this invaluable movement which no amount of Government departmental work can ever hope to achieve. After all the movement cannot be said to be beyond the experimental stage yet. Commitees will come and go with new-fangled theories. Jealousy of experts can always be relied on for alterations of plans from time to time. Sometimes one is inclined to define an expert as one who will assert something and stick to it with pertinacity. So what one calls a superfluity may be called by another as defective. That need not hinder any work so long as any organisation is in the field by the courtesy or whim of one expert. For my part I feel quite convinced that a well-organised Federation has ample scope for substantial work.

I forgot to say that the members of the Federation must never feel compunction or hesitation in prosecuting cases of officeholders misappropriating money. The Government in its annual report insinuates as I read the passage that out of 56 cases of prosecution for offences 45 were at the instance of the department and only 11 at the instance of societies. In other words they suggest that the societies would have hushed up those 45 cases but for the vigilance of the department. I wish that in future no credit goes to the department for prosecuting real cases of defalcation of money or falsification of accounts.

There perhaps is still the question of co-opting the official experts in each district with the Federation. I am decidedly of the view that there should be no such co-option. Of course they may be invited to attend the meetings of the Federation as is the custom now and as is done in local and municipal boards whenever expert opinion is necessary.

It is not that I have any constitutional aversion to official co-option. But the truth in my experience is that they often speak their masters' voice which in its own turn is regulated and modulated by preconceived ideas of guardianship. You will find from the report of the Royal Commission on Agriculture that, while courteously recognising the ideals and theories of self-help involved in any scheme of co-operation, they pave the way for an indefinitely prolonged official control if not for a perpetuation of the official domination. They say:—"From the evidence placed before us we are of opinion that one of the main causes of the failures we have

mentioned in the previous paragraph is the lack of the requisite education and of adequate supervision and guidance. Members of co-operative bodies have not been sufficiently trained to assume the responsibilities thrown upon them; a natural restiveness under control has found expression in resentment against what has appeared to be undue official interference and transactions have been embarked upon which have led to disaster." Blunders and disasters have not been less numerous or less frequent in official experiments and this feature is fully borne out from other passages in the report dealing with the agricultural policy in the past of the Government departments in the various provinces. I therefore think that without official co-option, the managing bodies of the various societies will get on. But this does not preclude them from seeking advice when necessary from such experts as the Government chooses to retain as I hate prestige and desire frank confessions of need for advice when necessary.

For an instance the Royal Commission is of opinion that the credit side must continue to absorb the main activity of the officials of the department and their honorary collaborators until the burden of the rural debt has been definitely lifted from the shoulders of the cultivator. This in my view is arguing in a vicious circle. You are asked not to get into the sea until the waves cease. I think that if you do not render co-operative help in cheap purchase of the needs of a cultivator like seeds, manure, implements and if you do not help him to have profitable marketing of his produce, you perpetuate his indebtedness. He will have to get his requirements at great cost and will have to sell his produce at low price in an inopportune time and inconvenient place. How can he ever get salvation in this process? It is a matter of general repute that in the Punjab, co-operation has been helping the agriculturist in manifold ways. Yet even there we find the enormous difficulties which drive the cultivator to the sowcar. The latest report of the Indian Central Cotton Committee reveals (i) 51·3 per cent of the 1820 cultivators recorded borrowed money which was taken before or at the time of beginning the cultivation operations. (ii) The amount borrowed per head of borrowers was Rs. 628. (iii) 68 per cent of the debts borrowed were taken from sowcars, 8·8 per cent were advanced by co-operative societies, 16·9 per cent by zamindars, 3 per cent by relatives and 3 per cent by *artis*. (iv) 67 per cent of the loans were taken at 20 per cent interest or less, 27 per cent at between 20 and 30 per cent and 6 per cent at over 30 per cent interest. (v) 72 per cent of the crop was sold in the villages, the chief purchaser being the village bania who bought 83·4 per cent. On these and other findings of the committee the following are among the recommendations made to the Government. 1. More co-operative credit societies must be formed to provide cheaper money for the growers, and 2. efforts should be made to organise co-operative sale societies. It is therefore my earnest appeal to you to lay out your plan of action in this direction. In the face of the mandate of the Royal Commission to the contrary, the official co-option will try to checkmate the non-official ambition and plan of action.

You have completed four years and entered on the fifth year—the year of *aksharabhyasam* among us. I dare say you are now well equipped with the necessary knowledge of the work that awaits you. The phrase "consolidation and rectification" is comprehensive enough to cover all your duties and responsibilities. Your report shows that you are yet to commence this work and with the assurance of pooled funds you will in future give a very good account of yourselves. But I trust that the work turned out by you will not be confined to the usual routine of inspection and supervision but will be beaming with the volume of village propaganda. In the first instance members of the Federation must themselves study questions relating to what is ostentatiously styled rural reconstruction but which in simple language means nothing more than the improvement of the conditions in village regarding education, habits, thrift, ruinous resort to law courts, drink, laziness, sanitation &c., and bring about a spirit of mutual co-operation among the villagers. Conferences apart, you must give an account of the number of villages personally and physically touched by every one of the members of your Federation. I have said that the district must be divided into as many circles as there are members in the Federation. Each circle officer must chalk out a programme of propaganda for himself. The propaganda must consist in a detailed examination of the conditions of the village in order that suitable lessons in thrift may be given to them in a practical manner. The villagers must be advised to keep an account of their family expenditure, cultivation expenditure and income. Of course illiteracy may stand in the way. But they will still be in a position to give figures to one who will collect them and from their reports the causes of continued indebtedness may be traced and clarified. The villagers may be taught a model budget of expenditure and methods of saving. They must be taught how in the substitution of the co-operative credit for individual borrowings there is room for wiping off the debt situation in a short course of time. Every circle officer must present to the Federation typical house-hold budgets in the group of villages with which he is concerned for comparison of notes. Vigorous propaganda against the evils of drink must be made by the members of the Federation. The need for curtailment of expenditure over ceremonies must be brought home to the people not in affluent circumstances.

The agriculturist is one who is often out of work and yet one who cannot run away from his field for other labour. It is therefore the duty of the Federation to teach the agriculturist the value of having some

kind of subsidiary occupation coming under cottage industry. The best specimen of it is undoubtedly the charka. You may study first the economics of Khaddar and then impart that knowledge to the agriculturist. Mr. Edye speaking of cottage industry says :—"Where the cultivator pursues some craft which will employ himself and his family at times when they are not required in the fields, a craft in which continuity of employment is not essential, the proceeds of that craft are a saving from waste and therefore a clear gain. The most typical of such crafts and the one which is most widely pursued is the production of homespun cloth." (Census of U. P). The wastage of time is calculated from six to eight months in a year and yet the cultivator cannot get away from his land even during the period of idleness. Not a day, not even a minute, passes when Mahatma Gandhi does not shed a tear for the poverty of the agriculturist and does not emphasise the capacity of the spinning wheel as a relief. If you wish to teach the poor man how to borrow, you must also teach him how to repay. That is just the difference between the money lender and the co-operative movement. The former tries to swallow the debtor's property. You try to keep his property to himself when the debt is redeemed. How can you achieve this object unless you teach him all the resources of production ?

The indebtedness of the agriculturist has been baffling all attempts at solution on the part of experts in economics. Sir Dinshah E. Wacha thinks that the opening of Agricultural Banks is the only salvation. Mr. Sapre, Professor of Economics, while condemning the proposal, puts forward his own remedies which are rather novel and fantastic to laymen. "In the first place a considerable part of the debt—at any rate the dishonest accretions made to it by bad accounting etc.—can be settled by compromise." The modus operandi for this settlement is the appointment of a Land Commission presided over by a High Court Judge to judicially settle all claims after investigation. I cannot follow this idea. Is the indebtedness all centred in any particular locality or countable on fingers' ends ? Another suggestion is that by conferring titles on creditors they can be flattered to forego a large portion of the debts and thus the debts may be wiped off. I have no quarrel with the professor in his belief that titles are earned on pecuniary consideration but my doubt is about the readiness of the Government to utilise the services in this direction even after commandeering all the alphabets for the purpose. The idea of co-operative land mortgage banks has been of course seriously under consideration. The Hon. Sir Muhammad Habibullah in opening the Tenth Registrars' Conference said "Land Mortgage Banks are intended to play the same part in the affairs of the landed proprietor as the co-operative movement in the form in which it exists to-day plays in the life of the cultivating tenant". I cannot follow this bifurcation of beneficiaries. The pattadars under the Government as well as in the zamindari or permanently settled tracts are at once the owners of the land (Kudivaram) and cultivators of the soil. They are the class that stand in need of relief Hence the persons to be served by the two departments of relief viz., the credit societies and the Land Mortgage Banks are the same. Therefore it follows that the agency for granting relief may be one and the same. As and when capital flows in whether under the credit branch or the mortgage branch and when the money has to be distributed as short term loans or long term loans, the same societies may be utilised for both the functions as otherwise the transactions may not be safe.

It is needless to say that the task bristles with difficulties. Rural reconstruction as a political clap-trap may be easy but in practical politics nothing is more difficult.

It is difficult to exhaust the ways and means of educating the villager in the path of thrift and self-help. I leave it all to you veterans in the task. You must use your best and most earnest endeavours to alleviate the poverty of the country. It has become accumulated by centuries of foreign domination engaged in nothing but exploitation. People are now looking to the west for the rays of the Sun of the Indian Swaraj. It is an illusion. It is against nature. The Sun never rises in the west. The Sun of Swaraj must likewise rise in the east and not the west. Be sure that your work will be the most powerful brick both in the foundation as well as the edifice of Swaraj.

The Madras Central Land Mortgage Bank

(*Minutes of the meeting of individuals and representatives of Land Mortgage Banks for the organisation of the Madras Central Land Mortgage Bank held at the office of the Registrar of co-operative societies, Madras, on Thursday, the 12th December* 1929).*

There were 50 ladies and gentlemen present. Dewan Bahadur R. Ramachandra Rao raised three objections:—

(1) that the position of the Registrar as Director is contrary to law (by-law 24);

(2) that the method of appointing the first directorate according to note to by-law 24 was illegal and if the note to by-law 24 was in the by-laws signed by certain members for registration it would vitiate the whole by-laws;

(3) that no one can be a director who is not a member.

He objected to the consideration of the by-laws in the form in which they were drafted and placed before them, as from the by-law 24 it was not open to anybody to form the directorate in a co-operative organisation until they become its actual members. It was therefore illegal to consider such a set of by-laws. He said that no orders rejecting the registration of the by-laws as drafted by him and the other signatories were issued by the Registrar and consequently it gave him no opportunity of going to the Government on appeal under rule 4 of the rules framed by Government.

The Registrar pointed out that the by-laws were considered in detail by the Committee convened by Government and the by-laws put up before them were those approved by Government. His intention in calling for the meeting was to receive applications for registration on the by-laws approved by Government and put before them and it was left to them to fill in the gaps and subscribe themselves to it or not so that the thing may be registered and started on the spot.

They did not wish to take high hand in forming the first directorate but provision for starting the bank and giving it a first directorate was necessary and it was therefore proposed that ten people might be selected to constitute the first Board of Directors.

The Hon'ble Mr. Ramadas observed that the by-laws put up now did not differ materially except in 2 points from the by-laws originally placed before the Registrar by the Madras Central Urban Bank.

Dr. Swaminathan observed that there was nothing illegal in leaving by-law 24 as it is and if the shares are taken up rapidly there was

* Please vide by-laws published as supplement to this Issue.

nothing to prevent the provisional directors from considering the amendments to by-laws which may be considered necessary and desirable.

Mr. Strathie (the Registrar) also pointed out that Government have drawn up the by-laws and that the by-laws should be accepted by them if they wanted the Government to guarantee interest on debentures.

As a compromise it was suggested after discussion that the first set of directors contemplated in the note to by-law 24 shall function until 31st July 1930.

There was difference of opinion as to whether the meeting could go on accepting the amendments placed before them with slight modifications here and there or whether it should be adjourned till the by-laws were again redrafted and in accordance with their wishes votes were taken and by a clear majority of 21 against 5 it was decided to register the bank on the lines of the draft by-laws circulated to them with certain modifications detailed below:—

(2) The Hon'ble Mr. Ramadas suggested the following changes in the draft by-laws:

By-laws 7 and 10. In by-law 7, the liability of a member was limited to the share capital subscribed by him while in by-law 10 it was not specifically stated whether the estate of a deceased member is liable only up to the extent of his share capital. It was agreed that the two by-laws should be read together and the liability of a past member was limited only to the amount of share capital subscribed by him.

By-law 14. According to this by-law no member shall exercise the rights of a member unless and until he shall have made the payments to the bank required by the by-laws. He thought therefore that only the members can elect the directors and no one else can and that was what is contemplated in the Co-operative Law. That was all the difference between the Joint Stock Companies and Co-operative Societies, for in Joint Stock Companies the first directorate is mentioned in the articles of association while in co-operative practice, it was absolutely voluntary.

It was pointed out that members under by-law 14 and under the Act cannot exercise the powers of members until they have paid what is required of them. There is a difference between being a member and exercising the powers of a member and there does not appear to be any valid argument why the by-laws should not provide for a transient directorate to get the bank going.

By-law 17. Mr. Ramadas pointed out that it required an amendment to provide for the value of debentures not to exceed the value of the total value of the mortgage bonds and other assets assigned by the land mortgage bank to the Central Land Mortgage Bank, as it was difficult to assess the value of the properties mortgaged to the mortgage bank. It was pointed out that this was in accordance with the Townsend

Committee's report but it was agreed to substitute the following in place of by-law 17.

"The total value of debentures actually in circulation at any time must not exceed the total value of mortgage bonds and other assets assigned by land mortgage bank to the Central Land Mortgage Bank and held by it."

By-law 22. Mr. Ramadas pointed out that there was no necessity for the previous sanction of the trustee to be got for the issue of debentures. He pointed out that the by-laws placed before them were similar to the by-laws sent up to the Registrar by the Committee appointed at the Provincial Conference for the registration of the Central Land Mortgage Bank and that they differed only in by-laws 22 and 27. He observed that it was not practicable to come up to the trustee every time even for such matters as the issue of debentures. He was of opinion that in the case of the primary land mortgage banks a certain amount of advice from the trustee was essential but in a metropolis like Madras where there were a number of people capable of running such banks he did not see any necessity.

It was pointed out that the alteration from Registrar to Trustee was made at the conference in Madras which Mr. Ramadas attended and that the Trustee was responsible to the debenture holder and must see that there was no issue of debentures which would jeopardise their interests.

By-law 24. Mr. Ramadas pointed out that the Registrar's presence on the directorate was not quite desirable and it was open to serious legal objection, for he would in his capacity as the Registrar have to be often referred to for advice and that it would be embrassing in deciding such matters. If he was there to safeguard the interests of Government, the fact that by-law 24 contemplates nominations by the Registrar was quite enough. It was urged that this provision was agreed to at the meeting in Ootacamund which Mr. Ramadas attended and the Registrar pointed out that there were numerous precedents in other Provinces. It was agreed that the following individuals and representatives of land mortgage banks will constitute the first Board of Directors.

Individuals.—

1. M.R.Ry Dewan Bahadur M. Ramachandra Rao of Ellore.
2. The Hon'ble Mr. V. Ramadas Pantulu.
3. * Dr. S. Swaminathan.
4. M.R.Ry C. Gopala Menon.
5. Mr. Jamal Muhammad Sahib.

Land Mortgage Bank representatives.—

6. M.R.Ry Rao Sahib V. Venkatachariar of Conjeevaram.
7. M.R.Ry Rao Shaib G. Venkatratnam Pantulu of Gudlavalleru.

* Since no more.

8. M.R.Ry N. Satyanarayana Pantulu of Alamuru.
9. „ S. Annadorai Ayyar of Kulitalai.
10. „ Rao Sahib K. M. Chinna Rangayya Gounder of Kambliampatti.
11. The Registrar
12. and his nominee.

By-law 25. It was agreed that the quorum for a meeting of the Board should be 5.

By-law 27. According to this by-law, appointment of a paid Secretary was subject to the approval of the Registrar. Mr. Ramadas pointed out that the Secretary is to be a servant of the Board and the President and if his appointment was subject to the approval of the Registrar he would naturally have to become the servant of the Registrar. It was not therefore desirable that the executive officer of the bank should be subject to the control of the Registrar. The Registrar observed that the Secretary would not be subject to the Registrar's control. Again he stated that the executive committee as in the by-law consisted of the Registrar and three other members of the Board and he presumed that the three other members were evidently the President, the Vice-President and the Treasurer. It was agreed that the by-law may be amended to provide the executive committee to consist of the Registrar, the President, Vice President, Treasurer and two other directors. Of the six members, at least two should be representatives of primary land mortgage banks. Mr. Ramadas observed that, for carrying on the administration, a certain proportion of the members of the executive committee should be residents of Madras.

By-law 35. Mr. Ramadas raised the question of sitting fees for directors. The Registrar replied that if the Directors desire to have a sitting fee an amendment could be put in to that effect and would be considered ; but Dr. Swaminatham pointed out that the question of sitting fees should have to be ruled out at any rate for one or two years, as the Central Land Mortgage Bank will not be in a position to pay a sitting fee for the first one or two years.

By-law 36.—Mr. Ramadas raised the question as to the omission of clause (c) of Section 32 of the Act, in this by-law. He observed that the Central Land Mortgage Bank must be permitted to invest their money in the other registered societies such as the Provincial Bank, as otherwise debentures cannot really become liquid and popular. The Registrar pointed out that it was not the intention that the Central Land Mortgage Bank should take shares or become a member of other co-operative banks and hence it was that clause (c) of Section 32 was omitted. It was intended that the mortgage banking system should be quite independent of the existing co-operative banks from top to bottom.

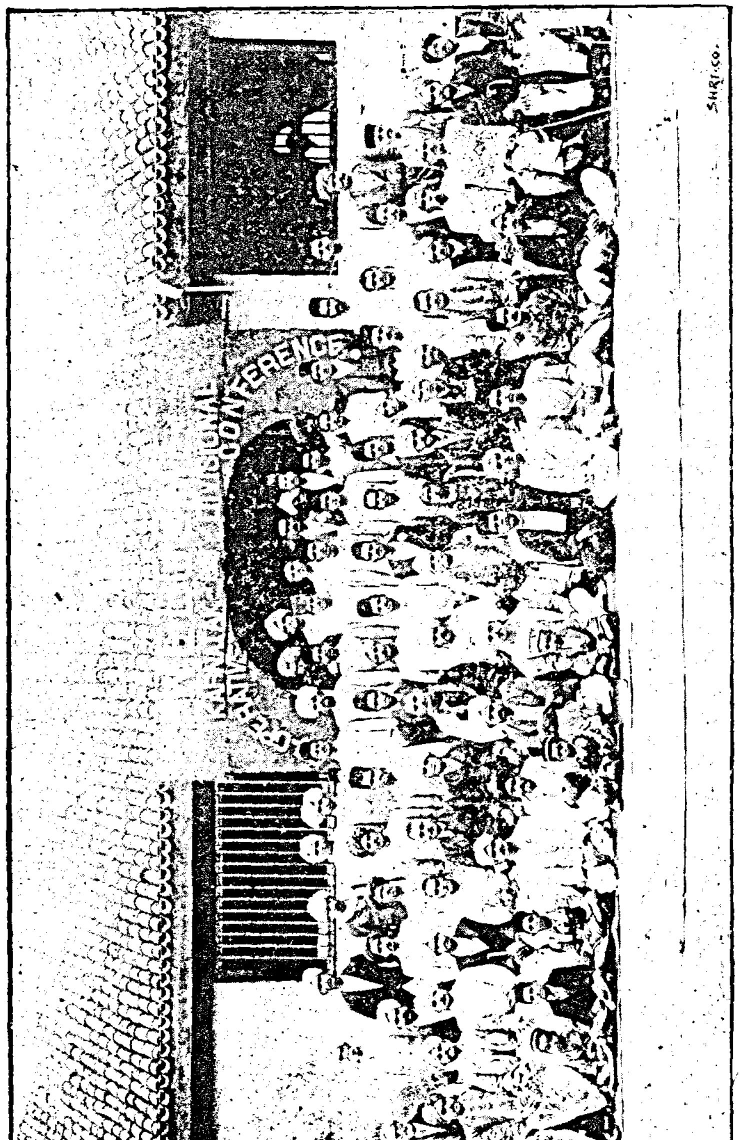
An application was signed with the by-laws as amended in by-laws 17, 25, and 27 by 17 members and they were rigistered.

3. It was decided that the Registrar shall convene the first meeting of the Board at 4-30 p. m. on Friday the 13th at the office of the Registrar to elect the Executive Committee.

(Sd.) H. M. HOOD, *13-12-'29.*

The Bombay Karnatak Divisional Co-operative Conference

Dharwar, 1st & 2nd November 1929.



THE HON'BLE MR. V. RAMADAS PANTULU,

President of the Session, and other Co-operators.

Resolutions of Conferences

I

THE KARNATAK DIVISIONAL CO-OPERATIVE CONFERENCE, DHARWAR

(1st and 2nd November 1929)

1. This Conference places on record its deep sense of grief on the great loss sustained by the Co-operative movement by the deaths of Mr. B. F. Madon, Dewan Bahadur S. K. Rodda, C. I. E., Rao Bahadur V. V. Kallyanpurkar, Rao Bahadur S. S. Mangsuli and Mr. M. S. Nadkarni, each of whom contributed much towards the successful development of the movement in his respective area.

2. This Conference reiterates the resolution on the introduction of share system in the Rural Credit Societies with un-limited liability, as passed by the Provincial Co-operative Conference of 1925 and urges the adoption of the system in the Rural Credit Societies with a view to increase their stability and to build up owned capital of their own.

3. With a view to the smooth working of the Fencing, Bunding and similar schemes of joint effort for the promotion of agriculture, this Conference recommends that Government be requested to make provision by necessary legislation for the compulsory inclusion of reluctant landholders into the schemes of afore-said nature, in case 75 per cent of the landholders concerned agree to join, and in case their aggregate land forms at least 50 per cent of the total land to be included in any such scheme.

4. This Conference resolves that the District Supervision Boards be enabled to exercise due authority over the Unions by making it incumbent on the Supervising Unions to carry out the recommendations made by these Boards regarding the appointment, transfer and dismissal of Union Supervisors, provided the said District Board include not less than 4 representatives of Unions where there are 4 or more Unions and one representative of each Union where there are less than 4. This Conference further recommends that a cadre be organised for the supervisors working in each district.

5. For the purpose of the harmonious conduct of general meetings of all Co-operative Societies, this Conference resolves that the Divisional Co-operative Institute should frame Rules for the conduct & procedure of general meetings and forward them to the Provincial Co-operative Institute for further action.

6. This Conference feels that there is wide scope for the fuller development of the Urban Co-operative Movement in the Karnatak and, for the purpose of assisting it, suggests the formation of a Federation of

Urban Banks. It further requests the Karnatak Divisional Co-operative Institute to draft a scheme of such a Federation in consultation with the Urban Banks in the Division.

7. With a view to prevent overlapping of finance in Urban areas, this Conference recommends that there should be a free exchange of information between Urban Banks and other Societies in the same area and that membership of individuals should as far as possible be restricted to one Credit Society in the future.

8. In view of the fact that the Questionnaire issued by the Bombay Provincial Enquiry Committee includes a question relating to the desirability or otherwise of abolishing the Deccan Agriculturists' Relief Act, and in view of the fact that some evidence has been tendered in favour of abolition, this Conference, consisting of representatives of rural agricultural societies, feels it necessary to express an opinion on the question, and therefore declares that it is too early to abolish the Act and that it should be improved so as to give better relief to the agriculturists.

9. This Conference resolves that Kumta and Upland cottons cultivated in the Kumta-Dharwar area of the Bombay Presidency protected under the Cotton Transport Act III of 1923 possesses superior fibre properties and therefore Government be requested to induce the East India Cotton Association to include Kumta and Upland cottons in the Broach Hedge Contract, and thus give the benefit of trade protection to the cultivators and merchants of Kumta and upland area.

10. (*a*) This Conference expresses its firm belief that agriculturists will be benefitted by the application of the Bombay Cotton Markets Act to all the Cotton Markets in Karnatak and requests Government to take necessary steps early in the matter.

(*b*) Looking to the loss often caused to the agriculturists by the combination between Ginning and Pressing Factories, this Conference resolves that Government and Indian Central Cotton Committee be requested to declare illegal such combination and to illegalise any charges in excess of rupees 6 and 5 for ginning and pressing cotton respectively.

11. This Conference recommends that one Land Mortgage Society should be started in each of the Districts of the Karnatak Division.

12. This Conference resolves to request the Bombay Apex Bank and the Bombay Provincial Co-operative Institute to organise a Rural Reconstruction Centre in Karnatak Division for carrying on intensive propaganda in rural uplift work.

13. This Conference recommends that societies for production and sale of Khaddar should be started in suitable centres and that Central Banks should encourage them by giving suitable financial facilities.

II

THE TENTH ANANTAPUR DISTRICT CO-OPERATIVE CONFERENCE.

Resolutions passed at the conference held on the 24th November 1929 in the Peace Memorial Hall, Anantapur, under the presidency of M. R. Ry., C. Doraiswami Iyengar Avl., B.A., B.L., M.L.A.

1. Co-operative societies are now very much handicapped owing to the restriction of the Revenue Department to accept not more than 40 execution applications per taluk per year. This conference therefore unanimously requests Government to remove the restriction or appoint special staff of the Co-operative department for attending to this work.

2. This conference resolves to request Government to arrange for the exemption of all amounts relating to Co-operative societies passing through Postal offices as money orders and Insurances from the payment of any fees or commission.

3. Resolved to request Government to appoint in future only Indians as Registrars of Co-operative Societies (as suggested by the Townsend Committee).

4. This conference requests the Government to make suitable provisions in the by-laws of the unlimited liability societies and the rules under the Act for the payment of an honorarium not exceeding 25 per cent of the net profits to the Secretary or any other panchayatdar who does the work of the society.

5. Resolved to request the Registrar and the Government to establish a land mortgage bank in this district in consideration of the financial weakness of the district as a whole. Resolved also to constitute Messrs K. S. Raghava Charlu, M. Narayana Rao, V. Ramachandra Rao and L. Gangadhara Sastri as a committee to take necessary steps for bringing to effect the above resolution.

6. This conference resolves to request the Madras Central Urban Bank to reduce their lending rates to 5 per cent per annum, to allow the District Banks to reduce their lending rates to Societies from $7\frac{1}{2}$ per cent to $6\frac{1}{4}$ per cent, and from the societies to their members from 9-6-0 per cent to 7-8-0 per cent.

7. This conference requests the Co-operative training institutes to arrange to give some practical and theoretical training in Agricultural Industry to the Co-operative Supervisors.

8. This conference resolves to request Government to authorize the Sub-Deputy Registrar or the Federation to distrain immovable properties not exceeding in value Rs. 250 in very emergent cases on the recommendation of the panchayatdars of the society concerned.

9. This conference is in entire disagreement with the Government Order recently issued prohibiting teachers and other staff of local

bodies from holding any honorary offices in societies other than those specially intended for them and requests the Government to kindly withdraw the Government Order at once.

10. Resolved to request Government to amend the rules framed under the Act so as to reduce the maximum rates of dividend payable to shareholders in the district banks and other limited liability societies from 9 per cent to 7½ per cent and to request the local central banks to give a lead in this matter by amending their by-laws and reduce the maximum dividend payable from 9 to 7½ per cent per annum.

11. Resolved to request the federation to arrange with the Sadhana Patrika to allot 4 pages per week for publishing Co-operative matters relating to the district and other countries for the benefit of co-operators of this district.

12. This conference resolves to request that the by-laws of Urban Banks be suitably amended to allow their lending on the security of valuable jewels in addition to their present mortgage and suretyship loans.

13. This conference requests the Government to arrange to waive their claims for the land value and groundrents payable under the existing Board Standing Orders on lands assigned to Co-operative Societies for the construction of their buildings and to grant them free of all such restrictions.

14. This conference is of opinion that the present method of Co-operative Supervisors being entrusted almost exclusively to check accounts and that in a large number of societies is not capable of producing any good results and is therefore in favour of reducing the number of societies for each supervisor and directing him to pay special attention at least to one of them and make it a model for adoption by the neighbouring societies. This conference is also of opinion that instead of separate staff of supervisors for supervision, propaganda, consolidation and rectification etc., a combined supervisor for all the above items together but with a compact area as juridiction would be better. We also suggest that if it is not possible to put this scheme into effect throughout the whole district, it may be attempted at least in a few select union areas for the present.

15. Resolved to request Messrs L. G. Sastry, V. Ramachandra Rao and P. Ramacharlu to report (besides mere credit societies) about the possibility of introducing a definite scheme for increasing the earning capacity of ryots, reducing any unnecessary expenditure and to facilitate his small savings with a view to better the position of villagers if necessary by the starting of agricultural and commercial societies suitable to the villagers of the district in consultation with the bank and the federation.

The XVII Madras Provincial Co-operative Conference

Action taken on Resolutions by the Registrar of Co-operative Societies

RESOLUTIONS	ACTION TAKEN BY THE REGISTRAR
V. A. This Conference is of opinion that the production and sale of Khaddar should be encouraged through the Co-operative Movement by (*a*) The organisation of Khaddar Spinning and Weaving Co-operative Societies somewhat on the model of the one at Vizianagaram.	Khaddar Societies will be registered if applications are received for such societies and if there are reasonable chances of their success.
V. D. The Conference requests the Government to reduce the rate of interest on loans to building societies from 6½ per cent to 5½ per cent.	I have already addressed the Government on the question of reducing the rate of interest on loans granted to building societies. I am also sending an extract of the resolution to Government.
V. E. This Conference agrees with the recommendation of the Royal Commission of Agriculture that honorary workers should be given financial help by the Government when they go for special co-operative studies abroad and requests Government to give immediate effect to it.	I am forwarding a copy of this resolution to the Agricultural Advisory Committee which is examining the recommendations of the Royal Commission on Agriculture.
VI. B. (*b*) This Conference is of opinion that the present limit of the maximum borrowing power of the members of the Primary Land Mortgage Banks is inadequate and that it should be raised to Rs. 5,000 in the case of those banks at least whose transactions exceed Rs. 1,00,000.	The Government were addressed on the matter and they have passed orders authorising me to permit selected Land Mortgage Banks to enhance the Individual Maximum Borrowing Power from Rs. 2,000 to Rs. 3,000. I do not see any necessity to recommend any further enhancement at present.
VI. B. (*d*) This conference is of opinion that the statutory audit of land mortgage banks should be done	The audit of Land Mortgage Banks is being done free for the first two years. If it is found that

free of any fees in view of their present initial stage.	the audit fees assessed in the subsequent years are excessive, the question of remitting the fees entirely or partially will be considered then.
VI. C. (a) This conference is of opinion that Urban Banks should be given facilities to advance loans on pledge of gold and silver bullion or articles and nonperishable trade commodities, and to discount Hundies and Cheques to facilitate remittances.	Experience has shown that the system of giving loans to members on the security of jewels did not work satisfactorily in the few societies where it was tried.
VI. C. (b) This Conference is of opinion that non-member depositors in urban banks should also be allowed to raise loans on the security of their fixed deposits and that the Government may be requested to sanction the same.	The non-member depositors unlike in the case of central banks become members without much difficulty. It is open to the Directors of Urban Banks to allow a depositor to withdraw his deposit or part of it within the period of deposit in exceptional circumstances. I am therefore opposed to the proposal to permit urban banks to issue loans to non-members on the security of their deposits.
VI.D. This conference views with alarm the increase in the number of references pending disposal and of awards and decrees pending execution and recommends for immediate adoption the following measures :—	
(1) The appointment of additional competent arbitrators to clear the arrears of pending references.	The difficulty in giving effect to this resolution is in getting suitable men willing to act as arbitrators.
(2) The removal of the present limit of 40 cases per taluk per year to be executed by Revenue Officers and the appointment of additional Officers, as a temporary measure, for clearing the arrears of pending decrees and awards.	I addressed the Government on the matter and they have declined to remove this limit at present.

Correspondence

I

A CORRECTION.

Mr. G. V. Subramaniam, Propagandist, The Coimbatore Dt. Co-operative Federation Ltd., Writes :—

To

THE EDITOR,

THE MADRAS JOURNAL OF CO-OPERATION, MADRAS.

Dear Sir,

May I request you to kindly publish the following few lines in your valuable Journal for the information of your readers ?

When I sent you last month "The Alphabet of Co-operation" (published in the December issue), I was ignorant of the authorship of the same and hence I have acknowledged that it was distributed to the students of the first batch. Now I understand from a reliable source that M. R. Ry U. L. Venkatanarasiah Garu, B.A., Sub-Deputy Registrar of Co-operative Societies, is its author.

Yours Sincerely,

G. V. SUBRAMANIAM.

II

WANTED AN INDIAN AS REGISTRAR OF CO-OPERATIVE SOCIETIES

Co-operators in this province have been for a long time since clamouring for an Indian to be appointed as the Registrar of Co-operative Societies. Several times and at several co-operative conferences, resolutions were passed requesting the Government to appoint only Indians as Registrars. The Madras Government started right in the beginning of the co-operative movement by appointing Indians to these responsible posts and we had eminent men like the late Sir P. Rajagopalachariar, Dewan Bahadur R. Ramachandra Rao, the late Dewan Bahadur L.D. Swamikannu Pillai, and Rao Bahadur A. Vedachala Iyer as Registrars. But later on, they gave up this policy for what reason nobody knows, except perhaps for creating a berth for that heaven-born service—the Indian Civil Service—which is as great a misnomer as the "Holy Roman Empire", for it is neither Indian nor Civil nor Service. Hence with a few exceptions most of the

I.C.S. men, whatever may be their other merits, are unsuited as officers in the nation-building departments like the co-operative movement where they have to work shoulder to shoulder with public workers with the utmost sympathy and genial temper imbued with the spirit of service among the millions of ignorant, illiterate and poverty-stricken agriculturists of this province. A second reason why there should be an Indian as Registrar is that we will have a number of experts in our country to work among non-officials, when they retire from service. What a pleasure it is for the co-operators and what a strength it is to the co-operative movement to have ex-Registrars like Dewan Bahadur R. Ramachandra Rao and Rao Bahadur A. Vedachala Iyer working vigorously and strenuously among the people doing solid work as non-official workers in their old age when on considerations of health and purse they might enjoy their well-earned rest. Under their lead and guidance, hundreds of workers in the co-operative field are being trained to the immense benefit of both the movement and the country generally. It is unfortunate that most of our experts in the several fields of administration and commerce in India are Europeans, whose experience and knowledge is not available to Indians when once they retire from service or business.

Co-operation is a transferred department and is in charge of the Development Minister. Whatever the Development Minister can do or cannot do for the development of the co-operative movement in our province, can he not at least appoint a suitable Indian as Registrar of Co-operative Societies and thus respect the opinion of the co-operators instead of flouting it so repeatedly? Even in the pre-reform days, the Madras Government were able to secure suitable Indians to be appointed as Registrars. Why then could they not get proper Indians to fill these places after the Reforms? In this connection, I may point out that the Registrars of C. S. in most other provinces in India are Indians. Will the Hon'ble Minister for Development be pleased to state why again a European is appointed in the place of Mr. Hood, our former Registrar of Co-operative Societies who is placed on other duty? Could he not have appointed the Joint Registrar who has had wide experience of the whole movement, having risen from the ranks to his present high position to act as Registrar instead of appointing an I. C. S. man who had no previous acquaintance with the movement and asking him to get himself trained for a month under the present Registrar before he handed over charge? If he wanted an I.C.S. man, could he not think of an Indian? I would strongly urge that some one of our M. L. C's should put an interpellation or table a resolution on this subject and elicit information from the Hon'ble the Minister for Development.

K. L. Narasimha Rao,
Advocate, Devi Vilas, Mylapore.

Our News Column

The P.C.U. and Propaganda: At Palni, Madura Dt., Under the auspices of the Palni Co-operative Union, an interesting lecture was delivered by Mr. E.S. Sunda, B.A., B.L., deputed by the P.C.U. to do propaganda in that district, on "The Urban Bank and its possibilities" on the 10th of November last in the Municipal High School Hall Several members of co-operative and other organisations were present. The lecturer characterised Co-operation as capitalisation of personal integrity and honesty as contrasted with joint stock banking where capitalists domineer and personal character of the members was not regarded so much. Co-operation has been identified in popular imagination with agricultural finance and the lecturer exhorted the Urban Co-operators to wake up and set right the mistaken impression by affording facilities to the entire satisfaction of urban needs. "A bolder outlook, a passion to be of real service to a larger section of the town population, and what is more an attempt to harness and meet the ordinary urban population", the lecturer said, "should characterise the future of the Urban Bank. Small loan transaction not satisfying even the 1/50th of the urban population is not going to lead the movement anywhere."

Conjeevaram Co-op. Staff Co-op. Society:—The annual general meeting was held on 22nd December last under the presidency of Rao Sahib V. Venkatachariar. The action of the Registrar in threatening to liquidate the society was condemned. The society has been steadily working during its brief period of existence, viz., three years, with some overdues which are only common in co-operative societies. Sufficient action has also been taken by the Directors in regard to the overdue cases. It was also pointed out that the society was functioning well without the financial aid of the Central Bank. The Chairman appealed to the members to realise the high ideal for which the society stands and to bear with all who criticise their actions as only through criticism perfection could be achieved.

Rural Reconstruction in Ramnad Dt., A public meeting of members and panchayatdars of village societies in the Tiruthangal Union area was held at Sengamalanachiarpuram on 27th December last under the presidency of P. V. Balakrishna Iyer Esq., M. A., I. C. S., Revenue Divisional Officer, Sivakasi. Resolutions were passed requesting the Srivilliputhur Central Bank to choose the Tiruthangal area for starting a rural reconstruction centre and appointing a committee consisting of four members with power to add for taking the necessary steps towards the formation and working of the proposed centre.

The Ramadas Co-operative Training Institute, Rajahmundry: At a meeting of the Board of Management held on Sunday the 24th November 1929 : under the presidency of Dr. P. Gurumurthy, resolutions were passed requesting the Provincial Co-operative Union to grant a donation of Rs. 1,000, exempting the departmental inspectors and the employees of Central Banks or other institutions which contribute a sum not less than Rs. 200 from tuition fees, stating that graduates and intermediates will be preferred and except in the case of those candidates who are deputed by co-operative institutions subject of course to the discretion of the Committee, S. S. L. C. should be the minimum, and requesting the Registrar to recommend to Government to grant a substantial subsidy. A few more resolutions also were passed in regard to the establishment, their scale etc.

Vadamadura Co-operative Union, Madura Dt.. The annual general meeting of the union was held on the 8th December last and a large number of members and panchayatdars of the societies affiliated to the union were present. The new model by-laws of the union were read out and passed unanimously. Mr. V. Mathrubutham Iyer, Propaganda Inspector of the Madura District Federation, delivered a lecture on the duties of panchayatdars and the necessity for improving agriculture and the benefits of co-operation to the agriculturist etc., Mr. K. Nagarathnam Iyer, Sub-Deputy Registrar, Madura, spoke a few words and the meeting terminated.

The Rayalaseema Co-operative Institute, Anantapur :—The December session of the Institute was opened on the 2nd December 1929 in the premises of the District Central Bank by Rao Bahadur T. Bhagavantam Gupta, B.A., B.L., Collector of Anantapur. A large number of co-operators were present. The report of the July session was read by the Secretary. Mr. Gupta in declaring the session open congratulated the authorities of the Institute for the good work done by them during the previous session and expressed his hearty wishes for its success in future also. After the usual vote of thanks to the learned Collector and others, the pleasant function came to a close.

COMING EVENTS.

The All Travancore Co-operative Conference will be held at Quilon on the 10th and 11th January 1930 under the presidency of the Hon'ble Mr. V. Ramadas Pantulu, President of the Madras Provincial Co-operative Union and the Madras Central Urban Bank. Mr. V. S. Subramania Iyer, Dewan, will open the Conference.

The Madras City Co-operative Panchayatdars' Classes :—The second session will begin on the 6th January. The classes will be held in the vicinities of the following societies on the dates noted against them subject to variation in case of rain or other circumstances. The programme for one month, i. e., for January, is given below :—

ROYAPETTAH CENTRE

6th : Abbas Alikhanpet ; 7th : Rangoon St.; 8th : Ellapatha Madha Koil ; 9th : Arasadivinayagar Cheri ; 10th : P. C. U. premises, Magic Lantern Lecture.

GEORGE TOWN CENTRE

16th : Kasimodu Adidravida C. S. ; 17th : C. L. S. Employees C. S. ; 18th : Willingdon C. S. Broadway; 19th: Ripon Buildings, Magic Lantern Lecture ; 20th : Srinivasa Baktha Jana C. S. Washermanpet.

MOUNT ROAD CENTRE

21st : Kalimancheri, Magic Lantern Lecture ; 22nd : Nariangadu ; 23rd : Periamet C. S. ; 24th : Chintadripet Cox C. S. ; 25th : Methodist Church Employees C. S., Vepery.

PURSAWALKAM CENTRE

27th : Tailors' C. S. Choolai ; 28th: Buckingham and Carnatic Mills Employees C. S. Perambur ; 29th: Pulianthope Ganesa C. S.; 30th: Vyasarpadi C. S.; 31st : Vepery Indian Christian C. S., Magic Lantern Lecture.

By-laws of the Madras Co-operative Central Land Mortgage Bank, Limited.

(Registered on 12th December 1929.)

1. The Madras Co-operative Central Land Mortgage Bank, Limited, is registered as a co-operative society under Act II of 1912. Its head office shall be in Madras City. Its operations may extend to the whole of the Madras Presidency.

2. In these by-laws,

(*a*) 'The Central Mortgage Bank' means the Madras Co-operative Central Land Mortgage Bank, Limited;

(*b*) a mortgage bank means a co-operative land mortgage bank registered under Act II of 1912, admitted or eligible to be admitted as a member of the Central Mortgage Bank.

Object.

3. The object of the Central Mortgage Bank shall be to finance mortgage banks.

4. In order to fulfil such object it shall have power

(*a*) to float debentures on the security of its assets and of land mortgages transferred to it by mortgage banks for such period and on such conditions as may be approved by the Government of Madras;

(*b*) to receive deposits;

(*c*) from the moneys at its disposal to grant loans to mortgage banks on such terms consistent with their by-laws as the Directors shall decide;

(*d*) to acquire or construct such immovable property as shall be considered necessary for the proper conduct of its business;

(*e*) to appoint what staff it considers necessary to conduct the affairs of the bank;

(*f*) to inspect the affairs of mortgage banks and the lands mortgaged to them and to appoint what staff it considers necessary for the purpose.

Membership.

5. The capital of the bank shall be Rs. 10,00,000 made up of 10,000 shares of Rs. 100 each, of which only 5,000 shares will, for the present, be available for allotment, the remaining 5,000 shares being held in reserve to increase the holding by mortgage banks later on when found necessary. Every mortgage-bank in the Presidency shall be eligible for

admission. Any person over 18 years of age who is competent to contract shall also be eligible for admission.

6. Every member joining the Central Mortgage Bank must take at least one share, but no individual member can, at any time, hold shares exceeding Rs. 10,000 of face value. The duty of admitting members and allotting shares to them shall vest in the board of directors referred to in by-law 21 below which may reject any application without assigning any reason.

7. The liability of a member shall be limited to the share capital subscribed by such member.*

8. 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 directors 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 directors. No member shall, at any time, be permitted to withdraw any share or shares held by him.

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

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

(iii) the person nominated shall have been admitted by the board of directors as a member of the bank under by-law 6.

(*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 Mortgage Bank, the heir or the legal representative of the deceased or any person nominated by such heir or legal representative within one month of the death of the deceased member shall be entitled to succeed thereto, provided such heir or legal representative or his nominee shall have been admitted by the board of directors as a member of the bank under by-law 6.

(*c*) In the event of there being no person entitled to succeed under clause (*a*) or (*b*) of this by-law to the share or interest of the

* See minutes of the meeting of the individuals and representatives of Land Mortgage Banks held on 12th December 1929, published elsewhere in this Issue. It was agreed at that meeting that By-laws 7 and 10 should be read together to make it clear that the liability of a past member shall be limited *only* to the amount of share capital subscribed by him.

deceased member of the bank, the 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 bank.

10. A past member shall be liable, as provided in by-law 7, for the debts due by the 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 7 for the debts due by the bank as they existed on the date of his decease for a period of one year after his decease.

Funds.

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

(i) Share subscriptions;
(ii) Debentures;
(iii) Entrance fees and miscellaneous fees;
(iv) Deposits.

12. The value of each share shall be paid in one lump sum on allotment.

13. Every member shall pay an entrance fee of Re. 1 per share allotted to him or a transfer fee of Re. 1 per share transferred to him, provided that the payment under either head by any one member shall not exceed Rs. 5 at a time.

14. No member shall exercise the rights of a member unless and until he shall have made the payments to the bank required by these by-laws.

Debentures.

15. The Board of Directors may issue debentures as a floating charge on the mortgage transferred to it by the affiliated mortgage banks. Such debentures shall bear interest not exceeding 6 per cent per annum payable half-yearly provided that if the debentures should be declared free of income-tax the rate of interest thereon shall not exceed 5½ per cent. The period of debentures shall not exceed 25 years.

16. The Board of Directors shall appoint a trustee who shall for the present be the Registrar of Co-operative Societies whose duty shall be to see that the bank fulfils its obligations to the debenture-holders. For this purpose the bank shall transfer to the trustee its interests in the mortgages assigned to it by the mortgage banks on the security of which debentures are issued. The trustee shall have power to require the bank to credit to an account opened in his name in the Imperial Bank or such other bank as may be approved by the Registrar of Co-operative Societies which shall be called the 'Debenture Redemption Fund', the whole or any part of recoveries made from members of the bank under any of the mortgages whether on redemption or upon sale under any power of sale applicable thereto.

17. The total value of debentures actually in circulation at any time must not exceed the total value of mortgage bonds and other assets assigned by the land mortgage bank to the Central Mortgage Bank and held by it.

18. Debentures, which, by reason of damage sustained, have become unfit for circulation, provided however that the essential marks for genuineness and identity are still recognizable, especially the number, the amount, the rate of interest, the date and signatures of the authorized executing officers of the Board of directors, will be replaced at the request of the holder on giving up the damaged or defaced debenture. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Board of directors, the fact of destruction is proved without any doubt or uncertainty.

(ii) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognizable as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture wich is alleged to be missing or unrecognizable has been previously advertized for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

(iii) The re-issue shall always be made for the same amount under the same number with the addition of the word "renewed" and at the cost of the debenture-holder concerned.

19. The debenture shall be signed and executed by at least three members of the Board of directors, of whom the President shall be one. The bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

20. No debenture-holder can claim the repayment of the value of his debenture before the expiry of the period for which the debenture was issued.

21. Debentures in respect of which notice of redemption has been given to the holders by the Board of directors must be given up on the expiry of the terms mentioned in the notice, and if the debentures are not handed in until after the expiry of the term, the holder shall have no claim upon the bank for interest accruing after the expiry of that term.

22. Notwithstanding anything contained in by-law 15, the previous sanction of the trustee shall be necessary for—

(i) the issue of debentures; or

(ii) the conversion of one class of debentures into another class bearing a different rate of interest.

23. The total borrowings of the bank by the issue of debentures shall not exceed at any time 25 times the paid-up share capital plus reserve fund.

Management.

24. The executive management of the Central Mortgage Bank shall vest in a Board of Directors consisting of 12 members of which the Registrar of Co-operative Societies shall be one. Five shall be elected by the individual members, five shall be elected by the representatives of the share-holding mortgage banks and one shall be nominated by the Registrar subject to the approval of the Government. The elected members of the board of directors shall hold office for a period of three years provided that it shall be competent to the general body to remove an elected member of the board of directors at any time and elect a successor for the unexpired period of his tenure of office. Should a vacancy occur in the elective seats during the period of the said three years, it shall be filled up by the remaining members of the board of directors until the next annual meeting of the general body when it shall be filled by election. The nominated members shall hold office for three years provided that the Registrar may terminate the nomination at any time and nominate another. Members of the board of directors shall continue in office until their successors are elected and assume office.

NOTE.—Notwithstanding anything contained in this by-law and by-law 38 (1), the following gentlemen shall constitute the first board of directors and they shall hold office until 31st July 1930.

Individuals.

1. M.R.Ry Dewan Bahadur M. Ramachandra Rao of Ellore.
2. The Hon'ble Mr. V. Ramadas Pantulu.
3. Dr. S. Swaminathan.
4. M.R.Ry C. Gopala Menon.
5. Mr. Jamal Muhammad Sahib.

Land Mortgage Bank Representatives.

6. M.R.Ry Rao Sahib V. Venkatachariar of Conjeevaram.
7. " " G. Venkataratnam Pantulu of Gudlavalleru
8. " N. Satyanarayana Pantulu of Alamuru.
9. " S. Annadurai Ayyar of Kulitalai.
10. " Rao Sahib K. M. Chinna Rangayya Gounder of Kambiliampatti.
11. The Registrar.
12. And his Nominee.

25. The quorum for a meeting of the Board shall be 5. All questions before the board of directors shall be decided by a majority of votes. Should there be any equality of votes, the president, or the vice-president if he presides, or other presiding member shall have a casting vote. No member of the board of directors shall be present at a meeting of the board when any matter in which he is personally interested is being discussed.

26. Should a member of the board of directors absent himself from four consecutive meetings of the board, he shall cease to be a member of the board of directors, but may be reinstated by the board of directors.

27. The members of the board of directors shall elect from among themselves a president, a vice-president and a treasurer. Subject to the approval of the Registrar, the board will appoint a paid secretary who will have no seat on the board of directors and fix his pay.

The entire administration of the bank shall vest in the board of directors and subject to the control and delegation from that board, in an executive committee consisting of the Registrar, the President, the Vice-President, the Treasurer and two other directors.

28. No decision of the executive committee shall be valid unless it is assented to at least by three.

29. Subject to such resolutions as the board of directors may from time to time pass, the several officers of the bank shall have the powers mentioned below:—

(*a*) The president shall have a general control over all the affairs of the bank. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them, subject in the last two cases to the approval of the board of directors.

(*b*) The secretary shall be responsible for the executive administration of the bank subject to the control of the president.

(*c*) The secretary shall be the officer to sue or be sued on behalf of the bank and all bonds in favour of the bank shall be in the name of the secretary. All bonds by the bank except those for moneys borrowed shall be executed by the secretary.

(*d*) The treasurer shall have custody of all properties of the bank. He shall take charge of all moneys received by the bank from the members and from others and shall make disbursements in accordance with the directions of the board. He shall sign the cash book in token of its correctness and produce the cash balance whenever called upon to do so by the board or auditor.

30. Receipts shall be issued for all moneys paid into the bank. For moneys paid by members or others, other than debentures, receipts or bonds shall be signed by the secretary.

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

32. The board of directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the bank with reference to the scale and within the budget allotment sanctioned by the general body for each year. It shall be competent to the secretary to incur petty contingent expenditure subject to a maximum of Rupees five for any item.

33. The board of directors shall be competent to fix the amount and nature of the security, if any, to be given by the secretary and the members of the office establishment.

34. It shall be competent to the board of directors to frame subsidiary by-laws for the oonduct of the business of the bank consistent with the Act, the rules under the Act and these by-laws. Such subsidiary by-laws shall be entered in the minute book of the bank and they shall be reported to the Registrar of Co-operative Societies for approval.

35. The services of the members of the board of directors shall be gratuitous.

36. Subject to the control of the trustee, the board of directors shall have power to invest the money at its credit in any investment or deposit authorized by clauses (*a*), (*b*) and (*d*) of sub-section (1) of section 32 of the Co-operative Societies Act or in other securities approved by the Registrar of Co-operative Societies;

(2) to redeem any or all of the debentures;

(3) to determine the value of debentures to be redeemed annually in advance of their period;

(4) to proceed against the mortgage banks or the mortgagors or against both in case of default of payment of moneys due to the Central Mortgage Bank.

General Body.

37. The general body of the bank shall consist of the following members:—

(i) the board of directors;

(ii) individual members; and

(iii) delegates representing mortgage banks.

Each mortgage bank, being a member of the Central Mortgage Bank, shall at its general meeting appoint a delegate. Vacancies among delegates shall be filled up in the same manner. A delegate ceasing to be a member of his bank shall cease to be its delegate. Every delegate shall hold office for a period of three years or until his successor has been appointed, provided that it shall be competent to any bank at any time to remove its delegate and appoint another. Each nominated member shall have only one vote and in the case of share-holders, there shall be one vote for each share.

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

(i) the election and removal of the board of directors;

(ii) the annual report due to the Registrar of Co-operative Societies;

(iii) the Registrar's annual audit certificate;

(iv) the amendment to by-laws;

(v) the expulsion of a member;

(vi) the consideration of any complaint which any member may prefer against the board of directors; and

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

39. A meeting of the general body of the members may be convened whenever necessary for the conduct of the business by the board of directors and shall be so convened by the board of directors at the request of fifteen or more members or at the instance of the Registrar.

40. The quorum for a general body shall be fifteen or one-fourth of the total number of members on the list at the time, whichever is less.

41. The president, when present, and in his absence the vice-president, shall preside at the meetings of the general body. In the absence of both, the members present may choose a chairman from their number to preside at the meeting. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting vote.

42. Seven clear days' notice shall be given to members for a meeting of the general body.

43. No amendment to the by-laws shall be made except at the general meeting of the members or shall take effect until it shall have been approved by the Registrar.

Loans.

44. The funds of the Central Mortgage Bank shall be primarily utilised for the purpose of granting loans to mortgage banks registered under the Co-operative Societies Act.

45. No mortgage bank shall at any time be indebted to the Central Mortgage Bank by way of principal to the extent of more than its borrowing power as fixed from time to time in its by-laws.

46. It shall be the duty of the board of directors to deal with all applications for loans received from mortgage banks, to obtain from the Registrar full information regarding such banks and to see that loans are granted to them with due care and caution. The board of directors shall settle all details in regard to the period of repayment of loans granted by them, the instalment of repayment, the rate of interest, etc., provided that the rate of interest charged on loans shall not exceed 7 per cent per annum and the mode of repayment shall be the equated system.

47. It shall be open to the borrowing bank to repay a loan wholly or partially before the due date according to its convenience.

48. No loan shall be granted for a period exceeding twenty-five years.

49. When a member from whom money is due pays any sum, it shall be appropriated in the following order:

firstly to fees, fines, postal registration and other miscellaneous charges due by the member,

secondly to interest, and

thirdly to principal.

Profits.

50. The net profits of the bank as declared by the Registrar every year shall be disposed of as shown below:—

(i) Not less than 25 per cent shall be carried to the credit of the reserve fund:

(ii) Out of the remainder, a dividend subject to a maximum of 7 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: and

(iii) The balance shall be added to the Debenture Redemption Fund.

Reserve Fund.

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

(2) On the dissolution of the bank, the reserve fund shall be applied:—

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

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

(iii) to the repayment of dividend upon such share capital at a rate not exceeding 7 per cent per annum for any period or periods for which no dividend has been paid,

(3) Such portions of those 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 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 neigh bourhood or shall

place the same on interest or otherwise with some co-operative bank until a central mortgage bank with a similar area of operations is registered, in which event the funds shall be carried to the reserve fund of such bank.

Miscellaneous.

52. The board 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 bank shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

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

(a) by an application made to the Collector of the district through the Registrar of Co-operative Societies requesting that the 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.

54. Should any doubt arise as to the construction or meaning of the provisions of the Co-operative Societies Act II of 1912, or of any by-law of the bank or as to the validity or effect of the proceedings of a meeting of the board of directors or the general body, the board of directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice which shall be final.

55. The word "Registrar" as used in the by-laws means the principal Registrar of Co-operative Societies for the Madras Presidency.

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

Rural Reconstruction at Gudlavalleru, Kistna Dt.

I

Report of work done during the quarter ending July 1929

The work of this centre began in the month of January 1929 and an account of that work was embodied in the Report last submitted in April 1929.* The progress during the next quarter in the months of May, June and July is given below. The members of the Committee have been meeting from time to time in order to determine the programme of work of the Supervisor. The attention of the Committee was concentrated during this quarter upon two subjects, first the determination of the assets and liabilities of the villagers of Kowtaram and secondly the gathering of information for the Resettlement Enquiry Committee in villages round about Kowtaram. Details relating to these subjects are given below.

REMOVAL OF INDEBTEDNESS

The Supervisor was asked to determine the assets and liabilities of the villagers of Kowtaram taking Kowtaram as a typical village. He had, therefore, to concentrate his attention mainly upon this subject in addition to the general attention to the other subjects relating to the work. It has been ascertained that, over an estimate relating to about 100 ryots, the property valuation has come to Rs. 31,00,000 while their debts have aggregated to Rs. 2,19,911 exclusive of certain miscellaneous debts and one big debt aggregating to something like Rs. 1,60,000 in addition. No ryot can come out unscathed of this indebtedness unless it is liquidated on long term basis. Unto this end, the Land Mortgage Banks are the only salvation. But the existing Land Mortgage Bank allows a maximum individual borrowing power of only Rs. 2,000. It is not, therefore, helpful to those who have a debt of more than Rs. 2,000 although they have property commensurately. It has, therefore, become necessary to secure the raising of the individual maximum borrowing power to Rs. 5,000 in order to realise our object.

At this rate, it would be possible to help most of the ryots with the exception of perhaps four or five. The following represents an estimate of the assets and liabilities of the ryots of Kowtaram.

No. of ryots.		Debt ranging up to
19	...	500
17	...	1,000
11	...	1,500
11	...	2,000
4	...	2,500

* See supplement to July 1929 issue.

No. of ryots.		Debt ranging up to	
3	...	3,000	
3	...	3,500	
9	...	4,000	
3	...	5,000	*
4	...	6,000	
1	...	7,000	
1	...	9,000	
1	...	12,000	†
1	...	23,000	
1	...	75,000	

*In these cases, the indebtedness exceeds Rs. 5,000 and it has been considered both desirable and safe to advise them to sell a portion of their property and liquidate their debts in order that the residue may come only to Rs. 5,000 and that they may come within the limits of the Land Mortgage Bank.

† These three ryots are certainly beyond the range of our capacity to help them.

We have opened negotiations with this end with the Madras Central Urban Bank through one of our members so that we may receive the necessary financial help. The Madras Central Urban Bank, we feel grateful to say, has agreed to purchase debentures to the extent required for the purposes of Kowtaram. But there is the difficulty of having to amend the bye-laws of the Land Mortgage Bank in order to raise the individual maximum borrowing power. Accordingly on the 10th of August, the Committee raised the issue before a meeting of the general body of the Gudlavalleru Land Mortgage Bank and got a resolution passed to amend the bye-law suitably in the presence of the Registrar of Co-operative Societies and with his assent. We have been anxiously looking forward to the registration of this amendment of the bye-law and may be permitted to add that, if it had been registered earlier, a good deal of the redemption work might have been finished by this time. Incidentally it may be said that such an amendment would be helpful not only to the villagers of Kowtaram but also to the members of the Bank in the rest of its jurisdiction.

RESETTLEMENT ENQUIRY

The Resettlement Enquiry Committee appointed by the Legislative Council sent a Questionnaire to the ryots of the Kistna and Godavary Districts in respect of the matter and these questions could not be answered except with the aid of intelligent men who could direct the ryots. Accordingly, we have deputed our Supervisor to help the ryots in the area of our operations. A Report has been carefully drawn up by the Supervisor and the answers to the Questionnaire have been duly sent to the Enquiry Committee and when the Committee visited the villages of Nandivada, Komaravolu, Kowtaram and Pasumarru, the Supervisor accompanied them throughout and assisted them in the conduct of

the Enquiry. The accounts prepared by the Supervisor in respect of Kowtaram's indebtedness have since been submitted to the Resettlement Enquiry Committee. It is easy to underrate the difficulty of securing the information relating to the ryots in the villages for most of them are unwilling to reveal such information as they fear they may lose credit and also suffer in social relations in respect of marriage alliances and such other transactions. It has become, therefore, necessary to inspire confidence in the ryots by approaching them individually and appealing to their convictions in order to draw them out, but even than there is the difficulty that the ryots do not possess accounts so that the information we are so eager to obtain is not known even to them correctly. On this account, therefore, the Supervisor had to sit with each individual for a length of time and make him reckon up his debts and property in order to be able to make a correct statement which will be useful for an economic enquiry on the one hand and a concrete experiment on the other in the way of removing the total indebtedness of a particular typical village. It is only when you hold out a clear hope of being able to remove his indebtedness on a long term basis at easy rates of interest that you can persuade the ryots to give you the fullest information on the subject.

II

Report of work done during the quarter ending October 1929.

The work done was of the general type and the Supervisor was able to visit a number of villages and spend all his time upon the development of village work in respect of various headings detailed in our first Report. In submitting this report, therefore, to the public, we have been adopting the system of taking up and evaluating the Supervisor's work in respect of each item detailed and describing the work done in the various villages in respect of that item.

LIBRARIES

The one great institution that contributes to popular education is, it is well known, the Library. That Schools, Libraries, Harikathas, Puranas, Bhajanas and lectures by elders are potent instruments that will help in this noble task of the education of the people is universally admitted. But, it is not to be expected that the untutored villagers would voluntarily interest themselves in these various tasks while, however, they may be ready to co-operate with us whenever their interest is stimulated by appeal to individual conviction. Accordingly, our Supervisor has interested himself in organising a peripatetic library carrying books from village to village and distributing books 50 in number in each village for a fortnight at a time and thus has been able to cover five villages. On May 25th, a meeting of the General Body of the Rural Co-operative Credit Society, Gudlavalleru, was held. The Supervisor appealed to those assembled about the necessity of starting a library in that village. At the request of the Supervisor, they contributed Rs. 200 from the common good fund towards the organisation of a library in that village. Yet the Supervisor could not organise the library in the village but distributed books among the villagers of the same village from the itinerant library which he maintains in the Rural Reconstruction Office The Supervisor being a circuiting officer, it is not possible to meet the needs of the villagers as and when they want books. So far in this village 124 men have taken books and returned them. There is no doubt that ere long the Gudlavalleru Library will become a centre of light and attraction. The Library was formally opened on 19-10-29.

Kurada :—Kurada is a rising village containing a number of young men full of enthusiasm and energy. At the instance of the Supervisor, we have organised a library in that village and the villagers are taking from fortnight to fortnight books from the Central Library 50 in number and distributing them amongst their fellow-villagers. They started their library on 11—9—29. and have gathered subscriptions as well as books from amongst themselves and from those subscriptions they have been able to subscribe to Krishna Patrica, Andhra Patrica and Satyasadhani.

Daggumilli :—Daggumilli village stands on a different footing altogether from Kurada. The people of this village are mostly illiterate and all of them poor. Yet they have been able to organise a small library but it must be owned that this library will be helpful to a very small minority. The vast majority, therefore, require the aid of a night school, Purana Kalakshepams and Bhajanas in order to give them enlightenment. The villagers are willing to have a night school but some little money must be given as a contribution for the salary of the teacher. It is hoped that if the promise of at least half of the expenses is forthcoming from outside, the villagers may be persuaded to give the other half. We hope to be able to report the starting of this night school at the end of the next quarter.

Vinnakota :—Vinnakota is one of those numerous villages in Gudivada Taluk which are ridden by factions. Advantage was taken by the Supervisor of the general meeting of the village co-operative society held on 26th August 1929 at which were present the Assistant Registrar of Co-operative Societies and the Secretary of the Co-operative Union. Through the persuasion of the friends gathered there, the party spirit was overcome and the villagers on hearing the advantages of rural reconstruction agreed to open a library and a reading room. One of them has generously subscribed Rs. 100 for the purpose and we have been assured that this will be opened in the month of November.

Uppalakalavagunta :—Here again, advantage was taken of the General Meeting of the Co-operative Society held on 31st August 1929 for the purpose of conducting the annual general elections. The Supervisor in company with the Secretary of the Union visited the place and

the former delivered a lecture on the advantage of having a Library and a Reading Room. The villagers were deeply interested in the matter and promised to concede practical help in this behalf when the Supervisor next visited them. The Supervisor since took his travelling library twice to the place and the village having been entangled in party warfare, the leading people were away in Court scenes and therefore the distribution of books could not take place. Now the general masses realise the disadvantage of being entangled in party factions and not being able therefore to take advantage of the voluntary help offered by the Supervisor with his books in hand, and it is hoped that a future visit will be more fruitful to produce good and tangible results than the earlier ones.

Pasumarru :—The Supervisor paid several visits to this village with a view to stimulating interest in the people thereof inregard to the Library and Reading Room. On the 24th of October, he took his travelling library to the place and on the 26th idem took advantage of a meeting of the Village Panchayat in order to help in conducting the meeting and, at that meeting, they appointed a Committee to collect books and organise a library and applied also to the local Co-operative Society for a grant of Rs. 100 to the library. A number of books have been gathered in the village and it is proposed to take a house wherein to locate them as well as the Panchayat. The itinerant library books have been distributed and a person was told off to collect them. The process of distributing these books, taking signatures from the recipients thereof every time they are distributed is, though seemingly a light task, really a heavy one. The Panchayat of Pasumarru applied to the Registrar-General of Panchayats for an aid of Rs. 200 to equip the library and the Tahsildar has made enquiries on this application which is pending before the Department.

Perisepalli :—This is one of the villages to which the itinerant library has been taken and at which it has been distributed. There are no factions in this village and it stands out prominent for this feature. The villagers have undertaken to start a library and the village contains some of the finest young men deeply interested in national problems including rural matters.

To review the whole question, it may be said that the libraries started at Kowtaram and Chennur are in good working order. The library at Chennur having been able to secure the sympathy of the Panchayat of that village that has recommended monetary aid to it both from the Panchayat Department and the Co-operative Department began on the 19th of February with 126 volumes and had developed to 314 volumes by 23-9-'29. There are 30 subscribers and 368 books altogether have been taken home by the members. They subscribe for seven journals and possess two almirahs of their own make at a cost of Rs. 45 each. During the short period of 7 months the income of the library has been Rs. 116-6-9 and the expenditure Rs. 109-11-3. The management of an itinerant library requires indefatigable energy and immense patience to get through the process of distributing at first and collecting later even so few as 50 books at a time. There is no doubt that a smart assistant would greatly help to lighten the burden of the Supervisor as well as extend the usefulness of his operations. It may be said in this connection that the great thing in regard to rural reconstruction is that our representative, the man who is working in the midst of the villagers, should be able to attract the sympathy and engage the attention of the villagers by such means as appeal to their imagination. No better things can be conceived in this behalf than the Library and the Reading Room. The organisation of the Panchayats is a more difficult affair and we are, therefore, concentrating upon the Libraries and the Reading Rooms as a sort of stepping stone to the further organisation of the villages.

SCHOOLS

It so happened during the year under review that the Gudivada Taluk Board abolished a number of schools in its jurisdiction and dispensed with the services of some teachers. The villages thus affected in our jurisdiction are Chennur, Perisepalli and Kamalapuram. The school in Chennur was a Girls' School and the Panchayat has, therefore, stepped into the breach and undertaken to run the school that had been ordered to be removed. In Perisepalli, the people of the village have organised a private school maintaining the teachers themselves. Reference has already been made to the necessity of starting night schools at Daggumilli.

PURANAM AND KALAKSHEPAMS

These are the oldest institutions of the country. In certain centres like the Nellore Rural Reconstruction Centre, the Committees have thought it fit to appoint a special Pundit for the purpose in order to enlighten the villagers. But we have been content to get this work done through our Supervisor who has an aptitude for it. He visited the villages of Kowtaram, Gudlavalleru, Kurada, Pasumarru and Chennur and conducted various Kalakshepams and Bhajanas which have supreme merit of obliterating for the time being the party differences in the villages and gathering all the people in the village for one common purpose. He has also been incidentally able to introduce the reading of newspapers to congregations and by reading extracts to them from various books so as to stimulate interest in them for study. It is regrettable to note that the villagers, especially in the Deltaic village, who have abundance of leisure in the off-season of agriculture, while away their time in what is considered the innocent pastime of card-play. The Supervisor's visits and the engagements provided by him have served to some extent to divert the attention as well as the interest of these friends from such diversions which are not altogether innocent. The great advantage of such pre-occupations is not so much the actual diversion at the moment as the creation of a new spirit and interest in life which easily captivates the attention of the people as it is in tune with their ancient tastes. Accordingly in Gudlavalleru, Chennur and

Kowtaram, a number of youths have engaged themselves in this noble task receiving instruction from a particular Guru.

LECTURES

One way of stimulating interest in Rural Reconstruction is obviously to organise lectures. We have, therefore, approached Messrs. A. Ranganadha Mudaliar, V. Ramjee Rao, N. Satyanarayana and V. Venkatasubbayya, Secretaries of the Provincial Co-operative Union, and the Hon'ble Mr. V. Ramadas Pantulu, President of the P. C. U., to deliver lectures. Their engagements have been so crowded and the demand upon their time and attention from the various Rural Reconstruction Centres which they have been visiting have been so insistent that they have not been able to find time for us. It is, however, hoped to secure the presence of these leaders at an early date and to give the benefit of their experience and wisdom to the vast mass of population of the area.

PANCHAYATS

It will be remembered that we made an elaborate report about the utter neglect of Panchayats in this area in April last. That Report was dated 25-4-1929 and ever since it has become a subject of widespread attention and comment. The Registrar-General of Panchayats sent for a copy of our Report. Apparently, he was astonished to find that we had ventured to state that there were no Panchayats while according to his Report—possibly from his honorary organiser—he was believing that there were three Panchayats in this jurisdiction. The Honorary Organiser also challenged the correctness of our Report which had already been made the subject of adverse comment in a sectional organ of the local press. We allowed the storm to blow over and the authorities to discover the great confusion into which Panchayat affairs had fallen in this jurisdiction. The fact is that although it was represented that there were Panchayats at Pasumarru, Chennur and Gudlavalleru, none of them was in living existence at the time we made our Report and the people of the villages themselves were in ignorance of either the organisation or the fact of its existence or the officebearers of any one of these organisations. Nor could the minutes book give any enlightenment on the subject for the earliest record in Pasumarru minute book is dated June 2nd although the first meeting in which the people took any active interest took place on 17th August. But, fortunately, our remarks in the last report have served to reveal the inner working of the Panchayat system in this area and we are glad to hear that rival deputations waited upon the Registrar-General all the way to Ooty to clear up the mysteries which had gathered round this branch of administration. On the 17th of August, a meeting of the Panchayatdars was held in Pasumarru and resolutions were drafted on certain subjects and since then its living existence may be dated. The Chennur Panchayat was organised only about a month after our Report had been drafted on the pressure of the people of the village on 6th June 1929. Gudlavalleru has been the storm centre of the agitation that arose out of our last Report, so much so that the Registrar-General was good enough to order an enquiry into the state of affairs by the Tahsildar. The result of these enquiries is not known and today no one knows whether the Panchayat exists in Gudalvalleru or not and who the office-bearers are. When we had addressed the Registrar-General to state as to where the Panchayats were situated in this area, we were referred to the Taluk Board President and the Honorary Organiser. We had seen enough of the work of the Honorary Organiser and therefore it would serve no purpose to address him. While this is so in regard to the Department, we must also advert to the hostile comments made in a section of the Local Press in regard to the observations made by us. We are now glad that they have or must have discovered the mistake that they had been labouring under, for the very people that inspired the comments have seen the incorrectness of the Reports on which they have been based. But, fairness would require that those who have made mistakes should own them and make amends to them. The whole mistake and confusion has arisen from the fact that the innocent villagers have been persuaded to believe that the Honorary Organiser has the power of nominating the members as well as the President. It is fortunate that this ignorance has been dispelled from this area and people have been made conscious of their own rights. Our Supervisor was present at the meeting of the Panchayat held at Pasumarru and took advantage of the occasion to deliver a lecture upon Rural Reconstruction through the agency of Panchayats and a number of friends were interested in this subject as a result of the propaganda carried on at the meeting. We have again to invite attention to the fact that our request that the Supervisor be authorised to organise Panchayats and that he should be given training in this behalf has not met with any response from the Registrar-General of Panchayats and no reply has been vouchsafed by him up to date.

VILLAGE FUNDS

Some of these Panchayats have been able to gather their own funds. Chennur is one such example. They have been able to give about Rs. 1,000 by this way. Pasumarru also has made an attempt in this behalf but the fact that is real work has taken place from the middle of August has led to the fact that the money the villages have been able to put together is very little compared with that of Chennur which had its Panchayat organised on the 7 June and, therefore, was able to be in working order just in season for the auctions of grazing grounds and tanks.

CO-OPERATIVE SOCIETIES AND THEIR ADMINISTRATION

It is singularly gratifying to note that there are no overdues for the rural credit societies of the Gudlavalleru Union which are in number, and that the overdues of members to societies amount to 6 per cent. These excellent results, it need hardly be said, must be laid to the credit of the Union and the members of the Societies. A large

number of villages comprised in the reconstruction centre belong to the Gudlvalleru Union and the others belong to the Addada Union. The supervisor has made arrangements for starting a Co-operative Society at Perisepalli and it is hoped that it will be registered before the year ends.

The Field Labour Society of Gudlavalleru is trying to obtain on patta Government waste land in Vaivaka in Kaikalur Taluk, which they have been cultivating for some time. A like attempt is being made by the Vemavaram F.L.S. in respect of lands in the village of Moda. It is hoped that Government will comply with the request of these Societies.

The Adi-Andhras of Khajivanipalem, a hamlet of Kowtharam had applied to the Department for the registration of a F.L. Society and submitted their property and liability statements last year. But so far they have not had a society. We invite the Department's attention to this application.

Kamalapuram is a business centre and commands similar facilities for trade. It has been thought desirable to organise a Co-operative Trading Union and one has been organised at Kamalapuram, but it has not been sanctioned by the Department. Any new type of society may naturally generate some misgivings as to its success but to be overborne by such misgivings to the point of not registering a society of a new type cannot be conductive to civic progress and it is hardly necessary to point out that it is the duty of the Department to encourage the formation of such societies and foster through it Co-operative work on new lines.

Spinning :—In order to promote the craft of Spinning in this area, the Supervisor has distributed slivers in a few villages to help people to spin for love or money. This aspect of work is still in its beginnings as part of work done on behalf of the Centre. It is proposed to do intensive work in these lines, as there is great demand from the weaving centres of Kowtaram and Angalur.

Tanks :—The Taluk Board has given a contribution of Rs. 4,000 for the repairs of the big tank at Gudlavalleru and the people of the village have contributed from their own village funds and likewise. Pasumarru has repaired its own tank bailing off all the dirty water in it and constructing a flight of steps in it. The people of Inampudi have at their own expense constructed steps in their tank and made it accessible to the people.

Post :—We are pleased to state that the Experimental Post Offices at Pasumarru and Gudlavalleru have been confirmed. Addada is not in this centre but on account of its proximity to two important villages in this centre, namely, Inampudi and Penjendra, we have to take note of the fact that the confirmation of the Experimental Postal Office at Addada has greatly contributed to the promotion of postal ameneties to those villages. We were expecting that an experimental post office would be started at Daggumilli but there seems to be a competition between Daggumilli and Vinnakota, although in truth both villages deserve to have one each. The people of Perisepalli are served by the Pamarru Post Office from about a distance of four miles, whereas Pasumarru has a branch office which is within six furlongs of the village. They have therefore applied that either they should be brought under Pasumarru Post Office instead of Pamarru or get sanctioned a peon at their own cost. It is only when the Post serves the villages daily that the Libraries and Reading Rooms in them would become truly useful by getting dailies in time.

Roads and Bridges:—The service of the villages by means of village roads is slowly improving in this centre. Adequate progress is not possible except by the help of the Local Boards and the organisation of the panchayats also is very necessary in order to help in the development of roads. Gudlavalleru is a junction centre for a several canals. The road and the bridge on the lock here is very narrow and tortuous and at a distance of about half a mile there from is very congested and a danger zone for traffic. The people of the village have applied to the District Board for the construction of a new bridge over the canal above the lock, which will make it possible to confine the traffic up and down in a single direction on either side or separate the roadways and bridges for motor and bullock bandy traffic.

Propaganda and education have to be carried on in the villages in greater abundance and unto this end we are organising a series of lectures by leading citizens, interested in the subject and in addition magic lantern lectures. We invite cordially the co-operation of the propagandists appointed by the District Prohibition Boards, in the matter of carrying on the Anti-Drink campaign in the villages. We rejoice to mention that our centres were inspected by the Secretary and President of the Madras Provincial Co-operative Union in August last, and a second visit by the President is expected shortly. A series of lectures is being organised in this centre and we are hoping that there will be a large attendance of the people who will undoubtedly be benefitted by these lectures.

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

Co-operative Training Classes

Examination—Nov. 1929.

RESULTS.

Serial No.	Candidate's No	Centre.	Candidate's name.	Serial No.	Candidate's No.	Centre.	Candidate's name.
			FIRST CLASS				FIRST CLASS
1	6	T	Amirtha Raj G.	35	214	C	Sankaran L.
2	93	T	Krishnamoorthi T. N.	36	224	B	Seshagiri Rao D.
3	164	T	Pubala Rayan M.	37	265	T	Subbayya V. A.
4	89	C	Krishnan Nair P.	38	260	B	Satyanarayana N. T.K.
5	134	B	Narayanaiah Naidu D.	39	97	V	Krishna T. N.
6	182	T	Rangachari S.	40	211	T	Sankarasubramanian G.
7	109	C	Lobo L. A.	41	236	T	Sivaramakrishnan L.
8	34	C	Chandrasekharan V. T.	42	104	B	Lakshmayya E.
9	271	T	Susainathan D. A.	43	91	T	Krishna Aiyar K. V.
10	133	B	Narayana Rao P.	44	75	T	Kalyanaraman A.
11	131	B	Narayanamoorthi M.	45	83	T	Kothandaraman V.
12	184	T	Ranga Rao T. S.	46	154	A	Narasiah N.
13	193	C	Rama Sastri Y. N.	47	95	T	Krishnan T. R.
14	49	C	Gopalan Nair M.	48	337	T	Viswanathan S.
15	103	B	Kumaraswami M. P.	49	138	V	Narayanaswami Naidu A.
16	174	V	Rajagopalan R.	50	268	T	Subramanian P.
17	9	C	Ananthasubramanian A. R.	51	280	V	Sundara Varadhan A. S
18	217	V	Savari Rayan J. H.	52	195	A	Ramachandriah N.
19	115	T	MeenakshisundaramV.	53	276	V	Subramaniam M. S.
20	100	C	Kunni Kannan Nair A. C.	54	22	T	Balasubramanian B.
21	106	C	Lakshminarayanan D. G.	55	102	V	Kuppa Rao C. V.
22	179	T	Rajagopalan P.	56	267	T	Subramanian K.
23	178	V	Ramalingam A.	57	256	C	Subbiah U. B.
24	43	V	Gajendra Mudaliar N.	58	273	V	Subramania Pillai V. T.
25	228	T	Shadaksharan K.	59	289	B	Suryanarayana R.
26	215	C	Sankara Menon K.	60	295	T	Vallinayakam R.
27	181	T	Ramachandran S.	61	8	C	Ananthan Nambiar E. K.
28	124	B	Narasimhamurthi S.	62	78	C	Kanaran K.
29	160	T	Pakkiam V. J.	63	16	T	Arunachalam T. R.
30	207	T	Sankaralingam M.	64	156	T	Nelliappan S.
31	63	V	Jagannathan P.	65	284	B	Subba Rao V. V.
32	248	C	Srinivasa Rao M.	66	4	T	Alagappa Pillai K. G.
33	260	C	Sundararaman K. S.				
34	297	C	Vamana Rao B.				

A.—(Anantapur). B.—(Bezwada). C.—(Coimbatore). T.—(Tanjore). V.—(Vellore).

Serial No.	Candidates No.	Centre.	Candidate's name.
			FIRST CLASS
67	161	C	Parasurama Aiyar U.
68	90	C	Krishna Singh R.
69	227	V	Sankara Rao K.
70	21	T	Balakrishnan K. N.
71	125	B	Narasimha Patnaik.
72	266	T	Subrahmanian A.
73	62	T	Hiranya Rao S.
74	121	B	Mukya Prana Rao K. V.
75	173	B	Rathangapani G.
76	226	B	Sitharama Rao L.
77	247	B	Srinivasaraghavan V. M.
78	336	T	Viswalingam M.
79	237	V	Sivaraman A.
80	298	A	Vasudevamurthi C. H.
81	151	C	Narayanan K.
82	191	T	Ramalingam V.
83	212	T	Seshta Aiyar S.
84	281	B	Subba Rao B. V.
85	208	T	Sankaranarayana S.
86	283	B	Subba Rao S.
87	286	B	Sudharsana Rao T.
88	129	B	Narasimhalu S.
89	328	B	Venkataramiah K.
90	2	A	Abdul Gaffoor S.
91	170	B	Ramaniah B. V.
92	210	T	SankarasubramanianR.
93	270	T	Sundaramurthi Mudali T.
94	17	B	Audinarayana Reddi Y.
95	53	C	Govindan Nair V.
96	71	B	Joseph E.
97	123	B	Narasimham R.
98	180	T	Ramachandra Rao C. S.
99	335	B	Vijayaramamoorthi V.
100	122	B	Nagabhushanam A.
101	169	B	Ramachandra Rao L.
102	242	B	Somayajulu B. A.
103	254	A	Subrahmanyam S.
104	55	V	Govindaswami Chetti K. M.
105	136	B	Nagarajan K. S.
106	167	B	Raja Rao C. V.
107	86	C	Krishnamoorthi D.

Serial No.	Candidates No.	Centre.	Candidate's name.
			SECOND CLASS
108	132	B	Narayana Razu S. V.
109	171	B	Rama Rao S.
110	220	C	Selva Raj A. M.
111	320	V	Venkatachari E. P.
112	310	T	Venkata Rao G.
113	332	B	Venkateswaralu V.
114	50	V	Gopalachari K.
115	111	B	Malikarjuna Rao R.
116	313	T	Venkataraman R.
117	309	T	Venkatachalam P.
118	250	T	Srinivasaraghavan T. N.
119	277	V	Subbaraya Pillai T.
120	152	C	Narayana Menon K. V.
121	194	A	Ramachandra Rao
122	40	C	Devarajan Chettiar P.
123	137	V	Narasimhan A.
124	157	V	Parthasarathi A. B.
125	32	B	Chandramouleswara Rao G.
126	33	V	Chandrasekharam P.
127	163	C	Ponnuswami Naidu G.
128	240	T	Somasundaram N.
129	293	T	Thyagarajan R.
130	12	V	Appadurai Mudaliar A.
131	70	B	Joga Rao R.
132	81	T	Kochu Pillai T. N.
133	87	A	Krishnamurthi Rao G. R.
134	218	A	Sethu Rao B.
135	35	C	Chappu Menon K.
136	56	T	Guruswami S.
137	287	B	Suryanarayana A.
138	159	T	Padagalingum S.
139	183	T	Ramanatha Rao C. S.
140	239	C	Somaskandan T. N.
141	278	V	Subbarayan C. V.
142	296	T	Varadharajan V.
143	114	A	Mallappa M
144	222	T	Seetharaman N.
145	263	T	Subbarayan G. S.
146	290	T	Swaminathan K.
147	65	T	Jagadeesan K.
148	105	T	Lakshmanaswami V.T.
149	158	T	Patcha Perumal A.

A.—(Anantapur). B.—(Bezwada). C.—(Coimbatore). T.—(Tanjore). V.—(Vellore.)

Serial No.	Candidate's No.	Centre.	Candidate's name.
			SECOND CLASS
150	39	T	Deivanayagam R.
151	99	V	Krishnaswami Pillai C.
152	223	T	Sesha Ayyar K.
153	323	V	Venugopal G.
154	246	V	Srinivasachari V.
155	307	C	Venkatesa Naik K.
156	96	T	Krishnaswami Ayyangar S.
157	82	B	Kondala Rao L.
158	219	C	Sellappan S.
159	258	C	Sundaramahalingam S.
160	57	C	Guruswami Pillai M.C.
161	67	T	Jayaraman K.
162	28	V	Bashyam Ayyangar V.
163	185	T	Ramayya T. S.
164	261	C	Suryanarayana Rao K.
165	251	T	SrinivasaVaradhan
166	282	B	Subba Rao P.
167	331	B	Venkatasubbiah V.
168	255	A	Suryachandra Rao P.
169	294	V	Tirumalai Ayyangar N. T.
170	318	V	Venkatasubbiah A.
171	330	B	Venkataraman V. B.
172	74	V	Katchaleswarayya C.
173	196	A	Ramachandriah P.
174	232	V	Shunmugam A.
175	117	T	Muthukrishna Chettiar A.
176	239	C	Subramaniam P. I.
177	304	C	Veerabhadran M. V.
178	112	V	Manickam R.
179	98	V	Krishnamurthi M.
180	306	C	Venkatanarayanan R.
181	311	T	Venkataraman M. G.
182	36	B	Bangararazu K.
183	3	C	Abdul Kareem.
184	13	B	Appalanarasimhan M.
185	324	B	Venkataraju G.
186	5	T	Alagia Tiruchithambalam.
187	275	V	Subramaniam P. R.
188	94	T	Krishnan L. P.

Serial No.	Candidate's No.	Centre.	Candidate's name.
			SECOND CLASS
189	46	B	George G.
190	203	B	Satyanarayana V.V.V.
191	300	A	Venkanna Naidu K.
192	305	C	Veerasekharan S.
193	24	A	Balarama Rao M.
194	50	C	Nagappa H.
195	203	V	Satagopalan, T. N. C.
196	244	C	Srinivasan D.
197	264	T	Subbaseshan T. S.
198	177	V	Ramaswami R.
199	252	A	Subba Reddi G.
200	293	V	Tiruvikraman V.
201	18	A	Audinarayaniah M.
202	110	B	Mahomad Bhikair.
203	118	T	Muthukumaraswami V
204	120	T	Muthuswami Chetti, V. P.
205	238	V	Sivasubramanyan N.
206	29	B	Bhavanarayana S.
207	79	C	Kannan Nair, M.
208	175	V	Rajagopalan K. P.
209	58	A	Gurumurthi P.
210	101	C	Kunhi Raman Nambiar C. L.
211	319	V	Venkatachalam G.
212	15	T	Arunachalam R.
213	68	T	Jesudoss D.
214	243	A	Sriramulu R.
215	339	B	Vaikunta Rao C.
216	27	A	Balasingiah R.
217	221	C	Seshadri N.
218	92	T	Krishnamoorthi K.
219	126	B	Narasimha Rao N.
220	197	A	Ramakrishna Reddi A.
221	216	A	Sangiah J.
222	315	V	Vedapuri M.
223	48	A	Gopala Rao K.
224	54	A	Govinda Rao M.
225	73	V	GovindaswamiChetti P
226	288	B	Suryanarayana K.
227	333	B	Venkateswara Rao D.
228	166	B	Ragunatha Rao N.
229	285	B	Subramaniam K.

A.—(Anantapur). B.—(Bezwada). C.—(Coimbatore.) T.—(Tanjore). V.—(Vellore).

Second Class

Serial No.	Candidate No.	Centre.	Candidate's Name.
230	230	A	Shama Rao S.
231	231	V	Shanmugam Pillai M.
232	209	T	Sankara Pillai K. A.
233	259	C	Sundararajan S.
234	303	A	Venkatasubbaih M.
235	312	T	Venkataraman M. K.
236	141	V	Narayana Rao S. V.
237	1	B	Aaron K.
238	272	V	Subbayya S.
239	145	T	Narasimham S.
240	60	A	Gunda Rao M.
241	140	V	Narayanan K.
242	20	C	Kasinathan R.
243	235	T	Sivaraman K. S.
244	253	A	Subbi Reddi P.
245	14	T	Appan Tirumalai S.
246	38	C	Krishna Menon K. P.
247	245	V	Srinivasan V. V.
248	52	B	Gopalakrishnamoorthy S.
249	241	V	Somayajulu D. N.
250	59	A	Gururamachandra Rao S.
251	108	C	Lingam B M.
252	146	T	Narasingaperumal C.
253	249	C	Srikantan S.
254	269	T	Sundaresan R.
255	186	T	Ratnam Pillai V.
256	11	V	Annamalai K.
257	144	V	Natesan M.
258	142	V	Narayana Velu M.
259	189	T	Ramabadra Ayyangar R.
260	301	A	Venkatachalam M.

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T.—(Tanjore). V.—(Vellore).