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Editorial Notes

THE XVIIIth
SESSION OF THE
MADRAS
PROVINCIAL
CO-OPERATIVE
CONFERENCE.

The XVIIIth Madras Provincial Co-operative Conference to be held at Madras during the Easter holidays is likely to be one of the most important sessions ever held. There are some proposals to be brought forward before the General Body of the Provincial Co-operative Union to strengthen the constitution of that Central Propaganda Body. With a view to enable the language federations and training institutes to come into closer touch with the P.C.U. and to minimise conflict of loyalties on the part of constituent associations, certain proposals will be placed before the General Body of the P. C. U. for consideration. These proposals, if accepted, will lead to greater co-ordination as well as specialisation among the constituent bodies of the P. C. U. Then perhaps there may not be any need for annual conferences, which with their increasing popularity are becoming more costly also. There will be annual conferences within each linguistic division where representatives from primary societies will have plenty of opportunities for ventilating their grievances and representing their points of view in their own vernaculars, and the Provincial Conference, speaking for more than one such language area, will meet, as in Bombay, once in two years and discuss only broad general principles, leaving details to be worked out by divisional and district conferences.

Not only is the coming session, therefore, important as the last of the annual conferences held according to the old order of things, but, if the conference adopts the procedure discussed by the Executive Committee of the P. C. U. about the methods of conducting the conference itself, there will be opportunities for full and free discussions on important co-operative problems for every delegate. Even last year the wholesome practice was adopted to confine the attention of the conference to five or six important topics and framing a few matter-of-fact and business-like resolutions regarding those few points. Not only would that practice be continued this year, but attempt is made to avoid certain objections generally brought against the way in which resolutions are discussed at annual conferences like this. The average co-operator who comes to attend the conference may not have enough of technical knowledge about the conduct of business at meetings and may not even be able to confine himself to the subject on hand and to the four corners of the resolutions that are being discussed. He may not be in a position to suggest amendments; but he has something definite to say on many points, and he feels aggrieved and perhaps rightly too, if he has not got an opportunity to express his views. This particular defect, if it be so called, would be remedied and every one will be given an opportunity to talk on the general aspects of the few questions that will be placed before the conference by the Executive Committee of the P. C. U. After a free discussion on all the aspects of the question, a discussion in which every one is at liberty to take part, the findings would be recorded and a resolution will be drafted based upon such findings, and the adoption of such a resolution will be a mere formal matter. This dispenses with the cumbersome procedure of Sub-Committees for drafting resolutions and leading to divided attention to sectional gatherings on the part of the delegates.

Another departure from last year, which would be adopted at the ensuing conference would be that every one would be at liberty to speak in the language he can express himself best in, whether it be English or his mother tongue. There would, of course, be no wastage of the precious time of the conference by any attempt at translation.

Thirdly attempts are being made to discuss the special problems affecting small sections of the Co-operative Movement like the Urban Banks, Building Societies, Consumers' societies etc. Resolutions passed at such sectional conferences in which only those who are

well versed with the details of that section will take part, will be repeated by the bigger conference.

It is hoped that co-operators all over the province will muster in large numbers and contribute to the success of the conference. It is fortunate that we have been able to secure the services of such an eminent economist like Professor V. G. Kale, M.A., of the Fergusson College, Poona. From more points of view than one, the coming conference is likely to be of unique importance, and we all look forward with great expectation to that coming event.

We invite the attention of our readers to an article appearing in this number upon Co-operative Education by Mr. K. C. Ramakrishnan of the Economics Department of the Madras University.* We also invite the attention of our readers to the resolution passed by the Executive Committee of the P.C.U. on the question of Co-operative Education†.

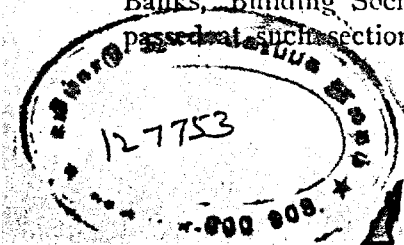
The time has now come for taking stock of the problem of co-operative education, view it as a whole and discuss the need for various kinds of education, the machinery available for meeting the demand and the plans of conserving and using to the best possible advantage the agency available.

Co-operative education broadly speaking may be divided into two kinds, one the dissemination of co-operative knowledge among the people of the country, the present and prospective members of co-operative societies and (2) giving specialised training to those who are already in co-operative service or who seek such service and to those who hope to be honorary office bearers of co-operative societies. We would call the former co-operative propaganda and the latter, co-operative training, both coming under the comprehensive name of "Co-operative Education".

Propaganda is to be carried on in a very intensive form to rouse the co-operative consciousness amongst the people and prepare the ground for the starting of co-operative societies of different sorts, and even after this preliminary spadework is done, propaganda is still to be carried on to impress the fundamentals of co-operation upon the newly recruited members; nay, even after societies of various sorts have been started, members are to be kept informed of the progress of the movement in different parts of India and of the world, so that the societies may not fall into a groove, but may keep themselves in

* See page 561 of this Journal.

† Vide Supplement IV of this Journal.



touch with the latest developments of co-operative thought and practice.

Coming to the department of training, different sorts of people have to be trained. Training of a simple and elementary sort is to be given to the panchayatdars of primary societies, and if possible, to members also. Training of a slightly superior kind including Accountancy, Book-keeping etc., is to be given to clerks and supervisors of primary societies. The same kind of training with additional equipment in the matter of adult education, village sanitation, temperance work, panchayat and other departments affecting village welfare is to be given to people who may be called upon to become the village guides or pracharakas entrusted with rural reconstruction work of a comprehensive character in single villages or in groups of villages. Higher and more specialised kind of training with special emphasis on Banking and Commercial Correspondence and allied subjects is to be given to those already employed as secretaries of big and flourishing Urban Banks and of Dt. Banks or to those who hope to be so employed. A similar kind of training with greater emphasis laid upon auditing and methods of general supervision is to be given to Executive Officers of Dt. Federations and heads of the field staff of Dt. Banks.

We have indicated only in a very general manner the need for propaganda and training of various degrees suited to various classes of people.

Let us now turn to the institutions that are necessary to cope with the work so varied in nature. It goes without saying that there is a need for an institution of the status of a college for imparting highest co-operative instruction that can possibly be given. A good staff, paid or honorary, as the case may be, capable of inspiring into the minds of students a real love for the subject, a good library containing books dealing with the history and the working of the Co-operative Movement in different parts of the world, facilities for coming into actual contact with the practical problems of the movement and tutorial assistance within the reach of every individual student, these must be the distinguishing features of the instruction of the college, we have in mind.

But one central institution for 25 districts and 42 millions of people will certainly not do, and we must have training centres in the mofussil. It is often expressed whether there is any genuine need for all the six centres now running, whether all the students who

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get trained in these institutes are absorbed by the movement or whether it does not lead to a glut in the market, and to the swelling of the ranks of that most miserable specimen of humanity, the educated unemployed.

Now that the P. C. U. is going to take up the co-ordination of the work of these institutions, it will regulate the demand with a view to make the demand and supply equal as far as possible. On a previous occasion we dwelt at some length upon this.*

In recent times, we had the privilege of visiting four out of the six training centres and we must confess that facilities for study and the general equipment of the institution are widely different in the various institutes. In these days, when in the educational circles vernacularisation is advocated, the co-ordinating authority will do well to see whether instruction could not be imparted in the district centres in the vernaculars of the province. Thirdly there must be some agency to train up panchayatdars of primary societies and it is an incontrovertible fact that this aspect of training is most neglected, or worst performed wherever such attempts have been made.

Over and above these various training institutes of different kinds, there should be an agency for general co-operative propaganda. Not only is the co-operative consciousness of the people to be roused, but the importance of certain forms of co-operation is to be brought home to the people at large. In spite of the pronouncement of the Townsend Committee that the Consumers' Movement may not thrive in villages, there are many co-operators who believe that the average Indian peasant is as much a consumer as a producer, and in order to increase his savings, he should not only be made a member of the Loan and Sale Society and be enabled to hold up his produce against a good price, but his requirements also should be secured to him in the cheapest manner possible. Even in urban areas the advantages of consumers' movement have to be popularised and a genuine interest should be stimulated. We do not see why the Store Movement in India should not succeed as it has done elsewhere. Popular interest should be created in the matter of new and useful lines of activities such as House Building Societies and Insurance Societies. If the advantages of such institutions be brought home to the average man by means of Magic Lantern show illustrated by statistics regarding the achievements in other parts of the world, the soil would then be prepared for the starting of such new ventures.

* See page 489 of Volume XX of this Journal.

Besides this general propaganda, occasional general lectures by a great authority on some one aspect of co-operation will keep the interest of the people in the movement alive and perhaps one of the most effective means of keeping up popular interest in co-operative movement, at least so far as urban areas are concerned, is to maintain a well equipped library of co-operative literature, both books and journals.

We have indicated in some general way the ample scope there is for work and we hope that the P.C.U., which is gradually being recognised as the fittest authority for taking up co-operative propaganda and instruction, will be given proper facilities by its various constituent associations and by the Government to carry on its noble task of being the teacher of the co-operative movement so far as this province is concerned.

I

The address* of Mr. N. Satyanarayana, which he delivered as the President of the Kistna Dt. Co-operative Conference held at Ghantasala is, as one might expect, a very interesting piece of literature. Mr. Satyanarayana combines the zeal of an idealist with the shrewd wisdom of a practical man of the world and the extracts of his address would, we hope, be read with great interest. His remarks upon Land Mortgage Banks, especially his reply to the plea that the Government should not invest their money there, deserve to be read with attention. He makes an original suggestion that primary land mortgage banks should be looked upon as branches of the Central Organisation, instead of independent units federating themselves in the central. He also puts in a vigorous plea for the rights of district banks to fix the maximum borrowing power of the constituent societies, and fears that unless financial autonomy is secured, the position of district banks will become worse in days to come, when the Registrar is likely to be invested with more powers. His remarks upon the amalgamation of banks would be read with some surprise by our readers, who would remember, that in his own district of East Godavari there is a plurality of Central Banks. As an important officer of the Provincial Co-operative Union, he pleaded for the strengthening of that Central Organisation. He sounded a note of warning against the officers of the department interfering in the internal affairs of

* See page 568 of this Journal for Extracts of his address.

co-operative institutions and ended his very interesting address with an eloquent plea for the formation of a Co-operative Political Party.

II

The address* of Mr. T. Adinarayana Chettiar, Bar-at-Law, Salem as the President of the Guntur Dt. Co-operative Conference, which is published elsewhere will, we hope, be read with great interest by our readers. It is interesting to see that even though he tackles the same problems as those that are discussed by Mr. N. Satyanarayana and Rao Sahib V. Krishna Menon, his diagnosis is slightly different. If the Movement has not progressed satisfactorily in this country as it should have done, it is, according to Mr. Chettiar, due to the lack of faith of the workers in the Movement itself and the divorce between the town and the country. We are prone to believe that no one cause is ultimately responsible for the failure of the movement to the extent it has failed. Mr. Chettiar seems to quote with approval Mr. Patel's dictum that the agriculturist alone is the real producer of wealth and that others are mere parasites. Students of modern political economy may not be able to endorse this view, which in spite of its being supported by great thinkers like Carlyle and Ruskin is inconsistent with modern broadened conception of utility. One point in Mr. Chettiar's address, we should like to lay special emphasis upon is this: as the president of a District Bank himself, a bank which has launched forth boldly a rather costly policy of rectification and consolidation, a policy whose wisdom is slowly being realised, he pleads for the District Bank taking up responsibility of a thorough system of agricultural finance replacing the sowcar. Every one would agree with him in his remarks that once the economic condition of the Indian peasant is improved, the village amenities will increase and village life would be a little more attractive to the average man from the town to whom it is at present very dull and uninviting. He also laid special emphasis on other methods of preventing the leakage of the peasants' money, (*i.e.*) temperance propaganda, and pointed out the example of the work done under the auspices of his bank in the village of Elur in Rasipuram Taluk. We hope the bold lead taken up by the Salem District Bank would be followed by other financing banks as well in the province.

III

The presidential address† of Rao Sahib V. Krishna Menon at the Salem District Co-operative Conference is quite characteristic. Every

* See page 579 of this Journal.

† See page 587 of this Journal.

one who has come into close contact with Mr. Menon, knows him to be a shrewd business man and a man of deeds and not a man of words. He clearly analysed the present situation and pleaded for all forces being united together to remedy the existing evils. As the Townsend Committee has pointed out, wherever the Co-operative Movement (the credit section) has failed, it is due to the fact that co-operative societies attempted to clear the prior indebtedness and gave long term loans, and supervision was lacking and ineffective. Mr. Menon advocates that the quarrel between banks and federations in the matter of supervision should cease and that both should work together to rectify the state of affairs. He also pleads for extension of credit facilities to the agriculturist and the trader who mobilises the agricultural produce. The address is a model of clear thinking and lucid expression.

We referred in our note published in the February number* of our Journal to the Bill about the revising of the FATE OF THE ENGLISH Industrial and Provident Societies' Act being BILL. referred to a Standing Committee after the second reading. We are very sorry to learn from the papers now to hand that the Bill was effectively killed in the committee stage and therefore it was practically withdrawn by Mr. Grenfell, the sponsor of the Bill. The following amendment was tagged on:—

“No money shall be paid out of the funds or profits of the society in the furtherance of any particular political party or cause”.

The object of this amendment was, as written in our contemporary the ‘Co-operative News’ remarks, to prevent co-operative societies from taking any part in politics, and deprive the movement of its power to secure direct representation in the House of Commons.

Conservatives and the Liberals joined together and objected to the diversion of co-operative funds for political purposes. Mr. Barnes one of the co-operative members could only add, “I consider it an impertinence that, while persons representing essentially private interests for hundreds of years have used Parliament to improve their position, when working class organisations and co-operative societies discover how to protect their interests they should meet with such opposition.....If Liberal and Tory votes combine against us they may destroy the Bill. But they will not destroy the co-operative movement or its potentiality”.

Mr. Grenfell withdrew the Bill by saying that “the Committee are of opinion that they cannot with advantage proceed further with the consideration of the Bill”.

It is a thousand pities that a bill intended to benefit co-operative societies should have been defeated by combination of forces against them. It is not surprising that the Conservatives who are the custodians of vested interest attempted to kill the Bill. It is surprising to note that the Liberals who profess to follow the great traditions of Gladstone and Morley should combine their forces with the Conservatives in destroying the Bill.

We hope that under better auspices the bill will be reintroduced and successfully passed. We offer our sympathies to the champions of the Bill.

BENGAL CO-OPERATIVE PROVIDENT INSURANCE SOCIETY. We publish below a brief account of the working of the Bengal Co-operative Provident Insurance Society, Ltd., from our contemporary, the Bengal Co-operative Journal (Vol. XV, No. 3).

“By a notification in the Calcutta Gazette of the 26th December, 1929, the Government of Bengal have exempted the Bengal Co-operative Insurance Society from all the provisions of the Provident Insurance Act.

“The Society has commenced receiving proposals of insurance from the 9th of January, 1930. In January, the Society got proposals of life insurance amounting to Rs. 31,000 and in February, Rs. 67,000, and proposals worth one lakh are expected in March, though, so far, only eight out of the 55 Central Co-operative Banks, which have applied for membership, have actually started work by sending in insurance cases. Divisional organisers have been appointed for helping the Central Banks to begin insurance work in the mofussil and as soon as the organisation of the Local Board offices attached to the Central Banks is complete, the volume of business is expected to increase automatically.

“Already about 11,000 shares have been subscribed and applications for more are pouring in.

“The Society has made a promising start. We recommend it to members of all Co-operative Central Banks and Co-operative Societies and hope that they will exert themselves to make a success of this new co-operative venture.”

We hope this would induce the co-operators of Madras to go and do likewise.

* See page 424 of the February 1930 issue of this Journal.

Village Credit Co-operation—Its Present Position And Future Working.

BY RAO BAHADUR A. VEDACHALA AIYAR.

I wish to draw the attention of co-operators, official and non-official, to an article in pages 436 to 443 on the subject of "Co-operation—the next step," written by Mr. S. R. Subramaniam Iyer. The article gives an indication of the present plight of the rural co-operative credit movement and the author of the article gives some suggestions to restore the co-operative movement to a mode of administration which will ensure progress in place of retrogression or stagnation, which will secure the spirit and principles of co-operation as distinct from individual money lending or banking or corporate money lending. I do not propose to criticise some views or some suggestions by the author of the article, but I should like to place before co-operators some suggestions which I have been putting in the Journal during the last six years and which I should like to briefly put before them for consideration and for such action as they think best to undertake, both official and non-official.

2. Mr. Subramaniam is of opinion and many co-operators, earnest and well informed, also share his view that "the co-operative movement was mainly intended to relieve the agriculturists who form the back-bone of the country, being 80 per cent of the population, from their load of indebtedness and redeem them from the grip of the money lender, that it was felt that by introducing the rate of interest on borrowings, alienation of lands from landed proprietors to the money lending classes would disappear and the tide which seemed to engulf the farmers and convert them into labourers and landless serfs, would be stemmed."

He further says, that "to liquidate the chronic indebtedness of the ryot and lower his interest charges the co-operative movement was started and it was realised that with the distribution of cheap money, the millenium would be at hand".

But the ideal of the co-operative movement is to make people with common necessity and common end, organise themselves together and pool all their resources material, moral and intellectual and with the combined strength, improve themselves, so that each will contribute his quota to the whole and the whole will in return advance each. When the ideal is applied to rural conditions and

for people who live in villages (small landholders with some labour population, both dependent on agriculture) their organisation could not involve common ownership of property but could only be an association of producers whose slender resources would not advance their income but whose joint effort would help them in better business, better farming, and better living. The credit side of the movement was first hit upon as the immediate necessity. Agricultural industry was carried on disjointed, with slender resources and under the financial yoke of money lenders, traders and a host of middlemen and it was not possible for people engaged in the industry to increase their production and decrease their expenditure or to save any for the rainy day. Chronic indebtedness was one of the burdens for such people and it could not be removed by one stroke of the pen of co-operative banking. It will have to be wiped out as gradually as it was made to rise by traders, moneylenders and other agents who fleeced the rural population and by arranging for intense carrying on of the agricultural industry and by cultivation of character to spend within one's means, to produce more and spend less to effect savings. Hence the prime object of the credit movement when introduced was to finance the operations of the agricultural industry from the commencement of cultivation right up to the sale of produce year in and year out, and to enable the agriculturists to trust their organisation as the safe box to draw upon when required and to deposit savings when available.

To undertake this process of finance, central banks were formed to attract deposits with the help of which such financing was expected to produce better income to the agriculturists and rural primary organisations were allowed freedom to distribute such resources to the members. Unfortunately the vociferous portion of the villagers who were courted to run the machinery of the rural organisations in the first flush of credit power distributed loans to solvent persons not excepting themselves with property who hoped to redeem their prior debts within 10 years and to labourers for carrying on the industry. The amount of resources available was insufficient to go round to all, much having been absorbed in the attempt to remove the prior debts of solvent members. These solvent members misjudged their capacity to repay the instalments and were unable to meet the obligations to the society. Being the chief men in the organisation, they resorted to various subterfuges to put on an appearance of being businesslike with the outward obligations to the central bank and had no scruple to recover the dues of

less vociferous men and meet the dues of the central bank. The overdues increased and unnerved the central bank who declined to finance such rural organisations until the overdues were cleared. The result was that the figures for overdues swelled and that stagnation set in as regards the free flow of credit from the central bank to the needy agriculturists, who left off the institutions and got back to the money lenders and traders from whose grip the society undertook to protect them. If statistics be carefully analysed, it will be found that nearly $\frac{1}{4}$ of the number of societies had not received credit accommodation at all after the first heavy loan at starting was disbursed; about $\frac{1}{4}$ the number had no credit accommodation for the last three or four years. Regular free flow of credit accommodation in each year is a rare feature perhaps found in a tenth of the number of rural societies and yet the transactions have been rising from year to year. How? It was by opening new societies and by giving credit accommodation to a few societies whose representatives were the directors of the local union and the financing bank and whose overdues were allowed extension or were overlooked at the time of granting loan.

It was for these reasons that only less than 5 per cent of the rural population were brought under the influence of the co-operative movement and when the rotten societies are liquidated, this percentage will still go less. Added to all these difficulties created by the village credit society having been given freedom to use credit facilities available without feeling responsibility for the obligations involved by the society to the financing bank and by the latter to the depositing public, we find various mishandlings of money by the panchayatdars in using cash balances, misappropriation by book adjustment, and creation of benami loans and loans on unencumbered properties. It is time for those interested in the co-operative movement to devise schemes in each district to get over the impasse. I may offer the suggestions which I think will be useful to restore the credit movement to a healthy state.

1. Village organisations, whose accounting and statistics have been complicated rendered and which cannot be run efficiently by invoking honorary, service had better be run with paid men trained in the work, each society being called upon to bear the expenditure. Even the entertainment of such men by societies and their pay is sought to be regulated by the departmental men (Assistant Registrar and Auditors) a mere device to exercise power and patronage. This should

be put a stop to definitely by a clear declaration by the departmental head.

2. Village societies which take steps against defaulters without fear or favour and without delay, will be entitled to the free flow of credit accommodation to non defaulters. Accounts should be closed of defaulters and legal steps should be taken as expeditiously as possible.

3. Two months before the cultivation operations commence, the forecast of a year's requirements should be made and sanctioned by the bank on the recommendation of the supervising authority; bonds should be executed and the society should be given freedom to use such credit as it pleases. The farce of distribution statement being insisted on by the financing bank before the loan is sanctioned should drop. The inspecting agency should note how far this freedom has been properly exercised.

4. After all, the village organisations have to deal with credit for the agricultural industry and the supervising agency, the local union, need entertain men with ordinary capacity to have a knowledge of working of the elementary principles of banking and co-operation. Such men should ever be on the move to vigilantly watch the distribution of loans, and the exercise of disciplinary action without dilatoriness by the panchayatdars on the defaulters.

5. Where the obligations to the society by the members could not be kept up owing to causes beyond their control, the best course to adopt is to grant extension of time for a specific period on payment of interest dues and the free flow of credit to such members should thereafter remain unimpeded.

6. Too much importance should not be attached to State audit which is bound to be mechanical which, however, is necessary to show the statistical information in regard to solvency of each institution.

7. The credit to be set free in every rural organisation should be to finance the agricultural industry as a whole to all the agriculturists to the desired and deserved extent throughout the year for all operations connected with agriculture inclusive of the domestic expenses for the maintenance of labour and of such other advances to be recouped out of the harvest at a time when the produce can be sold at profitable rates; for manure, seed, ploughs hired, wedding, transplantation, harvest and sale. It should also cover advances for payment of kist to avoid forced sale of produce.

8. The society should operate as a living organisation and not as a dead machinery which is started when money is received and which goes to sleep at other times. It must be so worked as to create the impression in the mind of the members that it is an economic temple which teaches self-reliance, sacrifice and thrift. These are virtues easily understood but not so easily brought under practice.

9. Overdues now hampering the growth of the societies must be cleared by recourse to legal steps which should be taken without delay, watched with care and recovery effected as early as practicable. Steps taken in this direction should be notified to the supervising authority and the financing bank.

10. Rectification and consolidation work does not consist in creating more institutions and of more men official and non-official, who practically administer the policy, but who are not in touch with the village institutions and co-operators. The work has to be done in each village and we must bring into existence real village leaders and paid staff to manage the affairs of the societies with extended scope of work by financing the agricultural industry.

11. The next higher institution over the rural primaries are the local unions. The aim of such institutions is to arrange for self-supervision and see to the onward progress of the movement in their jurisdiction. They are composed entirely of representatives of societies who must get qualified by working the primaries. These institutions are supported by primaries and by the central bank each contributing $\frac{1}{2}$ per cent on every loan transaction of Rs. 100. They have an executive composed of such representatives with a supervisor to do outdoor work. The supervisor ought to be an expert advisor both to the union and the primary. He is however used as a clerk to carry on the work of the union and the union is supposed to control his movements and keep a grip over him. In fact the true conception is that the supervisor should be regarded as an expert advisor to the primaries and that their reports should be considered by the union whose members should tender the necessary advice to the primaries. The union should serve as a connecting link between the central bank and the primaries. A set of people who have had training for 3 or 4 months in a co-operative institute are now being selected but these people lack in practical experience and in the capacity to serve as guides and friends of the co-operators in the primaries. The Government has allotted no staff except auditors who will undertake the work. The non-official agency, the

central bank is not allowed to undertake this work of equipping supervisors. The District Federation has not hitherto had any expert hand or honorary worker to undertake the work of fitting the school-trained men to practical work. Recently the federation is asked to have a chief executive officer—opening for a number of government men being sent on deputation. This officer, if qualified and feels willing to help the movement, should train the supervisors so as to make them really useful. His time is lost in running the Federation as an executive man and attending to correspondence. Thus the union supervisors and the primaries are obliged to shift for themselves as best as they could and the federation executive officer is employed to do review work. The federation has come to be regarded as a Divisional Revenue Office which generally does no useful revenue work beyond what the Tahsildar is expected to do, but serves as a post office between the Tahsildar and the Collector.

12. The District Federation when it was originally designed was to be a District Agency maintained by co-operators by contributions from local unions, non-union societies and by central bank to do such work as could more advantageously be done by an organised and central body in place of each unit trying to carry out such work at heavy expense and to co-ordinate the activities of all the unions and of all co-operative organisations in the district. Here again, instead of this institution being run by co-operators of all shades in the district, it is now done by the representatives chosen from primaries through local unions. Here the idea of power, privilege and prestige has come to be recognised and the question of ruling the unions and their staff has become the natural outcome of the policy of centralising finance and administration. Very few non-borrowing shareholders of the District Bank are allowed to take an effective part in working this institution. Thus we find a vociferous, rich, but inefficient member of a primary can become the president of the union and also of the federation as wholly the position in these institutions is settled by vagaries of election. Similarly, in regard to the membership in the Executive Committee of the Federation. The way to remedy such defects is not by the abolition of these institutions but to try to broaden their working. All co-operative activities in the district should be represented. Non-borrowing individual shareholders of the Central Bank should have a clear voice in its administration. The Executive Officer or officers should be held responsible to be always on the move to fit the supervising agency, and the staff employed by it not

with a dictatorial tone, but as a simple co-worker, expert guide, philosopher and friend. Whether the funds for supervision are pooled or not the main object of the federation is to arrange for the healthy and efficient working of primaries through the local unions and avoid "red tapism". Persons dressed in brief authority are apt to lose their heads owing to the presence of power in the institutions. But the so called power is one given by the co-operators by voluntary resignation to the body so as to serve as a principle of self-discipline. It should be used in conciliatory way to be acknowledged by the primaries.

13. The District Central Bank is the financing agency. It does deposit banking. The ideal with which it was started is that individual non-borrowing share-holders should run a deposits banking bank for the benefit of the co-operative societies and for raising credit on the strength of the notes of primaries. Later on the representatives of primaries were allowed seats in the management so as to be useful in the administration of the bank by their knowledge of the working of primaries. Subsequently the representatives of local unions were everyone of them put into the directorate. The result was that the individual non-borrowing shareholders who proved a difficult set or people to the departmental Assistant Registrars were practically eliminated from the Executive Committee of the bank or allowed a minority voice. The central banks, many of them, are practically under the thumb of the representatives of societies. This is rather a good ideal to be reached provided these representatives could handle finance, administration and co-operative activities. With rare exceptions such a qualification is not available. Even where they are had, changes frequently occur as the result of election. There has been a move to secure an administrative department in the central banks. This means multiplication of non-official staff to do the same work required of local union staff or to force collection. But the advocates of this reform did not care to think that no external agency can secure better collection and that the real agency for speedy collection on is the village society.

We were hitherto deploring the bad work of primaries. We have come to the stage of losing our confidence even in the working of the central bank—a financing institution.

The central banks are surplussing and the ryots who are members of rural societies are suffering for want of credit accommodation to carry on the agricultural industry. The management of the central banks is unable to solve this problem.

The Government staff, higher and lower which has doubled or even tripled itself since 1918, have given up organisation and inspection and are doing the duties involved in arbitration, liquidation and in mechanical audit. They are not in touch with co-operators or institutions except the books and accounts. They have hardly time to do any education or propaganda work. They have no personal knowledge brought out by actual touch with the primaries as to how the central banks should be administered. The departmental staff in the districts might be called aptly "auditors and audit staff" and officers for writing critical reviews. Central banks should be run as ordinary deposit banks with strict adherence to rules of business. Where arrears of overdues become heavy, extensions are given to reduce the percentage of overdues and all canons of business banking are set at naught. It is time that such a state of things is remedied at an early date, else the financing banks and the edifice of co-operative finance will go down in the estimation of the depositing public. Can the Government do it? Can the non-official co-operators arrange for it? The Committee on Co-operation merely tabulated the defects and did not give adequate suggestions for producing any effective improvements.

It seems to be an urgent necessity for all the co-operators in the province to devise schemes for using the official staff and the non-official staff in a co-ordinated way in each district to set about their task, losing all conceptions of power in official or non-official ranks and bring about a proper arrangement for the better working of central banks and primaries and for putting the agricultural industry on business basis with free and incessant flow of credit and recovery.

This is the most difficult task of the new Registrar who has to study the present condition of the Movement and who has to devise various methods by which the several institutions in the Movement can be made to function well on business lines. The Provincial Union, the Andhra Sahakara Sammelanam and the Tamil Nadu Federation have also to deal with these questions in conjunction with the Registrar and his deputies.

I feel bound to utter a note of warning to co-operators, official and non-official, that should the financing institution lose the confidence of the public, the co-operative movement will get into a hole from which it will be found difficult to get itself extricated. Such a danger is soon coming and has begun in certain parts and urgent steps should be taken to remedy the set back and not allow the matter to drift in its own uncontrolled course.

Non-Credit Activities in Bengal.

By J. C. RYAN, M.A.,

Superintendent, Co-operative Institute, Coimbatore.

The most striking feature of the Co-operative movement in Bengal is the remarkable progress it has made on the non-credit side. According to the Administration Report for 1927—28, nearly 19 per cent of the 18,107 societies in that province are non-credit societies. We shall briefly describe the most successful of them for inspiration or imitation.

A. CENTRAL ORGANISATIONS FOR MARKETING AGRICULTURAL PRODUCE.

1. *The Co-operative Milk Societies' Union Limited., Calcutta*, is probably the biggest success. It consists of 93 credit society composed of shepherds. During the year under review, it helped the affiliated societies with loans amounting to Rs. 3,56,756 for being loaned out to members for the purpose of purchasing cattle, fodder, milk-utensils etc. It sold the milk supplied by the members societies for Rs. 5,64,261. It made a profit of Rs. 23,545 after meeting an expenditure of Rs. 42,792 towards cost of management. It has erected machinery worth Rs. 18,000 for the automatic washing, filling, discing and capping of the milk bottles in which the milk is sold. This elaborate plant is an object of interest in Calcutta, and visitors to Calcutta make it a point to see it. Two parties have gained by the Milk Union. The shepherds in the suburbs of Calcutta have preserved for themselves the profits taken away by the traders before. The consumers in Calcutta have had pure unadulterated milk. The success of the Calcutta Milk Union has led to the organisation of similar unions in Darjeeling and Dacca, both of which have made a good beginning. The Government have sanctioned a special Superintendent for Milk Societies.

2. *The Bengal Wholesale Co-operative Society, Ltd., Calcutta*, is a federation of 11 sale societies which deal in jute. It acts as the agent of these sale societies for marketing their jute. It keeps in constant touch with the fluctuations of the Calcutta market on the one hand, and gives instructions and guidance to the sale societies on the other. The administration report does not furnish figures regarding the total volume or cost of the jute handled by the wholesale. But it made a profit of Rs. 13,451 during the year. As the

Registrar observes with great emphasis, the success of non-credit societies depends on expert management. Not only has the Wholesale Society been able to obtain such expert management by the appointment of a General Manager with some years' experience of the trade, but even some of the societies have found competent Managers. It is stated that "the packing of Co-operative Societies' jute is now recognised by the Calcutta Mills and shippers as equal to the best European packing."

3. The *Central Paddy Sale Society* at Calcutta is another central organisation for the marketing of agricultural produce. It is reported to have worked well during the year and supplied a much needed link between the Calcutta market and the moffusil societies, but neither the report nor its appendices furnish any details of its working.

B. CENTRAL ORGANISATIONS FOR MARKETING INDUSTRIAL PRODUCE.

1. The *Bengal Co-operative Silk Union, Ltd., Malda*, is a federation of 31 societies composed of cocoon rearers. Eleven individual members have also joined the Union. The operations of the Union are said to embrace all stages of the silk industry from the rearing of cocoons to the marketing of the finished products. During 1927-28, the Union had a working capital of Rs. 63,500. It advanced Rs. 36,689 to the affiliated societies, purchased Rs. 74,939 worth of goods from its members, and made a profit of Rs. 2,519. Its gravest difficulty was to market the silk yarn. Efforts were made to dispose of it at weaving centres in other provinces, but this was found inconvenient. The Union has now taken to organising societies of silk-weavers in three districts with the object of selling the yarn to them. The success of the union is attributed to the Collector of Malda who took a personal interest in its affairs and to the Superintendent of Sericulture who acted as its Secretary. The Government provided for Rs. 50,000 in their budget for 1928-29 to be lent to the union for distribution among its members.

2. *Industrial Unions*.—For the development of cottage industries like weaving, tanning, shoe making etc., several societies have been formed, and these have been federated into Industrial Unions at Nadia, Dacca, Bankura, Chittagong, Satkania, Raipura, Choumuhani and Naogaon. The one at Bankura, which was one of the most successful, has not been faring well of late. But the Dacca Industrial Union, consisting of 46 societies and 55 individuals, did

good work during 1927-28. It sold goods worth Rs. 1,35,028 to its members, bought from them goods to the value of Rs. 1,38,438 and made a profit of Rs. 5,437. The problem of most of these Industrial Unions has been the same as in Madras, viz. the difficulty of finding a market for the finished goods. The Bengal Home Industries' Association, which had been set up to assist in this matter, and which was receiving aid from Government for many years, failed to render real help. The Government have now decided to subsidise with a capital grant of Rs. 3,000 for furniture and equipment and an annual recurring grant of Rs. 12,000 for three years, a new Central Sale Depot which will work under the direction of the Bengal Co-operative Organisation Society. This subsidy will not be renewed after 3 years. The depot should become self-supporting by that time. Government have also recently sanctioned it a loan of Rs. 50,000 at an interest of $7\frac{1}{2}$ per cent per annum on the security of the goods at the depot for advancing to cottage workers a reasonable proportion of the price of the finished articles immediately they are delivered at the depot. The Government, however, have made it a condition that the depot should find a market for the products of all cottage industries and not merely for those which are organised co-operatively.

C. PRIMARY NON-CREDIT SOCIETIES.

1. The *Ganja Cultivators' Co-operative Society, Ltd., Naogaon*, consists of 3770* members. At the end of 1927—28, it had a paid-up share-capital of Rs. 44,300, a Reserve Fund, of Rs. 2,75,035 and a working capital of Rs. 6,86,514. During the year it lent Rs. 11,02,363 and sold 4,450 maunds of ganja. Its purchases from members are put down at Rs. 5,98,680, and its cost of management amounted to Rs. 91,301. The profits for the year were Rs. 1,63,052. Out of its profits the society is said to have maintained 3 charitable dispensaries and 1 veterinary dispensary at a cost of over Rs. 2,000. Further a sum of Rs. 3,783 was spent on the improvement of roads and Rs. 4,925 was given away as donations for various charitable purposes. A Departmental Officer was in charge of the society for 6 years as Deputy Chairman and Chief Executive Officer. On his reversion to general duty with the title of "Khan Sahib", another Departmental Officer has taken his place.

2. *Co-operative Agricultural Association*. At the end of 1927—28, there were 31 of these associations. Their object is to

* The Administration Report and its appendices do not say how many of these are societies.

meet a demand for improved seeds, manures and agricultural implements. It is not that credit societies do not also undertake this work: but the co-operative agricultural associations do the work intensively and provide a special field for propaganda by the agricultural department like the Joint Taluka Boards of Bombay which were recommended by the Agricultural Commission. The Naogaon Agricultural Association was the most successful of this class of societies. It consisted of 3,371 members and had a working capital of Rs. 12,971. It maintained an Agricultural Demonstrator of its own, and another Demonstrator was deputed by the Agricultural Department. It arranged for the regular distribution of improved seeds of jute, paddy and potatoes and of sugar-cane cuttings. The Registrar's review of the policy of agricultural associations is of special value. He writes:

"Where in a compact group there is a definite demand for pure seeds, new manures and improved appliances, there appears to be a scope for the successful working of co-operative agricultural associations. This accounts for the success of the agricultural associations at Naogaon and Chuadanga. Where the demand is limited to one or two varieties of seed, it is best not to attempt to form an agricultural association, but to arrange for the distribution work through credit societies and central banks. Where assistance is required in the multiplication of as well as distribution of improved seed, it is best to start co-operative seed farms either as annex to credit societies or as separate institutions."

The Government have accepted the Registrar's view.

REPORT

OF THE

XVII Madras Provincial Co-operative Conference

PER COPY: ENGLISH AS. 8
TAMIL AS. 4

Apply to:—

THE JOINT SECRETARY,

The Madras Provincial Co operative Union,

ROYAPETTAH, S. INDIA.

Co-operative Education in the Madras City

BY MR. K. C. RAMAKRISHNAN, M.A.

The city of Madras containing the apex co-operative organisations like the Provincial Co-operative Union, the Madras Central Urban Bank, the Christian Central Bank, the biggest stores in India the Triplicane Urban Co-operative Society, several large employees' societies and, more than all, many of the foremost leaders of the movement, on the official and non-official sides, can have little excuse for failing to organise co-operative education of all grades and kinds. It has also academic men who did not shirk to take their share of the work when the call was made on previous occasions.

The Provincial Co operative Union rightly the lead in organising the first training class in Co-operation in the Presidency in 1925, and the experiment was continued for two years. The classes were availed of not merely by deputed employees of co operative banks and unions all over the presidency, and by some prospective employees but also by a number of young men who were not out for jobs but were keen on rendering honorary and efficient service in co-operative institutions. The lecturers were all honorary and were quite a formidable number in the first year. There was perhaps some over-lecturing or an extra dose of theorising by the academic lecturers, while the gentlemen with ripe administrative experience were alleged to have sometimes tired the young men who constituted the class with the repetition and discussion of matter culled from drab departmental circulars. These defects were certainly much less in evidence in the second and third years and if the classes had been continued, there would have been a gradual adjustment by the team of honorary lecturers of their work to the requirements of students.

It is a pity that the Provincial Co-operative Union has had to give up the class and let the city fall in line apparently with the mofussil towns where institutes, though organised by non-officials, were practically run by the departmental men. The Provincial Co-operative Union perhaps wished to avoid any unseemly rivalry with the Government Institute of Commerce where Co-operation was introduced as a special course. But it will be clear from the following that this course cannot be considered a substitute and the Provincial Co-operative Union and other big co-operative organisations cannot go to sleep with the idea that all that needs to be done

for training co-operative workers is being done at the Institute of Commerce. Indeed, our position is worse than that of mufussil towns.

The Government Institute in Madras is meant primarily for the departmental staff. The Townsend Committee could not conceive of its being utilised by non-official students of co-operation. The instruction of the latter was, they distinctly laid down, the duty of central non-official bodies like the Provincial Co-operative Union which should receive grants-in-aid by the Government.

The Institute, we learn, does not take more than 40 students—it was with difficulty that seats were raised from 30 to 40—though last year there were more than 250 applicants for admission. Of these 40, one-third are said to be departmental men deputed to study, and the others are private students. It seems that, in the years to come, the number of official students will increase and that of non-officials will correspondingly go down. There is only one instructor for the whole of Co-operation, while the Provincial Co-operative Union had a number of lecturers who had specialised in different branches of Co-operation. Even if the Government Instructor were a genius, he could not have that mastery of all phases of the subject that comes by specialisation and which alone can impress or inspire young men who have already received one or more university degrees. Teachers for all institutes in the Presidency are selected from among administrators. It is not known how far the selection is made from the point of view of teaching capacity. There is a danger that administrative exigencies may, in course of time if not now, tempt the head of the Department to shunt out administrative failures in the teaching line, which cannot, in the nature of things in the official world, claim as much importance as the administrative line. It would not be surprising if we heard of frequent and untimely transfers of staff, to the detriment of students. Another serious handicap to the administrator cum teacher is that he cannot afford to express independent opinions on matters co-operative when they are in conflict with those of the head of the Department. If the latter, for instance, rules out the prospects of village stores, the former should say 'ditto' whatever may be his convictions. 'Discipline' rather than 'freedom of thought' will be the quality most in demand. Needless to say, it is not a congenial soil for the growth of Co-operative education.

However suitable the departmentally managed institution may be for the departmental staff, it cannot really serve the needs of the

non-official staff. It is the duty of the Provincial Co-operative Union and other big institutions to organise training classes again for such students. Co-operative institutions are bound to grow in size and number and are bound to increase their demand for well-equipped men and if they have any sense or self-respect, they cannot set aside the claims of men trained by their joint efforts. We repeat that the class should equally cater to the young men who are eager to learn with a view to render better voluntary service.

It would be a good thing if the class were run without any State aid, but with the contributions made by the big federal and unitary societies in the City from out of their common good fund. A small fee—in contrast to the forbidding fee at the Institute of Commerce—might also be levied on students who seek admission of their own accord, without being deputed by any society. The class might well be one hundred strong instead of being restricted to forty, as the lecturers are not likely to find any particular difficulty in reaching an audience of 100. Only there, should be one tutor appointed for every 50 students to devote individual attention to them. As the course will be confined to men in the city, classes may be held in the mornings and evenings, before 10 A.M. and after 5 P.M., so as not to disturb the regular work of students who might be employees already. The duration of each class might run up to nine or ten months and need not be concentrated in three months, as in the first three years when many students came from outside the City.

At this stage of the co-operative movement, it is natural and essential that more attention should be devoted to the technical training of employees, present and prospective, on whose efficiency largely lies the success of societies.

But co-operative education is not to be confined to the technique or business side alone of Co-operation nor is it to be confined to employees or would-be employees. It has been, no doubt, stated by a high authority that the endeavour of the imparters of co-operative education should be to "bring up the younger generation in good habits rather than try to break down the objectionable habits of the older generation." We cannot, however, ignore the work of educating the older members. For, the co-operative movement is essentially a democratic movement. "Such a movement could not depend on the good sense of the few. It must be able to rely on the sound commonsense and knowledge of the mass of its members."

Every plain member is expected to participate in the administration of his society if only in his spare time. More important than the time that he can spare must be the quality of intelligence that he should bring to bear in the discussion of subjects at the meetings and of active sympathy with the fundamental aims of the movement.

An excellent beginning has been made recently by the Provincial Co-operative Union in the organisation of short courses at different centres for the instruction principally of the members of the depressed classes societies. The Union has, besides, acquired lantern slides to illustrate the lectures. It is hoped that other modern methods of popular education, e.g., co-operative films and co-operative dramas, will be adopted in the near future. No other centre in the Presidency has more favourable conditions for the dissemination of knowledge by these methods than this city. The talented actors of the Triplicane Urban Co-operative Society Employees' Club may well take up the acting of co-operative plays in addition to the devotional plays.

It is not merely the members of the depressed classes societies that stand in need of co-operative knowledge. The educated members of many employees' societies and of the stores are woefully lacking in ideas of what co-operation stands for, of the rights and responsibilities of members and of the activities of similar societies in other parts of the world. To every member of every class of society should be given the opportunity of acquiring exact knowledge of at least the particular phase of the movement with which he is connected. Extension courses of lectures on different types of societies will not be hard to arrange for in this City, containing a number of persons with academic knowledge and practical experience.

A beginning may be made by the bigger institutions themselves like the Provincial Co-operative Union, the Triplicane Urban Co-operative Society, the Madras Central Urban Bank and the Christian Central Bank—independently or jointly—for courses of evening lectures, to be followed by discussion as in the case of Workers Educational Association's courses in England on subjects like the following:—the recent developments of co-operative thought and action, the expansion of the consumers' movement, co-operative production and marketing, organisation of co-operative credit on national and international scales, improvement of backward classes'

societies, rural reconstruction schemes. This organisation of extension lectures may lead us on to further specialised work in different branches of co-operation, though only a few select individuals will take to it.

Such specialised knowledge will in course of time be demanded of the leaders in the co-operative movement as in other movements, as it is quite essential for the proper shaping of the movement in its plastic stages. Can it now be said of even the office-bearers of our leading societies that they are fully conversant with the economic implications of the movement in its different phases, that they all understand the wider issues and problems which gave birth to it and which still agitate the minds of the leading co-operators in other parts of the world, that they are aware of the final goal of the movement which is a co-operative commonwealth, which involves a radical, if not a revolutionary, alteration of the existing agrarian and industrial systems, if not also of our political and social organisations? The discussion of all this might lead us to highly controversial questions, but it is good to know what we can do by the exploration of new methods and their adaptation to our environment to make the movement as peaceful and as beneficial as possible to the largest number of our countrymen.

It is the want of ideals and of serious study and thinking that has been responsible for the haphazard and ill-balanced growth of our movement. It is not seldom that we come across crude conceptions of the co-operative movement even among members of our governing bodies and of even the Education Committees constituted by a few of our societies. It is no wonder that it should be so in this country, for even in England it has been stated by a writer of a Fabian tract on Co-operative Education that "the first thing that the Movement requires to do is to educate its Education Committees". Will our Education Committees stoop to learn?

Auditing

BY MR. J. KRISHNAMURTHY RAU.

The arrangement in vogue in the Co-operative Department is that some Inspectors are posted as Administrative Inspectors and some as Audit Inspectors. The area of operations of each Inspector is large and the number of societies which each has to attend to is also large. Each Inspector visiting the societies does the work allotted to him technically and perhaps mechanically without any concerted action being taken in the betterment of societies. By the time the Audit is over and information is available to the Administrative Inspector, more than six months elapse of the new year and in the remaining months he has to attend to the administrative work and help in collection work over a large number of societies. The defects pointed out by the auditor would have become stale and new defects would have cropped in. The Inspectors could not naturally be in close touch with the societies; and occasional visits by different officers without any drastic or immediate action permit indifference of societies to continue unchecked. I think more efficient, educative and healthy work can be turned out by allotting to each inspector a limited number of societies over which he should have complete charge both as regards audit and administration. As soon as such a one takes up audit, he will at the same time be in touch with the administrative aspect also and be in a position to point out then and there the defects as brought out in audit to the general body of the society and insist on the rectification of defects and so improve the tone of the societies. As matters at present stand, the sense of responsibility is not so heavy as will be the case, when a man is entrusted with the sole charge and is made responsible to a great extent for the well being of societies. What one officer does is not known to his successor until the latter is informed of the same through the usual dilatory process of red tapism.

The societies will know that they have to be answerable to a particular inspector, who under the altered circumstances as suggested by me, will be persistent in getting the defects rectified.

In this connection I may point that the following suggestions made by the Calvert Committee on Co-operation in Burma printed on page 21 of their report as to the functions of an auditor may well be

AUDITING

applied to this Presidency also with a limited number of societies under his charge. "We note that the auditor is apt to confine himself in the form prescribed and this, too often, in a very perfunctory manner; he should invariably at the conclusion of every audit get the chairman to summon a general meeting of members and should explain to them the accounts, the defects he has discovered, the methods of correcting them, and the points on which he thinks that more publicity is desirable, such as the monopoly of the loan funds by a few members. At this general meeting, so far as may be practicable, the defects brought out at audit should be corrected in the auditor's presence so that every society should be appreciably benefited by the auditor's visit. When it is remembered that it is to the lasting interest of members that their accounts should be reliable and accurate, that their credit should stand high, and their society should be free from defects, there should be little difficulty in making this general meeting one of the most important and most instructive of the year".

The foregoing observations are, I think, equally applicable to the conditions in the Presidency. No regular general body meetings are held by the office-bearers to explain the defects brought out in audit. They would rather screen from the general body the condition of affairs in the society. The Assistant Registrar had been appending to the audit certificate a few general observations on the condition of societies which are not of any value in enlightening either the societies or other superior bodies. It is better that, instead of the bulky audit notes with much statistics and figures, the important points to be specially attended to, be summarised in the form of a special report much smaller than the audit notes and copies of the same be sent direct by the auditor to the various bodies concerned. The present methods of getting the audit notes copied by a special staff of the department nearly eight or nine months after audit may be done away with as it is practically of no use at such a belated period. A special short form may be devised containing not more than 4 pages to suit the purpose.

Recent Utterances

1. THE KRISHNA DISTRICT CO-OPERATIVE CONFERENCE

(*Ghantasala, 1st & 2nd February 1930*)

EXTRACTS FROM THE PRESIDENTIAL ADDRESS

OF

M.R.V., N. SATYANARAYANA GARU.

After describing the structure of the movement both on its financial and supervising sides, the President, Mr. Satyanarayana, laid emphasis upon the need for every society and every member of the society being financially sound in order to keep the movement sound. He proceeded to say :—

MUTUAL RECRIMINATION TO CEASE.

“The central banks and the provincial bank are showing some progress. We need not apprehend for them any crisis as long as deposits flow in. When the flow of deposits begins to dry up and the central bank goes to collect the loans from village societies, then only can we understand how much of the Bank's capital will be locked up in overdues. The overdues are growing in numbers. The amount of overdues swells up even to 90 per cent in some districts. If the village societies which are the foundations of the movement are in this state, how can the higher institutions built on these bricks show progress? There is no good if we find fault with the societies, unions and federations. We must only find out where the defect lies. The overdues list cannot be reduced by controversies between Central Banks, Federations and Unions. Such discussions only lead to misunderstandings. If some of our brother co-operators are of opinion that federations and unions are unco-operative and “proud growth” of the movement, can they explain the movement's deplorable state in Burma which never knew our federations or unions. We do not see these supervising unions and federations in some other provinces as frequently as in our presidency. There the Central Banks alone conduct both supervision and finance of societies. But we do not find any great progress of the movement in these provinces. And moreover, in some places the overdues are much more than in our own presidency. So, I appeal to all co-operators to give up these differences and help to the successful working of all these institutions in mutual co-operation and to remove the defects of the movement.”

He went on to show that the movement is not new in this country and that the ancient civilisation of India was essentially co-operative. He continued :

THE KRISHNA DISTRICT CO-OPERATIVE CONFERENCE

THE BENEFITS OF CO-OPERATION.

“The following quotation from Mr. A.E., the Irish Poet Co-operator will show you how the co-operators helped the rural development of that country.

“More changes often take place within a dozen years after a co-operative society is started than have taken place for a century previous. I am familiar with a district in the North West of Ireland. It was a most wretchedly poor district. The farmers were at the mercy of the Gombean traders, and the agricultural middle-men. Then a dozen years ago a co-operative society was formed. I am sure that the oldest inhabitants would agree with me that more changes for the farmers have taken place since the co-operative society was started than he could remember in all his previous life. The reign of the Gombean man is over, the farmers control their own buying and selling and their organisation markets for them their eggs and poultry; It procures seeds, fertilisers and domestic requirements. They have a village hall and a women's organisation. They sell the products of the women's industry. They have a co-operative band, social gatherings and concerts. They have spread out half a dozen parishes going southward and westward with their propagandas and in half a dozen years in all the district previously without organisation, there will be well organised farmers' guilds concentrating in themselves the trade of the district, having meeting places where the opinion of the members may be taken, having a machinery, committees and executive officers to carry out whatever may be decided on and having funds or profits, the joint property of the community which can be drawn upon to finance their undertakings. I assert that there never can be any progress in rural districts or any real prosperity without any such farmers' organisation or guilds. Whatever rural prosperity is reported of any country, enquire into it and it will be found that it depends on rural organisation wherever there is rural decay if it is enquired into, it will be found that there was a rural population but no rural community, no organisation, no guild to promote common interest and unite the country men in defence of them.

“No doubt even in our country a similar development may be seen here and there, where the co-operative movement has had a fuller growth. But in a country like ours where 93 per cent are illiterate we cannot expect such a thorough revolution. For the movement showing quick results, we must educate the masses. Prof. Stewart explains the same necessity in the following words.

“If the mass of your members are not sufficiently instructed in economic science, in the facts of commerce, in the state of this and other countries, in the history of trade, in general knowledge, and in particular knowledge of what you aim at and how you seek it, I say, if the mass

of your members are not sufficiently instructed in these things, there arises a real danger to the co-operative movement; your numbers become a hinderance and your possessions become a peril and your productive endeavours will continue to be the failure which they too often hitherto have been. Your movement is a democratic movement, if ever there was one. It, therefore, cannot repose on the good sense of a few, its success will depend on the good sense of the masses of your people. First you must educate the members in your own principles, and in those of economic science, and in the history of endeavours like your own; and in the second place, you must educate them. General education is desirable for all mankind, it is the life's necessity for co-operators."

LAND MORTGAGE BANKS

"The Land Mortgages Banks are attempting to remove the agricultural indebtedness, with cheap credit. In various countries, these banks lend for farmers for 20 to 75 years. They are adopting amortisation schemes for repayment. We must reduce the rate of interest for at least long term credit, as any number of instalments will be of little value when the rate of interest is high, as the interest outgrows the principal. Though we may have 9 per cent as the rate of interest for short term accommodations the ryot cannot repay long term loans if the rate is more than 6 per cent. Today it may appear impossible to get deposits enough at a sufficiently lower rate to allow of supply to borrowers at such a low rate. But the possibilities for reduction of interest are not absent, and if only we make a sincere trial money is not wanting in India.

"Land Mortgage Banks have been started on work in our presidency and 21 banks are working in the various parts of the province. But there are only four of them working in Andhradesa, and out of them, the Gudlavalleru Land Mortgage Bank stands first. A Central Land Mortgage Bank has recently been registered at Madras, as the primary banks are not able to attract sufficient capital. But the relations of the primaries and the central institution have not been fixed yet, and the by-laws of the central institution are still defective. The Government have laid down that the central institution alone should issue debentures as they consented to guarantee the interest on debentures to the extent of Rs. 5 lakhs issued in the first 5 years, and for this facility they insist that two members on the board of management should be their nominees. Moreover, if the primaries are to work merely as disbursing agents of the central institution without the initiative to issue debentures, I do not think there is any great necessity for their existence.

"The Central Land Mortgage Bank secures deposits at 6 per cent and lends to the primaries at 7 per cent, and they loan the sums to individuals at 8 per cent. Thus the money reaches the borrower only after the

rate is enhanced with the gains of two institutions, But if we establish branches of the central institution, the working expenses of the branch do not require more than $\frac{1}{2}$ per cent over the rate of the Central Bank; and by adopting such a course we can reduce the interest to the borrower at least to $7\frac{1}{2}$ per cent, at present. If Branches are successfully worked in every taluk, we can find a means to relieve the ryot of his proverbially heavy indebtedness.

"If the Government do not agree to the working of the primaries as Branches of the Central institution, the primaries should be allowed to work as independent Banks with the right to issue debentures. Even now the Government and the Madras Central Urban Bank are taking debentures from the primaries at $6\frac{1}{2}$ per cent. The primaries are losing this advantage after the registration of the central institution. Some primary banks are even to-day able to canvass debentures at 6 per cent, and the M. C. U. B. if authorised can supply the whole working capital at 6 per cent. In these circumstances I do not see any great facility offered to the primaries by the registration of this new institution under complete government control. The ideal of the Land Mortgages Banks is supply of cheap long term credit to the Indian rayat, and we can reduce the rate of interest only when we establish a strong Bank with branches well spread in every taluk, but not by the working of primaries just as the disbursing agents of the central institution.

"There is a large scope for central institutions to attract money at a low rate. They may accept "Trust funds" and District Boards' provident deposits. Besides this the government may borrow in foreign markets at low rates, just as they do for helping the spread of railways and other concerns, and lend it to the Land Mortgage Banks. M. R. Ry., Munuswamy Naidu Garu, speaking on land mortgage banks at Rajahmundry said that the government should not invest its moneys in the Land Mortgage Banks. The Government are borrowing crores of money in the foreign markets for railways and other long term purposes, and are they repaying it in one year? The present public debt of India in London is nearly 234 crores and at home is about Rs 417 crores. Is it not part of the duty of a responsible government to lend at a low rate of interest to relieve the rayat of indebtedness? It is really a wonder that a popular leader should advise the government in the above manner. We do not require government money as a gift from its annual revenues, we want only that the government may lend us its credit to secure money at a cheaper rate for the relief of the rayat. The governments of France and Germany and the United States have done it. But we cannot expect this help from the government until their view of things is changed. So our co-operators should give up dependence upon others and try to help themselves; so long as we go about accepting government help and money the oppression increases. We must try to establish relations with

other wealth producing institutions for the spread of our land banks and their capital.

"When the river is flowing into the ocean if the dweller of the bank complains that he has no water to drink and that his fields are dried for want of a plentiful supply of water, you will only sympathise for his want of ability to turn a channel to his field and home. Sir Arthur Cotton turned the river into channels and turned the fallows into beautiful fields. You only praise his intelligence. If every Indian who wishes the relief of his country from the economic bondage makes a serious trial to turn the channels of money flowing out of the country, there will be no dearth for money. By the insurances concerns alone, many crores are flowing out from our country. If our people insure in the Andhra Insurance Company, this concern alone can supply the capital for many a Land Mortgage Bank like the Gudlavalleru one. In every country the Land Mortgage Banks have a mutual working relationship with insurance companies. Moreover if the borrower insures his life in the insurance company he need not handover the inheritance of his loan to the coming generations of his family, as the loan will be paid up by the insurance company, with his policy."

He then laid emphasis on the supreme importance of the non-credit side of the Co-operative Movement. Proceeding he said:—

CREDIT MOVEMENT.

"In our country the co-operative movement has developed only in one direction, and that is credit. From the village society to the Provincial Bank, all the institutions that have evolved are helping to strengthen the movement. There may be slight differences in the working details of different central institutions, but one thing is certain. All the monies of these central institutions are flowing to the villages to finance the members of the village primaries. The result is that the security for the finances of these District and Provincial Banks is in the properties and honesty of the members of the village societies. Here we see that necessity for the unlimited liability imposed in village societies. Here I may say that for every central institution, should inspect and fix the M.B.P. and I. M.B.P. of its affiliated institutions. The District Bank should fix the M.B.P. of village societies and M.B.P. of its members, as it is the direct financing institution and the Provincial Bank should fix the M.B.P. of the District Bank. These are the institutions which can do the work with a responsibility. But if we give this responsibility to one that has nothing to do either with the central bank or the societies it will lead to mistakes and losses. In Bengal the practice is that the central banks in consultation with the unions fix the M.B.P. of societies and in Madras it is done by the inflexible by-law which says that the M.B.P. of society is always $\frac{1}{3}$ of the net assets of its

members. The valuation is made by the inspectors of the Bank. In our presidency the practice is that the department fixes the borrowing power and the financing Bank has nothing to do in the matter. It is only the supervising union that recommends. This is not the right path. The central banks alone should have the right to fix and sanction loans to the societies and it is only registration, liquidation and audit that should be in the hands of the department. I do not see any reason why such a practice working quite successfully in Bengal may not be adopted in our presidency as well? But our department is not satisfied with its existing powers and is clamouring for more in the new bill of co-operative societies for our presidency. In the new bill there is a provision authorising the Registrar to increase or decrease the M.B.P. and I.M.B.P. of societies even without consulting the society; the Registrar may also fix a limit to the deposits a society can accept. Whoever the Registrar may be, it is really dangerous to the movement to vest such an authority in the hands of a single person; and more so as the law allows of such an authority being transferred to his subordinates. In these days of political, communalistic and religious differences, such an authority gives a wide scope for "abuse". So all the co-operators must agitate to get for our Central Banks, their right, which is the practice in Bengal in the new Act. In Burma the Committee recommended that the department should have the authority to recommend loans of societies and to fix their M.B.P. But the Government refused to accept this recommendation. So, as I have already said, it is the central banks that are immensely qualified to inspect and fix the M.B.P. of societies and the Provincial Bank to inspect the Central Banks. It may be doubted whether the central banks are qualified for the task. There need be no such doubt. Hitherto the unions are recommending the loan applications and the department are fixing the M.B.P. So the Central Banks have not much scope to find out the state of societies and its members. If this task will be given to Central Banks now, they will be more careful, realise their responsibility when lending, enquire the state of a society and its members etc. and their field staff will be better used for this purpose.

"There is no reason in the argument that the central bank should not inspect the societies and the Provincial Bank should not scrutinise the financial standing of its constituent District Banks. It is but the duty of the financing institutions to find what sort of security there is for their investments in societies as the money they lend belongs to the depositors and public institutions. It is the neglect of this duty that is responsible for the defects in certain village societies. If the field staff of the Central Banks does its duty properly, all societies will work well. If the staff of the Bank interferes with the general policy and administration of societies thus lessening their individuality, it will be not only endangering the uses of the movement but also spoiling its ideal. We should support the

autonomy of the societies and scrupulously prevent any such clash. The co-operative movement has undergone several changes to adopt itself to the varying needs and conditions of the many countries into which it spread. This movement which helped many a country in their evolution to something higher cannot be without fruitful results to our country. But instead of limping in base imitation of the West, we must adopt changes to suit the conditions of our country, and to help the poor Indian cultivator to free himself from his economic, political and social bondage. It is the credit movement that can raise the financial standing of our ryot. And for the successful conduct of the credit movement, we have to develop a sound Co-operative Banking system. So that if we unite our 32 crores of India's population by a sound banking system, our country's economic life is sure to rise. The employment of the country, and the dearth of the ryots' credit is due to the weakness of our Banking system. Our co-operators must remedy this weakness and create proper channels for the flow of co-operative credit to every village."

He then showed by taking examples from Ireland and other countries how foreign Governments are generally unsympathetic to the growth of the movement. Proceeding he said :

STRENGTHENING THE BANKS BY AMALGAMATION

The co-operative societies should not hang upon the grace of the Government or any profit seeking institution for their source of capital. Our co-operators should use their knowledge and experience to create sources of capital similar to those in the Western countries. Hereafter our Banks will have to stand the daily competition of joint stock Banks. The support of the Imperial Bank is lessening. But this is a blessing in disguise as ties of the district banks to our Provincial Bank are drawn closer by the general overdraft in that institution. Moreover all the Central Banks have come to an understanding to abide by the decision of the Board of Management of the Provincial Bank and have a uniform rate for deposits; and this prevents the possibility of competition between the various Central Banks and gets them deposits at a low rate of interest. Such a unity in our Central Banks is essential for the strength of the movement. All the District Banks along with the Provincial Bank should work with one aim. The Central Banks should open branches at various important centres of the district to increase their transactions and to be able to supply the villager with capital without delay. The present primary societies have not yet strength enough to give crop loans on a wide scale; but special types of societies for the purpose are superfluous. This work must be undertaken by the district banks through their branches for the good of the ryot who is very often compelled by the middleman and the sowcar to sell his produce at a very unfavourable time. It is better to have a few banks with good financial

standing and a large capital than to have a number of small banks. In Bengal and Travancore we find a number of small banks, for every district. But they are subject to a heavy rate on deposits and not able to get sufficient working capital, and some of them are not even able to maintain sufficient staff. Even our presidency has some such Banks. But if we replace them by the branches of a strong Central Institution they can not only use all the strength and influence of the Central Bank at every branch, but also supply capital to societies more readily and at a cheaper rate. In Germany, the teacher of credit co-operation to the world, the present practice runs thus.

"In the twelve Raiffeisen unions the credit societies are combined in one central Bank with a branch for each area and this central bank deals only with credit societies." (Crosthwaite.)

"When there arises a competition between the larger bank and a smaller one, the latter is left but one alternative, it must merge, or crumble. Nowadays we hear so much of English Banking "merges" and amalgamations.

"In 1900 there were in England and Wales 77 joint stock Banks having 3,797 branches. By 1913 the corresponding figures had been changed to 43 banks with 5,797 branches showing that although the number of institutions was increasing there was at the same time a rapid expansion in the conveniences and facilities offered to the public. At the end of 1917 it was announced the large joint stock banks with head offices at London had amalgamated. During the following year fifteen of the largest banks in the country became involved in the movement, and by the end of 1918 their number had been reduced to six.

Midland Bank, Lloyds Bank, Barclays Bank, Westminster Bank and National Provincial Bank are known in common parlance as the big five."

Mr. Parker Willis in a book on Foreign Banking Systems gives the following advantages for a centralised Bank with a well spread net work of branches.

"A bank which has its branches well spread over the country is better fitted to serve industry and commerce not only in connection with remittance business, but also in mobilising the country's financial resources. A bank operating in both agricultural and industrial districts is able to draw funds from regions where deposits are plentiful and employ them profitably in those parts where loans are most required. Similarly, a bank such as this, being connected with a large number of industries is better able to stand the effects a period of depression in any one of them. Finally, there are the advantages to be obtained from economies in the working of a large institution."

In our country the working of co-operative Banks is different in various parts. In Bombay presidency alone, the provincial bank is

working a net work of branches all over the province and financing the societies directly. How far this method is applicable to the other presidencies is a question on which we can expect a reply from our Central Banking Enquiry Committee. The Federation banking method is at present quite useful. But we require branches of central banks for increasing the credit facilities of societies.

SUPERVISION AND PROPAGANDA

"Some co-operators have a serious doubt whether there is any great necessity for the existence of the supervising unions, federation and provincial unions, which have nothing to do with any part of the co-operative banking system, neither the lender nor the borrower, when the Provincial Bank and the Central Banks lend to societies on good security. They are of opinion that the financing institutions alone should undertake supervision too. If we go to the origin of the movement, we have only the village societies. But as the movement gradually developed, the various supervising and propaganda institutions evolved out of their necessities. In the same way as the various departments for the administration of country, as the several professions to the development of the nation, as the 'tiny live atoms' to a human body, the various central institutions evolved and developed for the good working and development of our movement. With due justice to the movement, co-operators ought not to laugh at these institutions, as these institutions give the members of co-operatives a scope to work to the ideal of the movement and as they are not intended to create clashing interests and controversies among co-operators, thus creating obstacles to the growth of the movement. So, I appeal to all co-operators to work up all the institutions to a success with one aim. If we cannot do this we lose the one fundamental rule of co-operation "each for all and all for each". When once we accept these institutions, the settlement of relations between the provincial union, the federations and the unions is an easy affair. Any number of institutions may exist, whether financing or supervising but for the strengthening of the movement, their administration must be centralised; and this central administration is controlled by the affiliated institutions.

"In the Punjab the supervision fund of the province is pooled and 500 supervisors are working under the Provincial Union. All these supervisors are well trained and working with one aim. So the co-operative societies in that presidency are in advance of those in other provinces of our country. In our province the supervision fund is nearly five lakhs and yet few unions are working with anything like administrative capacity. Though provincial centralisation is not possible now, if we centralise the supervision fund of at least each district we can improve the backward areas in each district and appoint efficient staff. Then

only can the backward unions hope for a support from the federation. This is nothing but the co-operative principle which creates credit for the poor man in the society with the aid of his richer brothers in the same. Any number of branches may exist in a district but more than one federation is not conducive to the healthy growth of the movement. A Federation can work well and employ efficient staff for supervision and propaganda only when it is financially strong with the pooled supervision fund of the whole district. I hope our Kistna co-operators will publish the unity of their various institutions in one federation responsible for the movement of the whole district.

THE DEPARTMENT

"The departmental officers in our presidency though not as members of local institutions were helping the co-operative movement from the beginning as 'friends, philosophers, and guides' but to-day their attitude is changed and they now want to have places in the institutions and dictate policies. They want seats reserved in the federations and want to compel them to take their subordinates as executive officers. They have allotted reserve seats in the managements of institutions. They are registering separate federations to Field Labour Societies and filling it with Government nominated members. The Government policy in starting a separate federation for Field Labour societies in spite of the Townsend Committee's recommendation that such an institution is against the principles of co-operation is really to be condemned. The attempts of the Government to officialise the non-official movement after a quarter of a century since its origin is merely an expression of the narrow policy of the Government. I appeal to all co-operators to maintain their self-respect and make serious attempts not to give place to officials in non-official bodies.

CO-OPERATION AND POLITICS

"The co-operative movement is working with ideals of complete independence on self made principles. The vote in political institutions depends on the possession of property and payment of a certain amount of tax to the Government but in a co-operative institution, the suffrage is the privilege of every member irrespective of his caste, creed, wealth, poverty or education. Another most democratic feature of this movement is its annual elections, unlike the elections to political institutions which are generally conducted once in 3 or 5 years. Co-operators trained on these lines can never submit to political social or economic slavery. Wherever the co-operative movement has taken root, the days of capitalistic oppression political despotism and high caste absolutism are no more. The capitalist dreads the working man's strike, the higher classes respect the conventions of the lower classes, and absolute kings are no more fearless of people's communities. In every country the co-operators

helped to preserve their national independence. The co-operators of Great Britain, to preserve their interest from oppressions of the conservative rulers, have for the last 10 years, been trying to form a co-operative party in their legislatures. As they could not gain by themselves strength enough, they allied themselves with the British Labour party and competed for 12 seats in the last elections. They won 9 seats, and 5 out of them are in the Government Ministry. Mr. A. V. Alaxander, a member of the Cabinet, Mr. Alfred Bennison, the Treasury Commisioner, Mr. I. Henderson, Controller of Emperor's household, A. C. Morrison, Private Secretary to the Prime Minister, and Mr. S. T. Perry, Secretary of the Parliament. This is the result of a 10 years' treat on the part of the British Co-operators.

"In many lands the dominant political regime, be it Fascist, Bolshevik, or what not, destroys co-operation if co-operators are found opposed to the dominant political party."

"Thus we may conclude that it is not conducive to the growth of our movement if co-operators interfere in political matters. But our co-operators must form into a co-operative political party and enter councils on individual responsibility to see that no injustice is done to the co-operative movement. In the interests of the movement we may take men from political parties, only if they are co-operators. Co-operation is the enemy of political absolutism and the foe of economic bondage. Its end and aim is only in complete political, social and economic freedom. It does not support any war, as its aim is nothing but peace and progress.

"In the event of the folly of men letting loose a new war, the congress relies on co-operators of all countries not to linger over irritating discussions as to which side was the aggressor and which the defender but fearlessly to face patriotic prejudice and official censure, uniting in anonymous protest that would not cease so long as the war should last."

"Brother co-operators, we have many a path of service to the country opened in the co-operative movement. If we work with selfless aim to serve the movement, we find in it a scope to regenerate our villages, to develop our industries, to reconcile the religious differences and caste distinctions, to establish peace throughout the country, and solve the problem of unemployment and economic servility. I hope and pray that all co-operators, with the ideals of co-operation in view and with a unity of aim will work for the liberation of our country from her present slavery.

"Vande Mataram."

2. THE XTH GUNTUR DISTRICT CO-OPERATIVE CONFERENCE

(Tenali, 15th & 16th February 1930)

EXTRACTS FROM THE PRESIDENTIAL ADDRESS

OF

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

Mr. T. Audinarayana Chettiar began his Presidential Address by saying that when the call came to him to preside he was reading Mahatma Gandhi's autobiography Vol. II and Mr. Desai's "Story of Bordoli" and that he was putting down certain thoughts suggested by these books as the problem dealt with therein was the same i.e., improvement of the condition of the Agriculturist. He said:

"Although to-day we have in this province 15,000 societies with a membership of 8,98,186 and transactions running to 15'25 crores we cannot rest satisfied with mere figures, unless we can satisfactorily answer the question, have we by our 25 years' practice of Co-operation taken the right steps to build up our peasantry as a sturdy, self-respecting, happy, comfortable, and right-thinking population?"

"Mere facilities for borrowing in the hands of the ryots unaccompanied by education, not simply the education of school, though this is of vital importance, but the wider education of co-operation, involved in the ideal of *Better Farming—Better Business—Better Living*—may tend to achieve results the very reverse of those desired by all true patriots.

"That the ryot in our land can be made the equal of his compeer in other parts of the world through the agency of the co-operation is amply proved by the history of such countries as Ireland, Denmark and Soviet Russia. It must not here be forgotten that none of these countries is so richly endowed by nature with an abundance of minerals, natural produce, or favourable conditions of soil and climate or what is co-operatively speaking even more important than these, an all-round poverty and millions of hands willing to work.

"It is, therefore, worth the while of the leaders of the Co-operative Movement in this district to find out why we have hitherto failed to achieve in this country the beneficent results achieved elsewhere. At the outset, I would take the liberty to state a few of the fundamental mistakes we made in the beginning. First, we never realised the great possibilities of this wonderful movement. If you read the speech made by the late Mr. Gokhale at the time of the introduction of the bill in 1904, you will find that even that far-sighted statesman had no great faith in the

ement. The second thing I should mention is the absence of living between town and country. Until the Gandhian movement came vogue reviving the use of vernaculars and of rough home-spun among the educated classes, it was a most common experience to find people almost always adopting a patronising attitude towards the unt as poor and uncultured and sigh over their supposed conservatism and their criminal extravagance. Thirdly, even among those who grown grey in the service of co-operation there prevailed, until the day, such wrong notions as the central bank being a purely banking (rather dividend-earning) concern, had nothing whatever to do with life and conditions of rural population.

Quite recently, however, we have had our eyes opened. Thoughtful men have begun to search their hearts and ask themselves why the man who produces the food of all—the man behind the plough who raises the salary of the most highly paid official hierarchy in the world—consists to be so miserable. Asks Sir Basil Blackett, “why is it that ordinary poverty of the masses is the salient feature of life in India?” The growth of heavy “Overdues” has given a rude shock to central banks and made them realise that the well-being of the ryots is the very foundation of co-operative success.

Now, what is wrong with the peasant? Why! Everything, his physique, his earnings, his standard of life, his abject fear of authority, mental slavery, his illiteracy and worse than all this, his general despondency. The most distressing feature is that this despondency is universal in this country to-day. Mahatmaji deplored it in Champaran after at Kheda. Patel had to contend with it at Bardoli. Dr. Mann asked the Deccan peasants what they considered would be the condition of their villages 20 years hence, got the uniform reply, “we do not know what is likely to happen; but we see no future for our sons and ourselves.”

It is the duty of all patriotic co-operators to see how the state of affairs can be remedied through the agency of co-operation. My only justification for having accepted the high honour of presiding over this conference is my firm conviction that co-operation is competent—nay in present circumstances of the country the only means—for dispelling despondency and restoring the ryot to the place occupied by his peers in other parts of the world. Rectification—Expansion—Rural Reconstruction—these words which have come into co-operators’ vocabulary during the last few years—are the means by which the end in view can be achieved.

The money-lender is easily the most influential person in the countryside. This is not a thing to be wondered at when we find that in civilised European countries it is the financiers that declare wars,

conclude peace, set up or upset cabinets. Therefore, so as to be able to influence rural life effectively we should first strive to become the soul money-lender in the villages. At present, co-operative loans form only a fraction of the total indebtedness of a village. While no sowcar can compete with a co-operative society with its low rate of interest, easy instalments for repayment and freedom from payment of petty fees, how is it there is still so much of sowcar debt? No central bank, in my opinion, ought to rest content until all the solvent or “savable” people in a village are on the books of the co-operative society.

“The total indebtedness of India is estimated at 600 crores. Of this, less than 5% according to some and only 1.3% according to Sir Frederick Nicholson is due to the land improvement. The Godavari Economic Enquiry Committee have, after a careful investigation, arrived at the conclusion that the average debt even in that rich deltaic tract is Rs. 150 per acre of land and that if the interest on this is added to the heavy cost of cultivation, the ryot would get nothing for himself. This unproductive debt, with its fatal tendency to increase automatically, unlike the productive debt, which by fertilizing the soil creates its own means of repayment, is far too large to be contemplated with equanimity. Debt has increased; according to some it has doubled during the last 20 years and the abnormal, artificial and even “sentimental” as Stephen Gwynn puts it, increase in price of land has placed fatal facilities for borrowing in the hands of the ryots.

“If the villagers’ debts are transferred to an impersonal body like a co-operative society which does not, as the sowcar would, covet the properties and if the amount of the loan, its purpose and terms for repayment, are so arranged as to enable the member to repay out of savings, the first tangible step towards the removal of universal feeling of despondency would have been taken. Once this is done, other desirable improvements are bound to follow in its wake.

“Not less important it is to increase the earning capacity of the ryot. Since 80% of our people depend on agriculture, increased earning capacity is almost synonymous with improved methods of cultivation. But unless the material condition of the ryots is improved, there is little chance of these benefiting him. For, if there is felt to be no future, what keenness can there be to improve? In this connection, it may not be out-of-place to state that the starting of co-operative cultivation societies on the model of the Lalgudi societies described in a recent number of the Journal of Co-operation, would help considerably to carry the benefits of agricultural research to the doors of the ryots.

“Another reason why the average ryot to-day makes no attempt to improve his methods is not his alleged conservatism, or belief in the theory of Karma or the evil influence of priests as superficial observers

think, but it is because most often he does not reap the benefits of his labours. I may have to dwell on this aspect of the question at some length to make my meaning clear. Owing to causes on which I need not dwell to-day the ryot grows crops which depend on distant markets for disposal of the produce. This is facilitated by the tempting prices which the foreign buyer often pays in the beginning for a few years, as I believe was the case with tobacco in this district but when the ryot grows the stuff largely (often to the exclusion of food grains) and thereby places himself at the mercy of the foreign buyers, they dictate their own low prices which the ryot *willy nilly* has to accept.

"The prices of tobacco, cotton, oil-seeds, flax (hemp) are dictated by foreign buyers who are six or seven thousand miles away. Production in Brazil or America or Egypt sways the price of our staple crops to-day. A successful ring or combination among these foreign buyers may spell the ruin of the Indian cultivator as seems to be the case this year as regards groundnuts at least in my part of the country. Added to this is the fact that the ryot is often obliged to sell his produce on the field itself at low prices neither having the necessary knowledge of the ruling prices in the world markets nor having the finance to hold over against a rise in prices. The number of middle-men he passes through with the deceptions practised by them such as false weights, high commission, unauthorised deductions, and cheating as regards grading, further impoverish the ryot, whose occupation in this country, at best, is not a paying one.

"When I say agriculture is not a paying concern, I am not making a random or irresponsible statement. People stick to it simply because for about 90% of our people there is no alternative occupation to-day. If you read the statement given in the "Story of Bardoli" you will find ample evidence for this. Mr. Darling in his study of the Punjab Peasant says, "it is evidently much harder for the smaller proprietor to remain solvent than the larger and in the course of this study it will be shown that it is only possible if he is exceptionally industrious or has some extraneous source of income such as military service." The Revenue Secretary to the Government of Bombay said "if it is asked how in such circumstances the agriculturists can make a living the reply is that their incomes are supplemented in the off-seasons by work as labourers, by plying the bullock carts for hire, and by selling milk, ghee, etc."

"Co-operative Marketing thus becomes equally important. The need for a sound organization for marketing the produce of agriculture has been recognised in all modern states in Europe as well as in America. The system by which such produce is collected, shipped and distributed is remarkably efficient. For an export trade, collection of bulk consignments at fixed points for shipments is imperative."

Mr. Chettiyar, next described the organisation for marketing obtaining in Denmark, America, Africa and Australia. He continued:

"Co-operative Marketing is thus equally important. If thus the ryot's debt becomes redeemable and if he is assured of earning the full benefits of his hard labour or in other words, if his economic position is raised from utter despondency to hopefulness other improvements such as, personal cleanliness, sanitary homes, decent dress, education for himself and his children, cultured modes of recreations in place of drink and desire for higher amenities of life such as reading rooms, libraries, Ramamandirams etc., will automatically follow. This is amply proved by the fact that in the canal colonies of the Punjab to-day, there is not only a complete absence of poverty but a higher standard of rural prosperity than in probably any other country in Asia, not excepting Japan.

"These amenities are generally comprised in the term Rural Reconstruction. But what is the agency that will do this work? It is neither the Legislative Councils nor the Local Boards that we can always look to. They have their inefficiencies, their vested interests and their interminable factions. To my mind, it is the chief financing bank that has the interest and what is more important the finance to tackle this matter and the human agency is its non-official staff. There is now in almost every central bank what is known as "Administrative Section". But I am sorry it is only a few central banks that seem to have realised what enormous possibility lies before the staff that comprise this section. For, once the staff of the central bank begin to interest themselves in the actual life and the lot of the rural ryots, they will find numberless directions in which they can render useful service. Nay, the Bank Inspector will, in course of time become a veritable father of the village.

"Education of the children as well as of the adults, sanitation, medical relief, development of the Cottage Industries, provision of healthy recreations and substitutes for harmful drink, management of the village panchayat, introduction of rural libraries and many other activities will easily become possible. In fact all that the *village guides* are reported to have done in Gargaon district under the watchful care of the District Commissioner, Mr. Brayne and his good wife will be possible, with this difference viz., whereas Mr. Brayne's success has been partly due to his official influence, our work on a purely non-official basis is likely to be more lasting and of better educative value."

Then the President described Mahatmajis experience and said how the starting of schools for boys' adult education, sanitation and medical relief were important. Proceeding he said:

"Here with your kind permission, I beg leave to set down some of my own experiences in this direction. In our rural centre, we found over a hundred cases of leprosy and what was even more depressing,

there were cases among the school children. The biggest grocer in the village is in an advanced stage of leprosy and so is the barber and his equally leprosy wife is the only *dhai* available for miles round. We found the Local Board's dispensary doctor was not provided with drugs for the cure of leprosy nor had he the necessary instrument for accouchment work. My Bank has subsidised the local doctor financially for doing all this extra work including the medical inspection of school children and has further provided him with the requisite instruments and drugs at a cost of several hundred rupees. The District Health-Officer assures me that when cholera was raging in these parts with a cent per cent fatal cases in more than one village, in our rural reconstruction centre which is also the headquarters of the dispensary doctor there were only two fatal cases for 27 attacks.

"But sanitation" admits Mahatmaji, was a difficult affair. The people were not prepared to do anything themselves. The doctor and the volunteers concentrated their energies on making their village ideally clean. They swept the roads and the court-yards, cleaned out the wells, filled the pools near by and lovingly persuaded the villagers to raise volunteers among themselves. In some villages they shamed the people into taking up this work and in others the people were really enthusiastic. The sweet experiences were not unmixed with bitter ones of peoples' apathy. I remember some villagers having frankly expressed their dislike for this work." Our own experience has been different. We could not secure volunteers who would shame the villagers. Our District Bank purchased land, walled the area, dug trenches for the women folk to use as latrines instead of resorting to the open road-side by day time and fronts of their houses in the dark, and for doing the scavenging work, we employ a man and a woman at a cost of Rs. 18 a month. Needless to say, that we have not succeeded so well as Mahatmaji's method will certainly have. But we have not got the local peoples' enthusiasm to help us although even they are slowly appreciating the benefit from our efforts.

"Having dwelt at some length on education and sanitation, I have left myself little time to dwell at any length on the other aspects of rural life, such as rural libraries, arbitration etc. But the reports I am constantly reading of successful achievements in these directions in your part of the country, the Circars, especially in Alamuru and Gudlaveleru—convince me that I would, by discussing these here, be attempting to carry coals to New Castle. But one aspect of rural life, however, I cannot afford to pass by even at the risk of wearying you with a long address. It is as regards *drink* which is ruining our country-sides to-day. Whatever improvement we may try to bring about in the condition of the peasants, we are bound to fail so long as the demon of drink is not exorcised from our villages. Mahatmaji has made Prohibition a distinct and

important branch of Congress work. We, as co-operators, will be woefully failing in our duty unless we help in this work to the utmost. In my own district, thanks to my esteemed friends, Sjs. C. Rajagopalachariar and Dewan Bahadur R. Ramachandra Rao, a good deal of propaganda has already been made. At the last auctions, there were no bidders for 37 shops. We have approached the Commissioner of Excise who was so good as to personally visit our Reconstruction area and to talk to the hundreds of men and women who had gathered to meet him to try local prohibition in a portion of our district. I see from a newspaper paragraph that he has actually proposed to Government such an experiment.

"The important questions of men and money I have reserved almost to the last. I do not propose to dwell at any length on the topic of money. After all, many of these schemes do not cost fabulous sums. I have the firm faith that if the cause is good and if our hearts are pure money will be forthcoming. Movements have failed for want of faith but not for want of funds. Just now, the Co-operative Central Banks are passing through a wave of prosperity. Your own bank had made a profit of Rs. 70,000 last year and only a fourth of this sum is required to pay the maximum dividend to the shareholders. The bulk of the balance should go to pay the rural staff and towards the amelioration of the condition of the ryots. For, it is they who contributed to these profits and they have naturally the first claim on you. Moreover, you will find, as we have found in our district the more rectification and expansion work you do, the more profits you will automatically earn and you will after a year or two find that finance is no impediment. In one taluk, Rasipuram, our extra expenditure on account of the increased staff (we have one inspector for twelve societies on the average in this area) was Rs. 3,000 while our extra profits in this area was Rs. 6,000 (in round figures). The increase of loan transactions in this area during the year amounted to Rs. 2,04,145. The 'overdues' collection showed a distinct improvement while as regards short term loans the collections were practically cent per cent.

"But the question of men, however, is not so easy. In these days of unemployment among the educated classes, it is no doubt not at all difficult to get men even at low wages. My bank starts these men on Rs. 40—3—60 plus allowance as per civil service regulations. They get a month's pay as bonus every year and have the advantage of a provident fund. We have been able to secure the right type of men. If we have to achieve the results we desire, the men have to be carefully trained and should be such as to have an aptitude for this kind of work. As Mahatmaji puts it "we want educated people to establish contact with the actual life of the peasants and who will identify themselves with them."

"Remember that the Bardoli Satyagraha, which has been recognized by all to be a success was possible because the army of volunteers was carefully drilled and trained by Sjt. Vallabhai Patel. I cannot here resist the temptation to describe the Sirdar's camp at Bardoli. "There are about two hundred and fifty of them distributed over sixteen camps established in various parts of the taluks. They had to be ready day and night to carry out any orders that might be issued by their chief. The round of duties of most of them began often as early as 3 a.m. when they started with the orders for the day to the various villages where they would distribute the daily news, bulletins issued by the Publicity Bureau. Some of them had to post themselves at and keep a strict watch over the various approaches to the villages, and no sooner was a Japti partly sighted or the whack of a car heard than they were to be on the alert and the warning of the fact to be given to the village people.

"They had to keep the head office regularly informed of everything that happened in the village. All were to go among the peasants, acquaint themselves with their needs and difficulties, cheer them up and explain to them the instructions of their chief. At night they returned with their reports of the day's work to their respective centres and laid their tired limbs, may be on as imple palm leaf mat, to rest". Surely, the duties of the would-be out-door staff of Guntur District Bank will be much less arduous and they will be paid a living wage, besides. It is also necessary that there should be a "strong" and competent Manager to supervise and co-ordinate the work of this (out-door) staff.

Sir Frederick Nicholson, concluding his monumental report on the establishment of the Agricultural Bank in India which has deservedly become the classic on co-operation and which is the basis for the 1904 Act, said, *Find Raiffeissens* and the problem will be solved. So, I look to you, the co-operative intelligencia of the district, to become, each one of you, a Raiffeissen. No doubt, co-operative work is neither flashy nor exciting like politics. We have all noticed this characteristic difference in the popular attitude, partiality for exciting work, dislike for quiet constructive effort, as co-operative work undoubtedly is. But the woe-begone, hungerstricken, debt-ridden and oppressed blood-brother, of a peasant cries to you, who have occupied your present exalted position through his sweated labour, through the long vista of ages for a helping hand to raise him from the present abysmal depth. Shall his cry be in vain. I see from your earnest faces to-day that his appeal shall not be in vain.

Let me conclude by quoting one more illuminating sentence from Mahatmaji's Autobiography. "To see the Universal and all pervading spirit of Truth face to face one must be able to love the meanest of creation as oneself."

OM! SHANTI! SHANTI! SHANTI!!

3. THE IX SALEM DISTRICT CO-OPERATIVE CONFERENCE

(Attur, 22-2-1930)

EXTRACTS FROM THE PRESIDENTIAL ADDRESS.

OF

M.R.RY. RAO SAHEB V. KRISHNA MENON AVL, B.A.

"When we take stock of the results of the practical working of Co-operative Societies during the last twenty-five years we have reasons to feel glad that our efforts in the past have in some respects produced results far in excess of the expectations of those on whom the duty of laying the foundations of the Movement rested. We have created a large organisation containing about 9 lakhs of co-operative members in the Presidency who have bound themselves by ties of mutual help although this obligation on the part of the members to help each other is not in many cases honoured and respected. We can confidently say that in the course of the last twenty-five years we have succeeded in creating a band of about fifteen thousand co-operative workers in this Presidency, say at least one person in each society inspired by a feeling of brotherhood and a desire to promote the material and moral well-being of their fellow beings.

"We have brought into existence a number of non-official workers who think it is their duty to devote some attention to the back-ward condition of agriculturists who are not generally so fortunately situated as some others in our country. To my mind our achievements in this respect are really substantial, although we often come across persons, who, in the disguise of Co-operators, have often betrayed the trust reposed on them. With the inauguration of the Co-operative Movement, we have commenced a serious study of economic questions which affect our members. This practical study enables us to prepare our plan of future work and gives us necessary qualifications for developing the movement. I attach more importance to the valuable lessons we have learned so far than to our achievement in creating a large working capital, reserve fund and deposits in our Co-operative Banks and to our ability to reduce the general level of interest in the interior.

"The value of our experience, however, will depend upon our ability to correctly analyse the cause and defect of our achievements and failures. What we have achieved in the matter of raising share-capital, reserve fund and deposits in our Movement is partly, I think, due to the feeling, the Public have, that the Government is behind the Movement, watching its development and leading it along correct lines. We cannot forget

this fact when we feel exultation in the large volume of business we have brought into the Movement. Otherwise, we may lose our bearings and forget that a serious duty devolves upon non-official workers in consolidating the Movement and making them competent to handle the business successfully. Our pride that during the last twenty-five years, our Movement has, through the conjoined labours of officials and non-officials, produced a large volume of funds for helping the agriculturists, will react against us if we neglect to scrutinise how these funds are being applied, what mistakes have been made in the management of co-operative societies and what requires to be done in future for correcting these mistakes. I think, all true Co-operators ought to devote more attention to investigating the causes of failure and to future rectification than to considerations of our achievements in the past. Let us find out where we have failed, how we have failed and in what ways we can mend our ways. There is no difference of opinion among us that in the application of co-operative funds, expectations of our pioneers have not been fully realised. What were their expectations in the beginning?

"Towards the close of the last century, it was realised that alarming rural poverty in India was a problem that should be solved by applying methods adopted by the small village banks in Germany and Italy. Findings of the Famine Commission in 1901 reiterated the necessity of relieving rural indebtedness by formation of mutual credit associations. Reduction of rural indebtedness, therefore, was the primary object in view when the Movement was inaugurated in India. Legislative enactments were brought into force and model by-laws were framed with the same object. Model by-laws of an agricultural society specify 12 purposes for which co-operative funds could be lent. Among these objects, short-term requisites of agriculturists, such as, purchase of labour, seeds and manure and long-term requisites, such as improvement of land and repayment of prior debts and requisites intermediate between these, namely, purchase of cattle, are found included. The promoters of this movement could not foresee how the members of Co-operative Societies would use the funds thus placed at their disposal. In India, as elsewhere, debtors feel greatly distressed when pressed by creditors and the feelings thus created often border upon despair when they find themselves unable to repay their debts with their existing resources. When the Movement was introduced in India there existed in our rural parts a large army of small despondent debtors willing to pay their debts but unable to do so and a large number of creditors very anxious to collect the dues but unable to realise their wish owing to lack of credit facilities available for the debtors, and naturally the debtors with no other immediate desire than seeking temporary relief and creditors without fully understanding their responsibilities as members of Co-operative Societies desperately formed themselves into co-operative

societies and borrowed funds in the name of societies and adjusted them among themselves.

A small portion of the funds, however, has gone for the benefit of agriculturists. But when it is compared to the amount utilised for clearing prior debts it is almost negligible. Seriousness of this situation was not realised in the beginning. The first few years of co-operative lending gave immense satisfaction to promoters of the movement viz., the satisfaction of having helped the rural population in relieving them of their indebtedness. Loans followed loans. Nobody knew in the beginning that repayment and application of loans would cause trouble. Time for repayment was long and issue of loans more frequent and it took about ten years before the pinch of repayment began to be felt. Overdues began to peep through the ledgers. But in the beginning it was put down to temporary causes, such as, bad season and other unforeseen causes. For some time, officers responsible for the proper working of co-operative societies took refuge under these natural adversities and hoped that better years would follow. Unfortunately those expectations were not realised. Year after year conditions grew worse and internally some of them began to grow uneasy and to think of their own responsibilities and that of the Government who have undertaken to help the movement along safe lines. Various and amusing were the exhibitions of this uneasiness visible in the second half of the last twenty years of the co-operative administration in this Presidency. They bear complete testimony to the feeling that co-operative matters require a close attention and the original attempt of relieving the ryots of their indebtedness is not after-all so simple as it was anticipated and remedies, one after another, were suggested for improving the condition. Without going into details I summarise below some of the measures proposed and partly put into practice for correcting the defects noticed in the working.

The idea that loans secured by personal sureties cannot be allowed to remain unsettled very long was formed. Attempts to prompt collection having failed the idea of securing the loans by mortgages of landed properties and book adjustments of loans received larger support in some of the Districts. It was surmised that the unwillingness of a member to repay his debt was partly due to his desire to repay his more pressing outside creditors and a greater inducement for repayment could be created by clearing all his outside debts and transferring them to the society. This process, however, could not go on to any great length owing to limitation of the borrowing power of members and of societies. Want of readiness to repay loans taken by a member from a society was ascribed to his lack of sense of responsibility rising from want of knowledge and it was thought that appointment of quasi officials, such as, Honorary Assistant Registrars and arbitrators would go a long way towards the improvement of the situation. All these suggestions could not produce

any appreciable change in the situation and a closer examination of the situation was suggested and carried out by the labours of the Committee on Co-operation. Their report and our experience bring out clearly that there are defects existing in our method of financing and our provision for supervision is inadequate. The question of long and short term loans should be considered separately and it should be provided for from two different sources. Our indiscriminate lending should no longer continue. Our lending for clearance of prior debts without at the same time affording financial help to the borrower for increasing his produce and marketing it to the best advantage would not benefit the borrower. Solution of economic questions of members of a co-operative society cannot be done piece-meal. We require larger funds for expenditure and more workers for creating any appreciable change in the interior. All these facts are brought home to our minds to-day. Relieving the ryots of their indebtedness is not, after all, a very simple matter.

This Conference has to examine various suggestions for correcting the mistakes we have made and for conducting our affairs in a better manner in future. I am sure, an examination of the question of supervision of societies, the existing method of granting loans to societies and from societies to members and increase of short term loans for the production of crops and for marketing, creation of an efficient staff in the District for the promotion of non-credit activities will receive your adequate attention.

I am not willing to enter into a controversy for discussing which kind of supervision is better viz., supervision controlled by District Banks or supervision controlled by Federations. As there are supporters in this Presidency for either of these systems, one is inclined to believe that there are good and bad points in both systems. Efficiency of control over supervision will largely depend upon the personality of those directing the control and when that agency is not able to create confidence in local unions and societies they resent the control and trouble arises whether the agency be District Banks or District Federations. Instead of trying to solve this problem finally now it is better to give each system a fair trial wherever there are persons to work it successfully and after about four or five years we will better be able to deduce correct inferences. One fact, however has become clear to us about the supervision and it is that however well-intentioned the governing body members of the unions be, they often stand in need of help from outside for efficiently conducting supervision of societies placed under their control. Bringing of supervisors under a district cadre on a graduated scale of pay and giving them the benefit of a provident fund have been found to improve the quality of their work and creation of any organisation for giving effect to this suggestion would, I think, be a step in the right direction. The method of intensive supervision in a limited

area now being undertaken in this district has demonstrated what efficient supervision can do. There is absolutely no doubt, as M. R. Ry., Dewan Bahadur R. Ramachandra Rao is not tired of telling us, that most of our existing defects can be removed by a well-organised system of supervision and guidance.

That Co-operative funds are not made available in time is a long standing complaint. The necessary delay involved in passing the loan applications through the Panchayats of societies and that of local unions and subsequent delay in passing them through the Executive Committees of District Banks can, to a great extent, be minimised if we overhaul our method of starting societies and the system of granting loans to members. At least in new societies members' ordinary loan requisites for purposes such as, paying Government assessment and raising crops and their capacity to borrow can be ascertained prior to the registration of societies or before new members are admitted. The latest suggestion is that at the time of registration of societies it is better to fix separate borrowing power for short term and long term requisites and to afford all facilities to deserving societies for reducing the delay in the transmission of short term loan applications from societies to District Banks. When members' ordinary requirements of short term credit are known and verified I do not see why such a society is not allowed at the very outset a cash credit for meeting the short term requirements of members. The cash credit may be secured by a registered pronote for the full amount of cash credit. I do not see any other possibility in reducing the delay in getting loans. The question of cash credit naturally raises two points, (1) facility for drawing from or remitting to the District Bank funds according to the convenience of societies. If there are branches of joint-stock banks in the district they may be made use of for this purpose. Wherever these facilities do not exist, better class of urban banks or societies or branches of district banks may be constituted as agents of the District Banks. I understand that in Salem Central Bank and some other Central Banks in this Presidency the delay is reduced to a minimum. Often this is rendered possible by prompt circulation of loan applications among the members of the Executive Committee.

The other point to be considered along with the question of allowing cash credit to societies is that adequate provision should be made for supervision. The cash credit system was tried in some districts and the results proved to be unsatisfactory. Failure was the result of want of supervision and we can understand without proper supervision no transaction of any kind can succeed in the interior and it is not fair to discourage the system of cash credit simply because it was tried without adequate provision for supervision and it failed. Wherever there is want of facility for providing intensive supervision the cash credit system need not be introduced. Existence of a few model societies in a district

capable of undertaking regular cash credit transaction will pave the way in future for facilitating exchanges between town and the interior.

The novel experiment that is now being tried in Salem District of issuing by the Central Bank one rupee bearer cheques to societies to which short term loans are sanctioned attempts the solution of two problems. (1) Creation of facility for remittance by the use of paper money. (2) Creation of an instrument of credit for the benefit of agriculturist similar to hundies, bills of exchange and other forms of paper money which have immensely increased the credit facility of traders. As long as the issue of cheques is strictly limited to the actual amount of short term loans allowed by the District Bank to societies and the short term loans are truly applied to the production of crops, such new instruments of credit will enable the primary agricultural borrowers to obtain loans at lower rate of interest, foster business habits among the agricultural producers and make them prompt and punctual in their repayments. A trader, who exports produce to foreign countries, can draw on bills and get funds before the goods reach the purchaser and the latter pays for them. An importer of goods can easily raise money by hundies and these hundies are discounted by commercial banks. An agriculturist, who wants credit for a short period, either for raising crops or for marketing his produce, has to depend upon village money-lenders, who, in addition to charging high rate of interest, generally bind the borrower in one form or another for selling him goods at a favourable rate. How to create new forms of agricultural credit is a subject which generally does not receive attention. Even for creation of facility for remittance of money from Central Banks to rural societies and vice-versa there are obstacles in the way. The idea of treating agricultural producers on the same level as traders has not yet received sufficient support. I cannot find any difference as far as the security for credit is concerned between a trader who wants accommodation for honouring a bill of exchange and an agriculturist who wants the use of money for a short period of 3 or 4 months until his crop matures. A three months' hundi, drawn by an agriculturist on the security of his produce and accepted by an unlimited co-operative society of which he is a member, is as secure if not more than a trader's hundi accepted by a shroff. Yet we don't see the former in practice. The only reason is the agriculturists, as a class, are not sufficiently organised and cannot press for their requirements. The Co-operative Movement in India is supposed to look after the interests of the producers and we have to think and act for them in the matter of creation of credit facility and on this account I have great hopes on our Veteran Co-operator's experiment.

I have already alluded to the complex nature of the problem of rural indebtedness which we are asked to solve. We have on the one hand agricultural producers labouring under insufficiency of capital, credit and

organisation and we have on the other hand a set of highly educated and well-trained professionals called traders who get the benefit of a well organised system of Banking and agency ever ready to advance amounts for all sound proposals connected with the collection, transport and export of produce and it is no wonder that our poor agriculturists, devoid of any powers of combination, are not able to hold their own against the purchasers of the produce. That the agriculturists, all the world over, are less organised and less educated than traders, is a universal complaint. But when we consider the primitive nature of our producers it is a wonder how they are able to keep their body and soul together in the face of severe profiteering to which they are exposed at present. We have, so far, devoted very little attention to these matters and what little we have done so far have served to no other purpose than impressing upon our minds immense difficulties we have to overcome before making our funds available to cultivators in preference to those advanced by trade agents. Rural indebtedness, solving of which was our primary aim, is mixed up with the system of advance by trade agents and in many cases we can do very little for the relief of the producer unless we adopt a system of financing crops with which they are familiar now, but more humane than those adopted by trade agents. Each district has its own problem to solve in this respect and no delay should be permitted in beginning to specialise ourselves in marketing ryots' produce.

If I am not mistaken, of all failures which we have experienced those connected with marketing head the list. Co-operative marketing may be undertaken in two ways. It may be begun on a sufficiently large scale with share-capital and turn-over adequate for the employment of paid hands who have knowledge of trade. It may also be undertaken on a small scale in the beginning for gaining sufficient experience year after year and gradually developing the business as knowledge and confidence develop. The former method has been tried with some success in Central Provinces and Bombay Presidency. But critics are not wanting, who say the system of marketing undertaken in this manner by some societies lack the essentials of co-operation and such ventures may receive a set-back as soon as enthusiasts on whom success depended disappear from the scene of operation.

The other humbler method is being tried in some parts of the Presidency and it is found that for the first few years of the nursing period provision should be made for free supervision and banking facilities conceived in a liberal spirit and without looking merely to immediate profits. I commend both these systems to your consideration and if the latter is found to be more acceptable it would be necessary to ear-mark some funds for setting off against small losses that may be expected to result from the marketing ventures and for providing free supervision.

In spite of our short-comings, want of knowledge and imperfect methods, co-operative movement, as a whole has progressed in the Presidency during the last twenty years and there is every reason to believe that under the growing sense of responsibility which the increasing numbers of non-official workers in all parts of the Presidency evince at present, our Banking System would develop into a powerful organisation. Side by side with this development questions connected with the provision of fluid resources, investment of our reserve and discounting of our agricultural papers will have to receive careful consideration but as these questions, I understand, have come within the scope of the Banking Enquiry now undertaken by the Government, we need not dilate upon them now. But like true co-operators, we ought to consider ways and means at this Conference to make our co-operative finance self depended.

You are very fortunate, in fact more fortunate than any other district in the Presidency, in securing the kind help of our veteran co-operator M.R.Ry., Dewan Bahadur R. Ramachandra Rao Ayl., C.S.I. I am sure with his clear insight into the defects of the existing system and his enthusiasm for useful experiments in co-operative fields he will be able to demonstrate how improvements can be effected under the existing situation.

Till two years back we had annual district Conferences in our district and year after year resolutions used to be passed at those conferences and a fairly good degree of public enthusiasm was created among the members of the societies through these Conferences. But some of us thought that benefits derived by members by attending those conferences were not proportionate to the expenses involved in holding them. Perhaps the backward state of our district accounted for this feeling and I hope those present at this Conference will derive great benefit from the discussions which we are going to have to-day and carry home with them a larger sense of their own responsibilities and a greater desire to serve their fellow Co-operators.

RESOLUTIONS OF CONFERENCES.

THE IXTH SALEM DT. CO-OPERATIVE CONFERENCE.

Resolution No. 1.—Whereas there will be no redemption from indebtedness for the ryots of this district in case long term loans are discontinued, this conference requests that earlier and proper steps be taken for the establishment of land mortgage banks in the rural parts.

Resolution No. 2.—In view of serious delays in the execution of co-operative decrees, this conference urges on the Registrar the urgent need of appointing a special officer with full powers and considers that the District Bank ought to contribute if the Government cannot find funds for the purpose.

THE IXTH SALEM DISTRICT CO-OPERATIVE CONFERENCE

Resolution No. 3.—This conference is in entire disagreement with the Government Order (G.O.No. 3368 L. & M. dated 18-7-29) recently issued prohibiting teachers of local bodies from holding any honorary offices in societies as far as it affects teachers and requests the Government to kindly modify the said order accordingly.

Resolution No. 4.—This conference requests the Government to rescind the present rule that the amount remitted by co-operative societies through the Government treasuries should not be less than Rs. 150 and if that is not possible to substitute Rs. 50 for Rs. 150

Resolution No. 5.—This Conference requests the Government to permit Urban Banks situated at centres where there are no branches of the Imperial Bank of India to open current accounts with Sub-Treasuries.

Resolution No. 6.—Whereas unusual delay and inconvenience is caused to Co-operative Societies by their documents being returned or delayed and registered the subsequent day etc., this Conference resolves to request the Registrar to make all possible expedition in such cases and also requests the District Registrar and the Inspector General of Registration to issue strict orders that society documents be registered without much delay.

Resolution No. 7.—Whereas many of the existing irrigation works in the villages in the District are in bad state of affairs and many villages are without even proper means of irrigation and whereas thereby ryots have to suffer in poverty, this Conference resolves to request the sitting members of the Legislative Council of this District to move the Government to appoint a Non-official Committee to tour the District and investigate and report on the possibilities of irrigation from the Mettur Dam etc.

The recommendation of the Royal Commission on agriculture to appoint a special minor irrigation officer to make an investigation in each District regarding the possibilities of work is to be carried out.

Resolution No. 8.—In view of the voluminous scriptory work now required of the Unions and Societies this Conference considers that the Registrar should examine the prescribed list of statements and registers and returns with a view to simplify and reduce them within the capacity of the staffs now employed.

Resolution No. 9.—This Conference considers it advisable that facilities should be afforded for all kinds of Insurance and requests the Directors of the District Bank to start an Insurance Society preferably under the Co-operative Societies' Act.

Correspondence.

THE CO-OPERATIVE MOVEMENT— THE PLACE OF THE UNIONS AND THE FEDERATION.

BY MR. R. KRISHNASWAMI IYENGAR,
Director, S. Arcot Central Bank.

Mr. Strathie, Acting Registrar of Co-operative Societies is reported to have stated in Tanjore recently that if Unions and Central Banks do their work properly there is no need for Federation. I entirely agree with him in this view. The Unions as at present constituted have not been able to turn out much work legitimately devolving upon them as they happen to be a combination of persons who individually as panchayat-dars or office-bearers of primary societies have not been able to see to the efficient functioning of the societies. Several zeros, to use a metaphor, will never make a figure. I am merely postulating on the assumption forming the basis of Union organisations where societies combine for mutual supervision and control. So long as the unions have come to stay and in my opinion they seem to be necessary links in the chain, co-option of skilled co-operators alone will improve matters there. So far as the Federation is concerned, it simply prays upon the Bank and the Unions and sucks the life-blood of the latter, making them irresponsible. As matters stand, the Unions and Federation are out for exercising rights without responsibilities while Banks according to them should have responsibilities without rights. In my opinion Federation must disappear and all co-operators, official and non-official, should evolve a scheme to improve the Unions and the Central Banks in their constitution, management and proper functioning within their legitimate scope.

Finance, collection, inspection, supervision, education and propaganda should be accurately defined and these institutions viz., the Bank, the Union and the Society should be made to discharge their respective duties with business capacity, care and discipline.

So far as the Central Banks are concerned, the very nature of the business devolving upon them makes them rely on the recommendations of the Unions and the previous record of the society available with themselves. Co-operative lending by them is now achieved very liberally, but when we come to co-operative recovery of the amount lent and co-operative method of putting the societies well on their feet, so that they may be in a position to discharge their dues in time, the whole difficulty crops up. There must be an equal representation of Society Directors and Individual Directors in the Central Bank. Any defects which the Acting Registrar might have noticed in the working of the Central Banks are surely due to (1) glaring disproportion in the representation of various

CORRESPONDENCE

elements in the Bank's Directorate, (2) want of co-opt members in the governing body of the Unions, (3) the existence of the Federation which has always been regarded as the fifth wheel to the Coach encroaching upon the duties of the Bank and the Unions contrary to the dictates of the respective by-laws and (4) the preponderance of the society element therein making it impossible for the Bank as a corporate body to do the right thing at the right moment, by not seeing eye to eye with the individual element in matters of policy.

A SUGGESTED SCHEME

The following scheme, in my opinion, will go a great way in improving matters.

The President of a bank should not hold office for more than 2 terms.

There must be a paid Secretary and an Assistant Secretary on decent salaries according to the enormity of the transactions of the institution and capable men ought to be appointed to the offices. There must be a finance and an administrative section, the former with the President and 4 or 6 Directors with Society majority and the latter with the President and 4 or 6 other Directors with Individual majority, the Secretary and the Assistant Secretary being the executive officers for the respective sections. Each section is to have 4 clerks of requisite qualification. A cashier, an accountant, a shroff and a record-keeper besides a typist, a despatch clerk, 4 peons and one or two night watchmen and a gate-keeper when necessary will form the establishment stereotyped but subject to modifications in exceptional cases.

Each revenue taluk is to be split up into two or more divisions each having a union. The tenure of office of the President and Secretaries of the society and the union should be two years. No President or Secretary shall hold office for more than a term, the Secretary shall invariably succeed the President. The President or Secretary of a society should be a delegate in the union. The panchayat of a society should not contain defaulters.

The union governing body members should consist of nine members including two co-opt members from among residents of light and leading in the union area which may be divided into seven groups one coming from each group of societies to be committed to the charge of that member. The unions should appoint a duly qualified clerk and a competent supervisor subject to the veto of the administrative section of the Central Bank. The general body member should not draw T. A. The entire cost of defraying the cost of union establishment should fall on the Central Bank whose administrative section should have power to transfer them in consultation with the union authorities. It shall be the duty of the union to supervise the societies, consolidate and rectify their

state of affairs and keep the bank informed of the progress of rectification from time to time.

The work of seeing to the proper discharge of the duties by the unions shall devolve on the President of the Bank with the aid of two or more superintendents who may also be deputed to inspect societies under the orders of the administrative section as and when necessity arises.

Federation must go.

Rebate or supervision fund is to be abolished from societies and the central banks.

Directors of the Central Bank should be compulsorily made to inspect societies on pain of not being re-elected if omission in that regard was not due to good cause.

The Apex Bank has to reduce its lending rate to $5\frac{1}{2}$ per cent; the Central Banks to $6\frac{1}{4}$ per cent; and the primaries to $7\frac{3}{4}$ per cent.

The term of office of the panchayatdars, governing body members of the unions and the directors of the Central Bank should be two years. Elections in the primaries should be held on a fixed date and likewise in the unions and the Central Banks' Board.

The secretary or president of a union shall be chosen as a director of the bank at a meeting of the general body of the union. There must be as many directors representing the individuals as those representing unions in the bank's directorate. The former should be elected at a meeting of the individual shareholders specially convened for the purpose by the secretary of the bank at its headquarters.

NEED FOR GENERAL IMPROVEMENT

The quality and calibre of co-operators who are entrusted with the onerous duty of supervision is so poor that one need not wonder at the unsatisfactory result so far achieved. And the spectacle of one co-operator being connected with several institutions is distressing as it makes for influence and play for mischief, oblivious of the welfare of the movement. Instances are not wanting of one who is a panchayatdar occupying offices in the society, union, bank, federation, etc. The society belonging to such individuals has no chance of adequate supervision. A rule must be enacted to the effect that the holding of an office in a superior institution should ipso facto terminate his office in an inferior institution. Why should several offices in different institutions unite in the same individual? Are there men wanting to fill up these places?

The above sketched proposals are simple, economical, reasonable and suited to remedy the existing defects in the working of several societies by making them come up to the mark. They are by no means intended to be final. They may be considered as a skeleton and I invite

the criticisms of co-operators on the scheme so that eventually something acceptable may be evolved. Having been intimately associated with a Central Bank coming within the "Big Five" as it was once termed, in the varied capacity of Assistant Secretary, Secretary and President during the last 10 years, I claim to possess sufficient knowledge of the working of these institutions and the above-mentioned suggestions may be taken as the result of my experience so far gained.

REPLIES TO THE ABOVE

1. BY MR. T. K. KRISHNAMURTHI IYER

It is quite necessary to provide in the by-laws the period for which the President of an institution should hold office and then give room for others, thus affording equal opportunities for all. As it is, the so called leaders have a tendency to monopolise their places and lord over the institutions after their election. If there is the spirit of service and mutual love, such monopolising tendencies will not be evident.

There should be two paid secretaries for each Central Bank one in charge of the administrative section and the other in charge of finance. They must be transferred after a specified period of service in a Bank.

A Union should necessarily be at the head-quarters of a taluk. It need not and should not be split up, because there are a large number of societies in it. The remedy for efficient supervision will be to appoint competent and adequate staff at the rate of one for 25 societies. By a suitable change in the constitution of Central Banks, the unions should be affiliated to the administrative section of the Central Bank and should direct and control its activities. This section should take care of not only the credit activities but devote its attention to the care of the movement as a whole. If such a state of things come to exist, the necessity for federations will cease. As it is, the Central Banks do not co-ordinate the activities of the unions and do not keep in touch with the field staff employed by the unions. They do not care to improve their pay, prospects and other ordinary privileges such as the institution of provident fund, which is at present denied to these mouthless beings. The Central Banks should also arrange for propaganda and education in the cause of Co-operation.

The rate of interest on loans may no doubt be reduced as suggested in the article but the lending rate should be, as it is, at Rs. 9-6-0 and a system of rebate punctual members should be instituted to stimulate regularity in the matter of the re-payments.

The President or Secretary of a society should ex-officio be the representative to the Union and the Central Bank and similarly the President or Secretary of a Union should ex-officio be a member of the Board of Management of a Central Bank. The governing bodies or

panchayats should have power provided in the by-laws to depute any member of the institution concerned in case either of them is unable to attend the meetings of the Bank or union.

On the need for general improvement in the tone of management of the co-operatives, there can be no divided opinions. The evils of one man continuing for an unrestricted period in the same institution have contributed to the deterioration of the true spirit of the movement. If the Supervisors and the Inspectors are allowed to have free expression of opinion on these moral aspects of the movement and if there is an impartial and independent body of co-operators in a district or province to check these evils in the light of the opinions expressed, our movement would have justified its existence. Unfortunately there is no body to alleviate the grievances of Inspectors and Supervisors. To mention only a few instances, the staff are driven by some superior authority at some considerable distance to answer machine-like a set of questions (most of them unnecessary and none of them touch the moral aspects of the movement) throughout a year. No change for them to do propaganda work or organize. No variety in the work. No leave is given to them ordinarily unless a person falls precariously ill. I would suggest that every employee should be compelled to take leave for one month every year. Else, it will be a case of all work and no play. Supervisors have not the facilities of even a transfer. When the continuance of the same person as secretary or president of an institution is resisted, it will equally be a healthy suggestion to transfer the supervisors from one union to another at stated intervals. The plea that one man suits a particular area and a transfer should be on the mutual assent of the unions concerned is not proper or sound.

Writers on co-operative topics and Committees on Co-operation have never probed into the root causes of the stunted growth of the movement. The champions of the Co-operative movement entrusted with the noble task of the development of the democratic ideals and economic prosperity are the non-official honorary workers and the paid employees—Inspectors, supervisors and others. As Mr. Gandhi says, "All this work requires whole timers, in other words, permanent paid volunteers. Part time workers are good and valuable only when and where there is at least one whole-time worker." Co-operators will do well to ponder over these sane words. It would be well then to infuse the necessary spirit in the employees and give them free scope to work by providing them their bare conveniences. Let not one worker sit over another as his subordinate. Let each be made to work shoulder to shoulder. Let there be no duplication of work. When an inspector inspects a society twice a year, why should a supervisor inspect it four times and submit reports. He may well be asked "to set the house in order" by effective methods of rectification

and propaganda. The Inspectors are helpless—even the help of a peon is denied to them, whereas a Revenue Inspector with limited jurisdiction has a peon. These are the many directions in which the present Registrar should be benevolent enough to direct his original thinking and do what he could to discharge the moral responsibility devolved on him under the Act. It is believed the Provincial Co-operative Union with its Honorary 'Registrar' will do its might conjointly in the uplifting of the masses.

So far nothing has been done, except discussion in the press, to develop the Store movement which is making headway in England and other European countries. There should be specialists attached to the administrative sections to concentrate their attentions to this aspect of the movement which teaches the basic principles viz., thrift and self-help, on the successful practice of which depends the prosperity of our country.

It is hoped that the Triplicane Co-operative stores, in commemoration of the Silver Jubilee Celebration will appoint an expert committee to tackle the problem of expanding the store movement and concert measures to effectively and fruitfully spread the same.

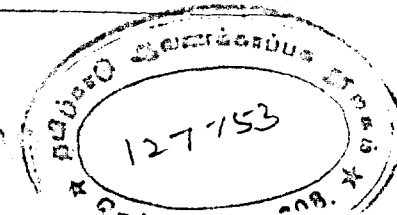
2. BY MR. J. KRISHNAMURTHI RAO

Mr. R. Krishnaswamy Iyengar's letter on the Co-operative Movement published in the "Hindu" of the 18th instant* contains many good suggestions which deserve full consideration at the hands of co-operators, both official and non-official. I have been connected with the movement for the last 15 years and have been Honorary Secretary of the Cuddapah District Co-operative Central Bank since its inception in 1919. The real expansion of co-operative movement in this district commences only from that year. Hence I have had opportunities of observing the working of the various co-operative institutions in this district. Some how or other Officials of the Department who were in charge of this district have pronounced it to be a difficult district to tackle. In the light of my experience I gave evidence before the Committee on Co-operation both written and oral and have pointed out certain serious defects in the movement which if unchecked will prove disastrous to the movement in this district. No practical solutions were, I am afraid, offered by the recommendations of the Committee on Co-operation. I may here take institutions by institutions and discuss some points with reference to the observations of Mr. Krishnaswamy Iyengar.

1. CENTRAL BANKS.

The Committee on Co-operation have laid down detailed suggestions for the management of Central Banks including the paid staff. Being the topmost institution in the district it was necessary that it should be worked on up-to-date business lines. The Committee have fixed the

* Vide pages 595—599.



number of directors representing individuals and a stage has come when these directors will be in a minority. From the financial and business aspect of the Bank, the preponderance of individual representatives on the directorate is desirable, but it is being now felt keenly that they are obstructive to the movement and pursue stricter policy than the co-operative movement requires. So long as the Central Banks deal in general banking and attract large volume of deposits of various kinds—and this attraction is due to the presence of representatives of individuals on the management—so long strict business methods have to be pursued. Attempts are being made to eliminate individuals altogether. It may prove successful in particular areas but as a wholesale policy it is detrimental in the interests of central banks. Even primary societies composed of and managed by educated people are not able to attract deposits for their working in spite of the fact that they offer higher rates to depositors. Such being the case it is absolutely necessary to have a decent number of individual directors on the management of Central Banks. It may not be possible to make the number of individual representatives equal to that of society representatives on the Board of Management though it may be desirable. Mr. Krishnaswamy Iyengar's proposal may meet with stout opposition. To my mind it is immaterial whether the president of the Central Bank holds office for 2 terms or more. His position is quite different from that of the President of the Union. Mr. Krishnaswamy Iyengar does not give any reasons why it is not desirable for the President to hold office for more than 2 terms.

As regards the paid staff it is desirable that an adequately paid and competent staff should be appointed as early as possible in all Central Banks. Now there are a few difficulties in the way. In the light of working of this Bank, these difficulties arise. It is not a big bank from the point of view of working capital, but it has introduced all ordinary banking business and its turnover of transactions is proportionately larger than other big Central Banks. Business is heavy, requiring good staff, both in the Banking and Administrative sections. As the working capital is low and the movement as a whole in the district is unsatisfactory profits are bound to be low and here comes the rub with individuals. They do not desire that their dividends should be cut down and hence proposals for an increase of staff is not favoured by them. The management has to be conducted with restricted staff under such circumstances. Administrative section has to be maintained with the necessary staff of clerks and inspectors while at the same time the Banks have to contribute more to the supervision fund. People at provincial head-quarters who discuss and lay down principles for guidance do not generally take into account the practical difficulties that lie in the way of Central Banks. Mr. Krishnaswamy Iyengar's suggestion of a paid Secretary and Assistant Secretary to be in charge of the Banking and Administrative section is good. But

the question is whether the Banks can afford to have these. Many Central Banks have appointed paid secretaries. But I am in doubt if the paid secretaries have any time to devote to administrative section. Now that the central banks are working on recognised business methods a high salaried paid secretary may not be necessary for the Banking section whose time will be wholly employed in routine work. A competent Assistant Secretary or Manager, an accountant and other staff according to the nature of the work of each bank may be appointed for the banking section. At the present state of the movement, the administrative section of every bank is the primary consideration if the movement has to be stabilised. That requires more experienced officers who whether official or non-official, could tackle any difficult situation with promptness, tact and with a firm hand, coupled with enthusiasm for the movement. He should not be much encumbered with the routine work of the Bank and should be free to move about. For such administrative work a secretary is necessary and if a Bank could afford to have a paid secretary, it can have one. He should devote more time to the administrative side and have a general control over the banking section without much of desk work in that section. A paid officer with the necessary outlook qualifications and enthusiasm is desirable, but if it is not possible an honorary secretary may continue. When the suggestion of Mr. Krishnaswami Iyengar that Federation should go, is given effect to the work and capacity of the personnel of the different sections of the Bank can be gauged with appreciation or otherwise. When full responsibility is thrown on the administrative section composed wholly of honorary workers and representatives or societies in a financial institution the effect is bound to be good. As matters at present stand the whole movement is worked under a system of dyarchy, where the institution which finances has no power to exercise which could be felt directly and with least delay and there the collecting and supervising agencies craving for power are not saddled with responsibility. The Bank can then depend on the recommendations of the Unions and the administrative section in the matter of granting loans and disburse that of the Sub-Deputy Registrar of Deputy Registrar.

If the Federation and supervision fund are abolished and the responsibility thrust on the Bank, the Bank will surely be in a position to control the Bank with the help of the finances now being flittered away in contributions and grant to federation.

Although Central Banks are financial institutions the desire for dividend should not be the primary concern of the individual shareholders. They should be willing to release more of the profits for the welfare of the movement. As it is generally accepted that in the interests of the financial institution individuals have yet to remain for guidance and stability and maintenance of credit of the institution some

method should be adopted by which all those dissatisfied shareholders who clamour for dividend should be given the option to withdraw. All Central Banks may adopt methods adopted by the Madras Central Urban Bank in reducing the share holding capacity of individuals to one share and redeeming the other shares at par. The societies are increasing in number and the necessary share basis for the Central Bank's working can be easily raised from the societies. The number of individual shareholders should also be restricted. When once the shareholding capacity is reduced to one share, the craving for high rate of dividend will go. The maximum rate of dividend can then be lowered to 6% or so. The time should soon come when the credit of the Bank is to depend not on the rates of dividend which it declares but on its stability and soundness as judged by its overdues etc. Thus there will be real spirit of co-operation between individuals and societies, absence of competition and fear of individuals influence to obstruct the work of the societies in a spirit of selfishness. Some of the above suggestions, I put forward before the Committee on Co-operation and I have no reason to alter my opinion now in the light of later experience.

FEDERATION

I agree with Mr. Krishnaswami Iyengar that the Federation has no place provided the functions of the Federation are given to the Bank. I was of this opinion when I gave evidence before the Committee and am of the same opinion still. The Bank's functions in the administrative aspect may be clearly defined so that it may not conflict with the autonomous working of the Unions. Much red tapism and consequent dilatoriness may be avoided. Much money can be made available for effective administrative work and for the running of the Unions. The supervision fund may be abolished both in the societies and in the Bank, the whole burden of the maintenance of the Unions being thrown on the Bank with proper safeguards as regards the expenditure of the Unions. The supervision fund calculation and collection appears to be more arduous than the calculation of interest. Many items of waste by the Unions can be avoided and expenditure properly sanctioned. It is disastrous to expect the Bank to pay whatever is asked for and while it has no voice in the proper application of the funds either to the advantage of the Bank or Societies.

The Federation wont go as easily as suggested by Mr. Krishnaswami Iyengar. It has been from the very beginning a pet child of the department and was given a blessing by the Committee on Co-operation. I am afraid that long time should elapse and more bitter experience gained as to the futility of the Federation before any step will be taken to put an end to them. With the existing policy and methods, the Banks have to suffer much more.

Mr. Krishnaswami Iyengar's proposal as regards the rates of interest to be charged by the Apex Bank, by the Central Banks and by the Societies at $5\frac{1}{2}$, $6\frac{1}{4}$ and $7\frac{3}{4}$ per cent does not seem to me to be financially sound. The margin required for running an institution efficiently depends not only on the rates of interest but also on the working capital. The larger the working capital the less the margin will be. A standard of efficiency and minimum requirements consistently with efficiency require that even the smallest Bank has to provide adequate funds for its maintenance, for building up reserve and for dividend; it requires at least $1\frac{1}{2}$ per cent for the banking section of a bank with a working capital of 10 lakhs. For the administrative section with its clerks, inspectors, paid secretary and travelling allowances etc., another 1 per cent is required. The supervision fund contribution of the societies and the Bank each at 8 annas per cent will be sufficient. The highest requirement for both will be a margin of $2\frac{1}{2}$ per cent and the larger the working capital the lower the per cent required. In the light of these observations, Mr. Krishnaswami Iyengar's proposal cannot be adopted uniformly in all areas. If the Apex Bank can lend at $5\frac{1}{2}$ per cent and the present rates of 8 per cent and $9\frac{3}{4}$ per cent to societies by Central Banks and by societies to their members are maintained there will be sufficient margin not only for the Central Banks but also for the societies. The societies will be profited to the extent of 1 per cent now paid to the supervision fund. Conserving funds in the Bank in the various ways suggested above is advantageous both to the Bank and the movement.

UNIONS

The whole crux of the co-operative problem as at present situated lies with the Unions. As the acting Registrar observes, if the Unions and Central Banks function properly, there is no place for the Federation. The present constitution of the Unions as a responsible body of non-official workers has not been a success. The members constituting the General Body and the Board of Management are all representatives of societies. If those representatives belong to good and efficient societies, the Union cannot but function well. There is incentive for efficient work and for the spread of co-operation. If, on the other hand, the representatives are from bad societies the union can never function. In the first place, representatives will not generally attend the meeting even if there is a desire on the part of the Executive Officers of the Union to turn out some work. One great drawback in non-official bodies is that chief officers who seek to retain offices, has to depend on the good will of the societies even if their work be good. During the short period of one year, if he desires to put pressure on societies and make the position of societies uncomfortable there is very little chance of his being elected the next term. If the Office bearers of the Unions are themselves defaulters but seek to retain power and office they are hand in glove with bad

societies. They do not care as to what becomes of the societies, so long as they get the support of such societies for keeping them in Office. Such is the fate of such a Union. The Union by-laws are there to get proper and efficient representation of good societies and when most of the societies are bad and they are ready to support the actions of the office bearers, who is there to enforce the by-laws? In view of these observations the recommendations of Mr. Krishnaswami Iyengar appear to be good. He further says that the panchayat of the society should not be defaulters, but unfortunately in very many societies having overdues, the primary defaulters are the panchayatdars, foremost of them being the President and the Secretary. The societies' by-laws contain prohibitory provision. There are two difficulties; one is to replace the defaulters with fresh ones and the other to find fresh ones. I think the representatives of defaulting societies should not have a voice in the management of the Unions. In such a case the morale could be considerably improved by the good societies' representatives having a freer hand in moulding the destinies of the union; and in enforcing discipline in bad societies not only should the representative be not a defaulter himself, he should not also be represented on the management if the society from which he comes is a defaulter. The other suggestions about the unions are also good. The work of the Unions should be reviewed once in six months not in the usual red tape system, but in a more intensive and telling way. The bad features discovered should be insisted on being rectified without delay. By strict enforcement and observance of the by-laws and principles of co-operation unions may be made to work. Recalcitrant unions should be suspended by the Federation or by the department with concurrence of the Administrative Section of the Bank, and the affairs of the unions managed directly till a fresh body is elected, or by nominating suitable persons to manage the affairs of the Unions, till bad societies are rehabilitated and good representatives are available for election.

2. PREFERENTIAL DISTRIBUTION OF DIVIDENDS IN CENTRAL BANKS

By Mr. J. KRISHNAMURTHY RAO

The Central Bank of Cuddappah has received a communication from the Executive Committee of the Provincial Co-operative Union on a question raised by Mr. V. Srinivasa Rao as to whether the General Body could differentiate between individuals, defaulting societies and non-defaulting societies in the matter of dividend. In the opinion of the Executive Committee of the Provincial Co-operative Union, such differentiation is not proper. I agree on the question of policy but the Executive Committee has not given its opinion as to whether the General Body exceeded the powers conferred by the by-laws. The by-laws do not contain a prohibition to the effect. A classification of shareholders as

individuals and societies is recognised and dividend is payable to share holders not exceeding 9%. Further, the committee says that the conditions of the Cuddapah Central Bank are such that no dividend should be paid to any share-holder, implying thereby even individual share holders need not be paid even a reasonable dividend on their shares. This, I think, is co-operation in excelsis and not prudence. The Committee appears to overlook the fact that dividend is an item generally taken by the public in assessing the credit of the Bank and in attracting deposits and the investing public are not concerned with the pros and cons as to why the shareholders are not paid dividend and as to the desirability of the profits of the Bank being diverted to payment of rebate to good societies and to financing rectification, consolidation and overhauling work.

At a subsequent general body meeting the rates of dividend to non-defaulting and defaulting societies at 6 and 3½ per cent respectively were raised and the dividend to all societies were declared uniformly at 7 per cent. As to the question of rebate to non-defaulting societies, it is desirable; but I think that in the present rate of expansion of the Bank, it is not desirable, as even the money that could be spared for administrative work will be reduced. A non-defaulting society one year may become a defaulting one next year. Alteration of rates of interest periodically is neither practicable nor sound. Reduction of rates of interest depend on other circumstances. I do not know why preferential treatment is given in the by-laws of many central banks if these are guided by the principles enunciated by the Executive Committee. I would request the Provincial Co-operative Union to formulate some proposals to set at rest the conflict between individuals and societies in the matter of dividends. Such rough and ready method as suggested by the Executive Committee will not but cause dislocation in the affairs of the Bank.

The English and Scottish Co-operative Wholesale Societies sell over 350 millions of packets of tea every year, (i.e.) nearly at the rate of one million packets every day, and of the total consumption of tea in Britain, it is calculated that 1/5 is supplied by the C.W.S.

A WHOLESALE SOCIETY FOR THE MADRAS PRESIDENCY

BY K. L. NARASIMHA RAO, B.A., B.L.,

The idea of forming a co-operative wholesale society is indeed a very old one. At the several Madras Provincial Co-operative Conferences, resolutions have been passed to the effect that a co-operative wholesale society should be started at an early date. In those resolutions there is also a definite suggestion that the premier store society, not only in our province, but in the whole of India, namely, the Triplicane Urban Co-operative Society, should convert itself into a wholesale society for our province. When I had the privilege of representing the Triplicane Urban Co-operative Society at the XVth session of the Madras Provincial Co-operative Conference held at Madura, I had put up a definite scheme by which it could easily turn itself into a wholesale society. The scheme was also tentatively agreed to by the Stores' representatives who had assembled there. I submitted a copy of the same to the T.U.C.S., in my report and requested the then Board of Directors to take some action; but unfortunately, no definite action has been taken till now.

As the time has now come for organising a wholesale society in the very near future, I have suggested to the Board of Management of the T.U.C.S. to call for a meeting of the representatives of the stores societies in our province to discuss the question of forming a wholesale society, at the time of holding the XVIIIth session of the Madras Provincial Co-operative Conference to be held during the Easter Holidays and I am glad to say that the T.U.C.S. is willing to take up the lead now.

THE SCHEME

1. The Head Office of the T.U.C.S. should divest itself of the internal management of its 25 branches by adopting a scheme of decentralisation by making the branches autonomous units so far as the administration goes. The Head Office's function shall be solely to looking after the purchases and distribution of articles to the several branches here.

2. The T.U.C.S. should affiliate to itself all the store societies in the mofussil and allot for them some shares each.

3. The mofussil stores should so change their by-laws as to enable themselves to become the constituent members of the T.U.C.S.

4. The T.U.C.S. should buy its provisions like rice, tamarind, etc. through the mofussil co-operative store societies if they are in the centres of production of those provisions. By virtue of the General Body

CORRESPONDENCE

resolutions of the T.U.C.S., it is actually purchasing provisions from the localities where they are produced. So, it will not be a great thing if they make it a point to purchase only through the store society in that locality.

5. The mofussil store societies shall buy all foreign articles and other things that they cannot get locally through the T. U. C. S. To illustrate it, the mofussil stores can buy soaps, stationery, glaxo, horlicks, sugar, coffee, tea, cocoa, etc., from the T.U.C.S. In that case the T.U.C.S. can buy wholesale not only for its branches but also for its constituent members in bulk and can make good savings which will go back in the form of dividends to its constituent members i.e., store societies according to the amount of their purchases.

6. The T.U.C.S. should take up the responsibility of doing propaganda on behalf of the Stores Movement in the province and the present monthly bulletin that they are issuing for members now may be easily improved and be made the official organ of the stores movement in our province.

7. When a favourable atmosphere is created among co-operators in the province, especially the co-operative consumers, then the T. U. C. S. should collect extra share capital for forming a true wholesale society consisting of only the store societies in our province for the purpose of producing things wherever possible for the consumption of the members.

This is a tentative scheme I suggest for the formation of a wholesale society in our province. It is for the co-operators to make changes in the scheme, if necessary, and adopt it to pave the way for the early inauguration of a Wholesale Society which we so ardently desire to form.

The C.W.S. have renewed their interest in the welfare of the Co-operative Wheat Pool of Western Australia, by advances for the forthcoming season to the extent of something like £ 3,000,000, and at a rate of interest which is better than what the Australian Government itself can obtain.

Our News Column

I.

INDIAN PEASANTS' TROUBLES—CO-OPERATION AS REMEDY

MR. STRICKLAND'S ADDRESS*

Co-operation as a remedy for Indian troubles was the theme of an address at the East India Association, London by Mr. C. F. Strickland, I.C.S., who said that the agricultural population needed a higher standard of living—material, moral and social—the changed economic outlook involving the realisation of the possibility of improvement and generally a broader outlook without which any system of self-government would be very unstable. He expressed the opinion that these aims to be achieved meant voluntary co-operative organisations.

He dwelt on the importance of alleviating the agriculturists' burden of debt, for which credit societies at present had a very important part to play in the co-operative movement. He also stressed the value of co-operation in training character and the civic sense.

Lord Linlithgow, presiding, said he was convinced that the best hope for rural India lay in co-operation. He admitted that weak spots existed in the Indian movement; but they could be rectified. He hoped that political excitement would not divert attention from rural development in which continuity of effort was essential.

He also hoped the Government would sympathetically consider the suggestion of wireless broadcasting as a means of promoting rural betterment. This would be an immense powerful agent for the good.

Sir James MacKenna expressed the opinion that the eventual aim should be the removal of official departmental control.

Mr. R. K. Sorabji dwelt on the need for spread of education.

Sir Louis Dane emphasised the need for carefully trained officers. He opined that if the villagers were to be incited to cease to pay rent and land revenue, the co-operative movement would be the first to be ruined.

Sir Selwyn Fremantle advocated the revival of the village panchayats wherever possible and a general reorganisation of Local Government, bringing it down to smaller areas than at present in order that the villagers might be educated and take greater interest in their own affairs.

* Adapted from the "Hindu" of 19th March 1930.

2. THE EAST GODAVERI Dt. CO-OPERATIVE FEDERATION

The Executive committee of the East Godavari District Co-operative Federation met at Amalapuram in the office of the Sri Konaseema Co-operative Central Bank on 23-2-30 under the presidency of M.R.Ry. N. Satyanarayana Garu. The Executive discussed the schemes for rectification and consolidation work in the Ramachandrapuram and Amalapuram bank areas. The schemes of work sent by the two Banks were approved to take effect from the month of April '30. It was resolved to appoint two inspectors in the Ramachandrapuram Bank area and 4 to work in the Amalapuram Bank area, and to request the Madras Central Urban Bank for a donation to help the expenditure on this account, which comes to about Rs. 1,000 in Ramachandrapuram Bank area and Rs. 1,700 in the Amalapuram Bank area.

At this meeting the Co-operative Drama written by Mr. V. Chelapathi Rao, supervisor of Ramachandrapuram union, was approved for publication in the journal of the Federation and to print 400 extra copies for circulation. Then the meeting came to a close after a discussion of some other resolutions.

3. SREE KONASEEMA CO-OPERATIVE CENTRAL BANK LTD., AMALAPURAM.

A special meeting of the general body of the Sree Konaseema Co-operative Central Bank was held in the Bank premises at 2 p.m., on 23-2-30. M.R.Ry. B. Veeraswami Garu presided over the occasion as the president of the Bank. M.R.Ry. V. Ramamurti Garu was late in coming. This general body was convened on a notice sent by the societies to discuss the necessity for a branch of the said Central Bank at Mummidiavaram to finance the societies of the Union. About a hundred members and representatives from societies were present. The resolution to that effect was proposed by M.R.Ry. K. V. R. Rajeswara Rao Garu, Secretary of the Mummidiavaram Local Co-operative Union and seconded by M.R.Ry. A. Rajagopalaram Garu, Secretary of the Island Polavaram union. A hot debate followed on this. M.R.Ry. B. N. Sastri Garu, Secretary of the Bank explained in detail the present financial position of the Bank and said that it is better to postpone the proposals for this branch until we see the results of the two branches at Kothapeta and Razole. M.R.Ry. N. Atchyutaramayya Garu, stating that this branch is quite essential said that this branch will work at no loss and that it will create greater facilities and conveniences for the development of societies. Then the president of the Island Polavaram union, condemning the action of the president and secretary for dispersing the previous general body meeting without giving the opportunity to discuss this question stated that it was but just to open the branch at any cost as it was the opinion of the majority.

M.R.Ry. N. Satyanarayana Garu, explained to the gathering the advantages as well as the drawbacks of establishing branches. "No doubt, the branches create greater facilities to societies", he said, "as the bank can have a closer inspection of the societies and disburse crop loans after inspecting the godowns through their inspectors, besides the opportunities they offer for the spread of banking habits. But the branches necessarily involve a greater initial expenditure and such a scheme should be launched upon only after careful consideration of the financial position of the Bank." He stated that it will be better if branches are launched upon after reducing the rate of dividend from 9 per cent to 7 per cent as this will give them a greater margin for expenditure. M.R.Ry. V. Ramamurti Garu, president of the Bank resumed charge and resolution of M.R.Ry. B. N. Sastri Garu to postpone the opening of the branch was put to vote and defeated. Many voted for the opening of the branch near Mummidi-varam and the meeting came to a close.

M.R.Ry. N. Satyanarayana Garu addressed the gathering on the work to be done by co-operators for prohibition. The annual increase in the excise revenue of the Government only betrays the weakness of the people and declares its increasing poverty. He explained the statistics and said that our co-operative societies cannot benefit the members much, unless all the co-operators combine to get them out of this habit and to prevent the use of the intoxicants altogether. As the co-operative societies are trying to help the poorer classes who are the most subject to this habit, we cannot prevent the abuse of these loans unless we get them out of this habit by refusing to sanction loans to drunkards, tappers and tavern keepers. In this respect panchayatdars of societies should take sufficient interest and care.

4. CO-OPERATIVE PROPAGANDA AT NANDYAL

Under the joint auspices of the Nandyal Co-operative Urban Bank and the Nandyal Co-operative Union, Mr. V. Venkatasubbiah, the Convener of the Rural Reconstruction Sub-committee of the P. C. U. and one of its Joint Secretaries delivered a lecture on Rural Reconstruction at Nandyal on the 12th of March 1930. Mr. G. Gurupatham, president of the Urban Bank introduced the lecturer to the audience. The lecturer started his address by saying how in Ireland political and religious differences were forgotten in a common endeavour to improve the economic condition of the masses, under the guidance of Sir Horace Plunkett and how Sir Horace placed before his people the ideal of better farming, better business and better living. He explained that better farming would include such industries like poultry rearing, manufacturing of milk and milk products, etc. He then laid emphasis upon good marketing to enable the producer to get the maximum benefit for his labour. He traced the history of the Co-operative Movement in India and said that after 25 years it had not achieved its original object of lightening the indebtedness of the ryot. It is only by starting Rural Reconstruction

DISTRICT NEWS

Centres and aiming at the improvement of village life in all its aspects that the original ideal could be realised. He described at length the good work done at Alamuru and Gudlavalluru and also in the centres started by the Chingleput District Board. He paid a deserving compliment to Mr. Ranganatha Mudaliar, the ex-minister who started a centre of his own. He then praised the services of Mr. V. Ramadas Pantulu who as the President of the apex Bank was able to influence its authorities to view this question sympathetically and to render financial aid. He concluded by appealing to the non-officials that it is essentially their work and the officials would be there only to help and guide them, but that they alone should bear the burden and should not rest satisfied until the villager is elevated to better life through better farming and better business.

WHAT ENGLAND HAS TO TEACH US

I. PERCENTAGE OF EMPLOYEES TO MEMBERS

The well known English Co-operative Journal, the Producer has undertaken an enquiry to find out the statistical relationship between the number of members and the number of employees of the societies catering to the needs of such members. The statistics so far gathered shows that the No. of societies employing,

One employee to every 21 Members	...	1
" 22 "	...	1
" 25 "	...	2
" 26—29 Members	...	18
" 30—35 "	...	53
" 36—39 "	...	67
" 40—45 "	...	108
" 46—49 "	...	23
" 50—55 "	...	36
" 56—60 "	...	11
" 61—65 "	...	5
" 66—70 "	...	4
" 71—75 "	...	7
" 100 "	...	1

II. NEW VENTURES

The same enterprising paper invited the views of its readers as to the new ventures that may be opened by consumers' societies in different parts of the country. Milk supply is one suggested—a suggestion which may well be taken up by the premier consumers' society in the city of Madras. Other suggestions are the starting of Chemists' shops and hair dressing saloons.

III. SHOP HOURS

Another tip which the paper gives and which the premier consumers' society in Madras will do well to take is that shop hours should be so arranged that when people have the real need to purchase and whenever they have money to purchase, no Co-operative Store should be kept closed. Imitate the example of the private shop keeper and work the employees by shift system, if necessary, so that on festival days and payment days the sales may be increased.

IV. ADVERTISEMENTS

We are indebted to our esteemed contemporary referred to above for giving a conspectus of typical advertisements published by the Co-operative Stores of England in the daily papers of that country. There is commonly an opinion held in this land that a Co-operative Store like the proverbial good wine 'needs no bush' and that its ultimate duty is to cater to the needs of its own members satisfactorily. These advertisements, however, have shown that they are able to attract many non-members and make them members, doing propaganda work very effectively. Will the Stores in India learn this lesson from their brethren of England? Let us wait and see.

V. ATTENDANCE AT GENERAL BODY MEETINGS OF CO-OPERATIVE SOCIETIES

We extract below a short note upon the subject and the statistics collected by the same enterprising contemporary of ours.

"One of the constantly recurring problems of modern democracy is to secure sustained interest in things that matter. Thousands of people will travel in discomfort to see a Cup tie, and hundreds will crowd into a cinema to see the newest reel of thrills. But when attraction is of an educational interest or a business matter, the glamour flickers and the audience rarely arrives in encouraging numbers.

"This is not peculiar to the quarterly meetings of co-operative societies. It is a reflex of the general sense of a pathetic satisfaction with the continuance of ordered progress. So long as few people attend a business meeting, the impression grows that all is well. It is often so.

"At the same time, the idea of co-operation is more than the presentation of a safe business programme. The people should be aroused to a notion of their value as the final determining factors of control and direction. Some societies manage to get a fair proportion of their members to attend; others have difficulty in obtaining a quorum.

"With a view of presenting a view of the actual position of affairs, we have invited secretaries to give us the percentages of members in attendance at the meetings. Now the facts are emerging from the

vagueness that has surrounded the point hitherto. Here are the returns showing the attendances. They present a rough idea of the apathy."

No. of Societies where only :—

1 per cent of the members attended the General				
Body Meetings	...	...	...	48
2 to 3 per cent...	...	...	...	124
4 per cent	...	...	...	30
5 per cent	...	...	...	54
6 to 7 per cent	...	...	...	33
8 to 9 per cent	...	...	...	15
10 per cent	...	...	...	41
11 to 15 per cent	...	...	...	15
16 to 20 per cent	...	...	...	12
25 per cent	...	...	...	5
30 per cent	...	...	...	1
40 per cent	...	...	...	1
90 per cent	...	...	...	1

VI. TOUR TO U.S.A. AND CANADA BY ENGLISH CO-OPERATORS

"The C.W.S. Excursion department is associated with the enterprise of the White Star Line in organising a trip to the United States and to Canada at the end of June, returning to Liverpool on July 20th. The inclusive fare of 55 guineas includes ocean fare on the "Britannic," returning on the "Doric", sight-seeing tours and hotel accommodation on the other side of the Atlantic. That the C.W.S. should be able to venture on such an expedition is a tribute to the growing prestige of the movement. Many of our readers are interested in seeing the world, and this trip to English-speaking lands should be appreciated by those anxious to make full use of a three-weeks' holiday."

We hope Indian Co-operators will learn a lesson from this and organise co-operative excursions and pilgrimages at least within the great sub-continent of India.

VII. PROPAGANDA MESSAGE

We drew the attention of our readers to the 'Propaganda Fortnight' being observed in England with great enthusiasm. The fortnight 8th to the 22nd of February was the period set apart and we give below an appeal issued by Mr. Arthur Varley, the Chairman of the Joint Committee in charge of this national Co-operative Propaganda.

"Only by concentrating purchases on the productions from the workshops and warehouses established by the consumers for the supply of their household needs can the wage-earners

secure their independence from the shopkeeping forces that have long made their profits from the public.

Recognising this fact, I hope along with my colleagues, that the co-operators of England and Wales-along with those of North Britain and Northern Ireland-will continue their enthusiasm beyond the fortnight, and make this year the year of our greatest advance.

Let every individual do his or her best; and Co-operative Movement will be all the better for the sacrifice of time and effort in securing new members and so gaining a position that none can assail.

The consumers' Co-operative Movement is out to abolish all unnecessary costs between the producer and the consumer; therefore let us increase our active co-operation by using more C.W.S. goods."

RURAL INDIA.

EDITORIAL AND PUBLISHING OFFICE :

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

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

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Single copy Annas Six (Inland) ; Annas Eight (Foreign)

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

Special Types of Societies.

THE KALLAKURUCHI CO-OPERATIVE INDUSTRIAL AND AGRICULTURAL SOCIETY LTD., SUGGESTIONS FOR ITS IMPROVEMENT.

By. MR. D. P. TATHACHARIAR.

The Society was started on the 26th February, 1918 with the object of purchasing co-operatively agricultural necessities such as seeds, manure and implements and undertaking the manufacture of bone manure, the crushing of sugar-cane and oil pressing. It was open to individual landlords and agricultural societies in the Kallakuruchi Taluk. The activities of the society were confined for the first three years of its working to stocking and selling improved seeds to its members. The ambitious programme of installing machines for decorticating ground-nut, hulling paddy and ginning cotton was realised in November 1921, and the huller and decorticators began to work regularly from December 1921 in the main factory at Kallakuruchi. The income of the factory was steadily rising from day to-day and the society earned a net profit for the year 1920-21 of Rs. 2,080-7-5. During the next year a flour grinding mill was installed in the main factory and a five roller sugar-cane mill was installed, the mill being lent by the Government from their sugar-cane factory at Pallapalayam in the Coimbatore District. Encouraged by the success attained in Kallakurichi, a branch factory was opened in Sankarapuram, about 11 miles north of Kallakurichi, to cater to the needs of the members of that locality. The construction work was finished by about May 1923 and it actually began regular work towards the end of May 1923. Provision was made there for hulling paddy and shelling ground-nut, with a 22 B.H.P. gas engine. During the year, the area of operation of the society was extended to the neighbouring taluks of Tirukoilur and Vridhachalam, though the membership was largely confined to Kallakurichi Taluk. In the year 1923-24, the society at Kallakurichi undertook sugar-cane crushing and jaggery manufacture. The 5 roller mill lent by the Government during the previous year was returned to them and the society purchased a 3 roller mill 18" X 12" for its use and fitted up the same in the main factory. The furnaces for boiling the cane juice were also constructed and the necessary appliances for the same were also purchased. During this year, cultivation of improved types of sugar-cane such as Fiji-B, B. 208 was popularised in the locality so as to replace the reed-cane, a poor variety in use. In 1924-25, a third branch was opened in Rishivandiyam, a place 14 miles to the east on the Tirukoilur

road, wherein provision was made for hulling paddy and shelling ground-nut. The society also undertook during the year to manage a factory started at Mudiyanur with machinery for hulling paddy, decorticating ground-nut and also for crushing sugar-cane by Rao Sahib Kolandaivelu Udayar and his brother in pursuance of an agreement entered into in this behalf between them and the society.

2. Up to 1928, the activities of the society were confined to hulling paddy, shelling ground-nut so far as all the factories were concerned and crushing sugar-cane and manufacture of jaggery in addition, only in the main factory at Kallakurichi and at Mudiyanur. The income of the society during all the years has been steadily on the increase. Appendix A annexed to this note shows the gross income received by the society from 1921-22 to 1928-29 branch-war. The table also furnishes information with regard to the cost of establishment, working expenses, the depreciation of machinery etc., and the net profit. It will be seen therefrom that though the gross-income has been increasing year after year, the net profit has been falling owing to a variety of reasons, which shall be discussed later and the important question that has now to be tackled is as to how to increase the profits of the society, consistent with its usefulness to the members and the public at large.

3. It will be seen from the by-laws of the society as well as from the perusal of the audit orders issued by the co-operative department from year to year that the main object of the society was to instal a machinery for oil extraction so that the ground-nut seeds produced in the locality may be crushed into oil, the cakes being retained as fodder and manure by the ryots while the oil will be sold out in the market for such price as it may fetch which at all events is expected to be equal to, if not greater than, the price for which the ground-nut seeds are sold now. The other object was to induce the ryots to cultivate improved types of sugar-cane so as to secure for them the maximum possible profit by providing cane mills and furnace where the ryots can crush the canes and get the jaggery manufactured more easily and with less cost. This latter business has been undertaken in the main factory mills and furnaces costing about Rs. 7,000/- have been put up with the result that the ryots have come to realise the advantages of the cultivation of improved types of canes to the exclusion of the reed-cane. But the sugar-cane crushing business cannot bring in a large margin of profit to the society. The justification for its existence is its extreme usefulness to the members in that it affords facilities to them for crushing their canes in a manner which an individual land-lord, however rich he may be, cannot singly afford. The society would have done its duty if it popularises the cultivation of the improved types of sugar-cane throughout its area of operations in supersession of the poor local variety.

4. The most important help that the society has to render to its members and the ryots of the place is to help them to make the most of the ground-nut produce which they raise. The provision of decorticators which convert the nuts into kernels is alone not sufficient to help them. The ryots get on an average an additional income of Rs. 4 to 8 by getting the ground-nut treated in the decorticator. The establishment of a central ground-nut sale society for the whole district which is being steadily pushed through by the prominent co-operators with the kind help and advice of the Joint Registrar of co-operative societies, Rao Bahadur K. Deivasikhamani Mudaliyar, will, no doubt, when it begins to function properly, solve the bigger question for the district and enable the ryots to get the maximum price for their produce. But the immediate problem which the society has to meet is as to how the ground-nut produced in the Kallakurichi Taluk in the vicinity of the main factory and its branches can be made ready for the market, in which form and with what possibilities of gain to the producer. The question has to be considered more as a local problem from two points of view. In the first place the society has to make itself useful to its members by helping them to convert the raw ground-nut into oil and cakes so as to make them readily marketable at the best possible price. Secondly, the ryots have to consider their requirements of fodder and manure in the disposal of their ground-nut produce. It is a well known fact that ground-nut cake is the best manure for sugar-cane crops and the ryots in time of need get them from outside the district at an abnormally high price. It is a pity that while the ryot exports his seeds for practically a pittance, he should be made to pay a high cost for getting the cakes for his use. If, therefore, we can persuade the ryots to convert the seeds into oil, enable them to retain the cakes for manure, and sell the oil in the market at such price as they could get, it would be a real help to them and they are sure to get much more than what they now realise by selling the oil at almost the same price as kernels and by retaining the cakes for fodder and manure. The collective value of the oil and cakes will in any event exceed the value of the seeds.

5. It was with this view that attempts were being made by the society from 1922 to instal a machinery for the extraction of ground-nut oil in its factory. The Director of Industries, who inspected the society in April 1926 in connection with the District Co-operative Conference held at Kallakurichi, promised to do his best. The scheme did not take any definite shape till June 1927, when the Director suggested to the society the trial of an expeller supplied by Messrs. Volkart Brothers as an experiment subject to certain conditions. The general body of the society readily accepted the suggestion and the experiment was commenced in the main factory in February 1928. The society had to simply supply the seeds required for crushing and take the oil and cakes. All

the other expenses of the experiment such as on fitting up the machinery, the supply of boiler, filter press etc., and the necessary coolies were all met by the Industrial Department out of a grant of Rs. 6,000 which was specially voted for the purpose by the legislative council at the instance of the Department of Industries. The society will be failing in its duty if it did not record its appreciation and sense of gratitude to the Director of Industries, Mr. Bazlulla Sahib, and Mr. Pinto, the Industrial Engineer, for the interest and pains taken by them for running the experiment satisfactorily. It is needless to go into details about the experiment, except to say that the expeller produced oil of an excellent quality and the cakes were equally good. The cakes found a ready market and the demand for oil was also great. In view of this fact the general body of the society decided to purchase the expeller, if the Government came to its aid by contributing a loan or subsidy under the State Aid to Industries Act to enable it to purchase the same and in pursuance of the resolution an application was sent up to the Government through the Registrar of co-operative societies as early as July 1928 and it is a matter for great regret that nothing has been heard about it till now and the entire machinery is rusting in the factory and Messrs. Volkart Brothers who supplied the expeller for purposes of experiment are awaiting payment in the hope that the expeller would be eventually purchased. The society is in the unhappy position of having to return the expeller in the event of the Government refusing to finance the purchase. The society will have to make some other arrangements for financing the scheme, if it has to purchase the expeller, either by raising fresh share capital or by borrowing from the District Central Bank.

6. In view of the fall in profits during the last 2 or 3 years, it is necessary to consider what were the reasons for such a fall and how they have to be remedied. The main and the first reason for the decline in the profit is the starting of a number of factories in and around the factories of the society. In 1921, the factory at Kallakurichi was the only one of its kind in the whole Taluk and the ryots, whether members or non-members, had no other factory wherein to hull their paddy and to shell their ground-nuts. In the course of the past 7 or 8 years, about 12 rice and ground-nut mills have been started in the Taluk in various places, not to speak of the mills outside the Taluk, with the result that so far as paddy hulling and ground-nut shelling are concerned, the society has to compete with private mills of a similar kind and its income has been adversely affected. The second reason is the increasing cost of the establishment of the various factories attached to the Society. In the beginning, a co-operative inspector was deputed by the Government to work in the factory and his pay also was met by the Government

and on account of this fact no extra cost was incurred by the society for keeping a manager to look after its affairs. In 1927, the Inspector was withdrawn and the society had to appoint its own man to manage the institution. This meant an additional expenditure of about Rs 700 to 900 per year and it will be seen that the profits have fallen only after 1927. The third reason for the decline is the unhappy accident in the Rishivandyam branch of the society where the 30 B.H.P. Campbell oil engine broke just in the midst of a busy season in February 1927 with the result that the branch did not work for about 6 months in 1926-27 and 6 months in 1927-1928 till a new engine was purchased and fitted up. Another reason is the high amount shown as depreciation of the machinery at Rishivandyam in the audit orders of 1926-27 and 1927-28 which has the result of lowering the amount to be shown as profit. Owing to the above, among other reasons, profits have been going down every year and the society has not been able to pay a dividend of more than 3 per cent for the past two years.

7. Of the four reasons mentioned above, the first two are permanent and they are irremediable and the society has to find out ways and means for getting over the difficulties caused by them. The last two reasons are only temporary and are not likely to recur. So far as paddy hulling and ground-nut shelling are concerned, competition is inevitable in a more intense form as time goes on, and if the society confines its activities to only these two branches of work, the profits are never likely to increase. Therefore the society should undertake such other industries as will benefit its members and the public in addition to improving its own prospects. For the present, with the facilities that are now available, the only items of industry that the society can turn to are (1) Oil extraction, and (2) sugar-cane crushing and (3) jaggery manufacture. It was stated in a note prepared by the Director of Industries with regard to the facilities available at Kallakurichi for undertaking the oil extraction business, that for want of transport facilities and on account of the distance of the place from the nearest Railway Station, Kallakurichi cannot be thought of as the centre for installing machinery for oil-extraction, but that the question might be taken up, when Ulundurpet become a Railway Station in the Villupuram Trichinopoly Chord Line. Now that Ulundurpet has become a Railway Station, the question that the Managing Committee has to consider is whether oil-extraction business has to be undertaken by the society and if so, in what place.

8. As already pointed out, there can be no two opinions regarding the necessity for undertaking oil-extraction by the society having regard to the fact that the other branches of work are not profitable in the long run. As a result of the experiment conducted by the Industrial Engineer in the main Factory at Kallakurichi with the huller expeller supplied by Messrs. Volkart Brothers, it has been found that it is

eminently suitable for the purposes and the society has to purchase it especially in view of the fact that the extra expenses in the transport and fitting of the machine and the supply of the boiler and the filter press have been already met by the Government in connection with the experiment. If the society fails to avail of this opportunity for retaining the expeller and working up the scheme it cannot think of it hereafter, unless it is prepared to raise a sum of not less than Rs. 15,000 in that behalf. It was in this view that the society approached the Government for help under the State Aid to Industries Act as early as July 1928 and as no action has been taken till now by the co-operative department in the matter the Managing Committee has to consider as to how to finance the purchase of the expeller. The courses open are, either to borrow from the District Bank the necessary funds or to call up the unpaid amount of the subscribed share capital. The latest audit order shows that there is amount of Rs. 25,679 as uncollected Reserve Liability from members at the end of the year 1927-28.

9. If the question of purchasing the expeller is settled the society has to select a place for working the machine. As the machine has already been fitted up at Kallakurchi, it will be more profitable to carry on the business at Kallakurchi itself. The shifting of the machineries to Ulundurpet will involve more cost for which the society may not be now prepared. The question of distance which was once considered as very difficult problem need not now scare us from undertaking the job at Kallakurchi. The branch Railway line from Cuddalore to Salem is almost ready and the trains are expected to run in the course of a year and in that case Kallakurchi will be within six or seven miles from the nearest Railway Station and the question of exporting the oil and the cakes will be easily solved. The expeller at Kallakurchi has been already lying idle for over a year pending the decision to purchase and pay for it, and therefore, there is not time to lose in the matter. Some decisive steps have to be taken by the society either to purchase the expeller or to return it, if it is not able to raise necessary funds, as expected. In the latter case, it is a serious matter for the society to consider whether it is worth while to pursue the existing activities of paddy sulling and ground-nut shelling in all the factories especially in view of the fact that we are not getting as much income as before owing to private competitions which are found to grow more and more every year.

The other activity that is open to the society for which there is no private competition is, as already pointed out, Sugarcane crushing business. This has been found so far as the Main Factory is concerned not a very profitable one though its usefulness to the ryots cannot be denied. The margin of profit that could be earned out of this business will be necessarily small and may not pay its way in most of the years. The experiment has not been tried in the branches of the Factory except at Mudianur

and it is for the Managing Committee to consider whether it is worthwhile opening sugarcane crushing branches in Sankarapuram and Rishivandiyam or profiting by the experience in the Main Factory, the idea may be altogether given up. But this business also may prove profitable if the suggestion of the Registrar is adopted by the society in regard to sugarcane crushing business. The suggestion is that the ryots should be persuaded to cultivate standard type of first class quality so that each member may produce a definite quality of cane and take away a corresponding amount of sugar from the common produce, eliminating the delay and waste occasioned by having to deal separately of each member's consignment. Only by grading and pooling can the ryots obtain the greatest benefits from such a society. For this purpose a large go-down accommodation is necessary where, the ryots can deposit their produce and obtain advances against that. In order to enable the society to make advances to members on the pledge of goods, cash credit accommodation is necessary and this has to be secured in the Central Bank on the security of the society's properties and on the produce stored in the godown.

One other activity with the society may profitably undertake and in which there cannot be private competition and at the same time which will be very much useful and almost indispensable to the ryot members, is tractor-ploughing as pointed out in the administration report of the society for the year 1927-28. Messrs. Volkart Brothers sent a Mecordine Deering Tractor with a set of 3 bottom ploughs and one brush breaker for purposes of experiment in June 1928. Ploughing operation with the tractor was tried in four selected areas in and around Kallakurchi and the result of the experiment was found to be very satisfactory, so much so people not only from this taluk but from the surrounding taluks as well came with large number of applications for its hire. As the society had not purchased the equipment, it was not able to respond to the call. It thereupon submitted an application to the Government through the Director of Agriculture for financial help. Though it is understood that the Director of Agriculture, who was satisfied with its utility and the propriety of the society owning it for being hired to its members, asked for the opinion of the Registrar of Co-operative Societies, and no orders have been received till now in spite of the fact that the matter has been hanging fire for the last one year and more. The society had to return the tractor with the ploughs to Messrs. Volkart Brothers in June 1929. The managing committee has now to consider whether it will be justified in going for the tractor either with or without the help of the Government. The society has no justification for its existence, if it cannot with its aims and with the resources at its disposal bring within the easy reach of its members the ploughing facilities afforded by the tractor and the ploughs attached thereto.

After the society was started, two societies with similar objects were organised and registered one at Tindivanam and the other at Shiyali in Tanjore District. The latter did not function properly [for reasons which it may not be relevant here to discuss] and it has been eventually liquidated. The former is undergoing a chequered career and its affairs are giving much room for anxiety about its future to the co operators throughout the district. Whatever might have been the reasons for its decline and downfall, the object of that society is most laudable namely, the manufacture of bone-meal for manure, and it is a pity that such an institution is allowed to languish for want of proper encouragement and help at the hands of the co-operators and the Government. Our society is the only one that has been working at a profit all along, and unless its affairs are improved on the lines suggested above or on some other lines to be suggested by the Joint Registrar who is the Official adviser for the non-credit activities for the Province, it may not take long for it also to share the fate of the other institutions started on its model. It is therefore, none too soon for us to bestir ourselves in the matter and do the needful.

The next question is whether a necessity has risen for making a call for the unpaid share capital under bye-law 10 of the society. The first call in respect of each share will be only Rs. 5 with an interval of three months from the first, the second and the third call also being for Rs. 5 with an interval of 3 months from each. The appendix B annexed hereto shows the amount to be collected from the individual members and as well as from the society members by making fresh calls. It is also a point for consideration whether at the present stage it will be easy and practicable to make the members pay in response to the calls. In this connection it is worth while quoting at length the observation made by Mr. H.M. Hood, Registrar of Co-operative Societies, in the course of his inspection of the society on 2—2—1924. "But I can see no reason why the society should not continue to develop as a very prosperous concern. It has the advantage of an active and interested management and of a good situation in the centre of a large agricultural area looking to this place as its natural centre. It is possible that a few more credit societies in the taluk might become members of the society and I should like the Assistant Registrar to examine the affairs of credit societies which are already members, and see whether at least the larger and more prosperous ones cannot invest more money in it." This observation though made 5 years ago has still its force, and if the co-operative departmental officers and the non-official protagonist interest themselves in the matter, it will not be difficult to raise the necessary funds for achieving the forgoing aims of the society without troubling the Government or the District Bank for future financial requirements of the society.

SPECIAL TYPES OF SOCIETIES

APPENDIX 'A'

	21—22	22—23	23—24	24—25	25—26	26—27	27—28	28—29
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Income								
Main Factory	9,182	10,838	7,507	9,228	10,133	10,752	10,062	8,753
Sankarapuram Branch ...	...	1,902	6,331	7,245	7,582	7,611	8,119	7,423
Rushivandiyam Branch ...	...	...	...	...	715	2,416	2,802	3,355
Total ...	9,182	12,740	13,838	16,473	18,430	20,779	20,983	19,531
Establishment								
Main Factory	2,166	2,151	2,014	2,808	2,054	2,567	2,298	2,339
*S. B. ...	...	516	1,421	1,293	1,042	1,343	979	1,086
†R. B. ...	...	...	...	...	483	1,025	994	890
Total ...	2,166	2,667	3,435	4,101	3,579	4,935	4,270	4,315
Working Expenses.								
Main Factory	2,304	4,544	3,300	2,547	4,191	4,693	4,216	4,800
*S. B. ...	...	293	525	1,514	1,686	1,570	1,850	1,577
†R. B. ...	...	...	...	...	330	1,276	1,184	1,080
Total ...	2,304	4,837	3,825	4,061	6,207	7,539	7,250	7,457
Depreciation.								
Main Factory	1,387	1,949	1,917	2,169	2,250	2,388	2,910	3,014
*S. B. ...	...	55	914	915	926	870	843	810
†R. B. ...	...	...	...	1	15	1,363	1,224	960
Total ...	1,387	2,004	2,831	3,085	3,191	4,621	4,977	4,784
Net Profit..	1,697	2,057	2,494	3,899	3,371	1,331	2,045	862

* Sankarapuram Branch

† Rushivandiyam Branch

APPENDIX 'B'

	No. of Shares.	Face Value.	Paid up.	Balance.	1st call.	2nd call.	3rd call.
Individuals ...	741	18,525	12,091	6,434	1,675	2,273	2,486
Society ...	1,939	48,475	29,482	18,993	3,748	7,010	8,235
Total ...	2,680	67,000	41,573	25,427	5,423	9,283	10,721

Government Orders

G. O. No. 342, 17th February, 1930.

Co-operative Societies Act—Rules—Rule VIII D—Amendment—Published.

READ—the following papers :—

I

G. O. No. 142, Development, dated 31st January 1927.

II

Letter from D. N. Strathie, Esq., I.C.S., Registrar of Co-operative Societies, to the Secretary to Government, Development, Department, dated Madras, the 17th December 1929, No. B. 6759/29.

[Reference—G. O. No. 30, dated 7th January 1926; G. O. No. 142, Development, dated 31st January 1927 and G. O. Ms. No. 1152, Development, dated 28th July 1929.]

Under Rule VIII-D of the rules framed under section 43 of the Co-operative Societies Act only those co-operative societies who have not joined a supervising union or an audit union or any other scheme of audit or have not arranged to have their accounts audited at their own expense will be required to pay an audit fee to the Government in accordance with the scale approved in the last of the Government Orders quoted. It is found that certain big urban banks having a membership of more than a thousand and transactions extending over a lakh of rupees are nominally members of a supervising union paying only Rs. 150 to the supervision fund (the maximum which has since been abolished) and the societies are therefore eligible for the free audit of their accounts by the department. The Guntur Urban Bank is one such bank. It has a membership of 2,300 and transactions exceeding 3½ lakhs. A Senior Inspector of Co-operative Societies takes not less than four months in the year to do its concurrent and final audit. It does not pay anything towards it except Rs. 150 to the supervising union from which it does not really require any supervision. Whatever such societies may or may not pay to a supervision fund, in no way does it affect the position of the department, for it pays nothing for the services of a Senior Inspector for four months on the whole in a year who would otherwise have done the audit of 60 societies in that time.

2. The question was discussed at the Departmental Conference held in November last as to what should be done in such cases and it was decided that such societies should pay audit fees to the Government if the audit is done by the department.

GOVERNMENT ORDERS

3. I therefore suggest for the approval of the Government the addition of the following note to clause I of Rule VIII-D :—

“Note.—Primary societies with more than 1,000 members or transactions extending over a lakh of rupees will, in all circumstances, be liable to the audit fee, if the audit is done by the Government.”

Order—No. 342, Development, dated 17th February 1930.

The Government approve the Registrar's proposal that primary societies which consist of more than one thousand members or the transactions of which exceed one lakh of rupees should, in all circumstances, pay fees for the audit of their accounts. The following notification will be published in the *Fort St. George Gazette* :—

NOTIFICATION.

The following draft of an amendment to the rules published with the notification of the Local Government in the Revenue Department No. 483, dated 2nd October 1915, at pages 1039—1042 of Part 1 of the *Fort St. George Gazette*, dated 9th November 1915, as subsequently amended, which the Governor acting with Ministers proposes to make in exercise of the powers conferred by sub-sections (1) and (2) of section 43 of the Co-operative Societies Act, 1912 (II of 1912), read with section 21 of the General Clauses Act, 1897 (X of 1897), is hereby published as required by sub-section (4) of section 43 of the first mentioned Act for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration by the Governor acting with Ministers on or after the expiry of two months from the date of the publication of this notification.

Any objection or suggestion which may be received from any person with respect to the said draft within the period aforesaid will be considered by the Governor acting with Ministers.

DRAFT AMENDMENT.

In rule VIII—D of the said rules :—

(1) For sub-rule (1), the following sub-rule shall be substituted, namely :—

“(1) Every society shall pay to the Local Government the charge made for the audit of its accounts in accordance with the scale fixed by the Registrar with the previous approval of the Local Government. The scale shall be so fixed that no society shall be required to pay more than one thousand rupees for the audit of its accounts for any one year :

Provided that this sub-rule shall not apply

(a) to any society

(i) which does not consist of more than one thousand members or the transactions of which do not exceed one lakh of rupees per co-operative year ending with 30th June; and

(ii) which is a member of an audit union or a supervising union or which makes a monetary contribution towards any scheme of supervision obtaining in the district in which the society is working; or

(b) to any society which has its accounts audited at its own expense by the staff of a district federation or by a certified public accountant and auditor who is authorized by the Registrar to do audit under section 17 of the Act and who is willing to furnish the statements prescribed in rule V and in the forms required by the Registrar; or

(c) to any audit union, central bank other than the Madras Central Urban Bank, Limited, district federation or supervising union."

(2) Sub-rule (2) shall be omitted.

(3) Sub-rules (3), (4) and (5) shall renumbered (2), (3) and (4), respectively.

(By order of the Government, Ministry of Development)

S. V. RAMAMURTI,
Secretary to Government.

To the Registrar of Co-operative Societies.

Superintendent, Government Press (for publication of notification)

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 15th March 1930.

R. Dis. B 6579/29

Copy communicated to the officers institutions noted below :—

(By order)
T. R. RANGANATHAN,
Manager

To all Deputy Registrars and sub-Deputy Registrars in independent charge., including the Extra Assistant Registrar, Vizag.

All training Institutes.

Deputy Registrar, Institute of Commerce.

Deputy Registrars, Central Land Mortgage Bank and Sub-Deputy Registrars, Primary Land Mortgage Banks

Tamil Nadu Federation.

The Madras Central Urban Bank and the Provincial Co-operative Union.
President, Central Land Mortgage Bank.

P. C. U. Circulars.

I

Dear Sir,

SUBJECT :—*The Eighteenth Madras Provincial Co-operative Conference, (Circular dated 10th March 1930)*

The XVIIIth Session of the Madras Provincial Co-operative Conference will be held at Madras on the 19th and 20th April next, (Easter Week) under the presidency of Prof. V. G. Kale, M.A., Professor of Economics, Ferguson College, Poona, and a distinguished Economist of wide reputation.

I request you to kindly nominate your delegate or delegates to the Conference and send us his (their) name or (names) and exact postal address.

Each Central Bank, District Federation, Local Union, Non-Credit Society and Urban Bank may send two delegates, while the unlimited liability societies are requested to send only one delegate each.

Boarding and lodging arrangements will be made by this Union for the convenience of the delegates. The delegation fee has, as usual, been fixed at Rs. 2 and the fee for Boarding and Lodging at Rs. 3. per delegate for the whole session.

The institutions electing delegates are requested to kindly fill up and return the enclosed form so as to reach us on or before the 10th April next.

In addition to deputing delegates to attend the conference, each institution is requested to make liberal donations, as usual, towards the expenses of the Conference and thus make it the grand success that it ought to be.

Yours Sincerely,
V. RAMADAS PANTULU,
President

To

All Provincial Societies, Language Federations,
Central Banks, District Federations, Local Unions,
Non-Credit Societies and Urban Banks.

Note: Local Unions may inform the primary societies affiliated to them that a society may, if it so wishes, elect a delegate to the Conference.

THE MADRAS JOURNAL OF CO-OPERATION

To

The Secretary,

THE MADRAS PROVINCIAL CO-OPERATIVE UNION,

ROYAPETTAH, MADRAS.

1. Name of the Institution electing delegates and exact postal address.....
2. Name and Postal address of the delegate or delegates :—
 - (1)
 - (2)
3. Whether Boarding and lodging required and if so for how many.....
4. Whether delegation fee, Boarding and Lodging fees and donation are remitted with this form; if so please note the amount under each.
 1. Delegation Fees.....
 2. Boarding and Lodging Fees.....
 3. Donation.....

Signature of the

Executive Officer.

Date.....

NOTE: Delegation fee is Rs. 2 per delegate,

Boarding and Lodging fees Rs. 3 per individual for the whole session.

II

Dear Sir,

SUBJECT :—*The annual General Body Meeting of the P. C. U. (Circular dated 10th March 1930).*

The Annual General Body Meeting of this Union will be held on the occasion of the ensuing XVIIIth session of the Madras Provincial Co-operative Conference to be held at Madras on the 19th and 20th of April 1930. The exact date and time of meeting will be communicated to you later with the Agenda.

We request you to kindly elect your delegate to the meeting and let us have his name and address in the enclosed card which may be returned to us duly filled up so as to reach this office by the 10th April at the latest. Each institution is requested to elect only one delegate for the General Body Meeting.

P. C. U. CIRCULARS

The institutions which have not yet paid their annual contributions to this Union for the current year (as well as for the previous year or years if any are requested to kindly remit the same without further delay.

Yours Sincerely,
V. RAMADAS PANTULU,
President.

To all the Members of the P.C.U.

*Attention is drawn to the fact that delegation to the General Meeting of the Union is entirely different from delegation to the Provincial Conference.

GENERAL BODY MEETING OF THE
MADRAS PROVINCIAL CO-OPERATIVE UNION,
Royapettah, Madras.

1. Name & Postal Address of the institution electing the delegate
2. Name & Postal Address of the delegate

Signature of the
President or Secretary.

III

(Circular dated 10—3—1930)

Dear Sir,

It is proposed to hold the **Second Madras Presidency Co-operative Building Societies' Conference** at the time of the XVIII Madras Provincial Co-operative Conference to be held on the 19th and 20th April, 1930.

Any subjects for consideration at the said Conference together with notes or papers on those subjects may kindly be communicated to me on or before the 7th April next.

The agenda for the Conference, as well as the action taken on the resolutions of the First Conference will be sent to you a week before the Conference.

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

Yours Sincerely,
G. SRIRAM BABU NAIDU,
Hon. Joint Secretary, 10-3-'30.

To

THE SECRETARIES OF ALL THE BUILDING SOCIETIES IN THE
PRESIDENCY.

IV

(Circular dated 30—3—1930)

DEAR SIR,

As already announced, the XVIIIth Session of the Madras Provincial Co-operative Conference will be held on the 19th and 20th of April 1930 at the P. S. High School, Brodies' Road, Mylapore, Madras.

I enclose herewith a list of subjects with draft resolutions thereon which will be brought up for consideration before the Conference.

I request you to be so good as to elect, if you have not already done so, your delegates to the Conference and intimate their names and addresses to this office at the earliest date possible.

I further request you to kindly remit at your earliest convenience the delegation fees, Boarding and lodging fee if required and the donation to the Conference and thus make the Conference a grand success.

Yours Sincerely,
V. RAMADAS PANTULU,
President.

To
All Provincial Societies Language Federations, Central Banks,
District Federations, Supervising and Audit Unions,
Non-Credit Societies and Urban Banks.

V

(Circular dated 30—3—1930)

DEAR SIR,

I enclose herewith a list of subjects with draft resolutions thereon which will be brought up for consideration before the ensuing XVIII Provincial Co-operative Conference, and also a list of subjects to be placed before the General Body of the P.C.U.

The Conference will be held at the P. S. High School, Brodies' Road, Mylapore, on the 19th and 20th of April as already intimated.

I request you to be so good as to elect your delegates to the Conference as well as to the General Body, if you have not already done so, and intimate their names and addresses to this office at the earliest date possible.

I further request you to kindly remit at your earliest convenience the delegation fees, boarding and lodging fees, if necessary, and your donation to the Conference, as well as the annual contribution due by your institution to the P.C.U. for the current year (as well as for the previous years, if any).

Yours Sincerely,
V. RAMADAS PANTULU,
President, P.C.U.

TO ALL THE MEMBERS OF THE P.C.U.

Registrar's Circulars

XX

Subject:—By-laws—Arbitration Unions—framing of

(No. F. 4710/29 dated 8th January 1930)

A copy of the by-laws framed for the Arbitration Union is communicated to all Deputy Registrars of Co-operative Societies, and the Provincial Co-operative Union, & Superintendents, Co-operative Classes, Madras. Deputy Registrars may form such Unions where there are prospects of successfully working of the Union and where the people wish them. There must be no compulsion. Only if the Societies ask for such Union, organisation need be taken up.

(By order)

T. R. RANGANATHAN
Manager.

To
All Deputy Registrars and Sub Deputy Registrars of Co-operative Societies and Provincial Co-operative Union and Superintendents Co-operative Classes.

THE BY-LAWS OF THE CO-OPERATIVE
ARBITRATION UNION Ltd., No.

NAME, CONSTITUTION AND ADDRESS.

1. The Co-operative Arbitration Union Ltd., No. is registered as a co-operative society under Act II of 1912 (India). Its address shall be post, in the taluk of in the

District. Its operations shall be confined to the taluk of town

(Note. In these by-laws this Arbitration Union shall be referred to as the Union.)

OBJECTS.

2. The objects of the Union shall be
 - (i) to arrange for a central place where arbitration claims arising in the affiliated societies under Rule XIV of the rules under the Act shall be heard and decided.
 - (ii) to arrange for the service of summons and processes within the area of operations of the Union on the parties concerned and the witnesses who may be cited on either side.

- (iii) to see to the production of such books and documents which may be required during the course of the arbitration proceedings and their return with proper care.
- (iv) to arrange for getting done all the clerical and menial service incidental to the conduct of arbitration and execution proceedings undertaken by the Union.
- (v) to act as the authorised agents of the affiliated societies or the liquidators of dissolved societies for the execution of the awards or orders as the case may be in such manner as they may desire.
- (vi) to procure and furnish legal advice and assistance to the affiliated societies in all matters relating to arbitration and execution.

3. For these purposes, the Union shall have power

- (a) to levy from affiliated societies subscriptions, contributions and such other charges as are necessary from time to time.
- (b) to rent or to acquire by purchase or otherwise or to construct such building as will be found necessary.
- (c) to employ such staff as may be required from time to time.
- (d) generally to do all other acts necessary for carrying out the purposes for which the Union is designed.

4. The Union shall consist only of societies affiliated to it under by-law 8. The capital of the Union shall, for the present, be composed of as many shares as there are societies affiliated to the Union, at the rate of Rs. 25 for each share. No society taking a share need pay any money towards that share. The entire sum of Rs. 25 shall be its reserve liability on account of that share which it may be called upon to pay either in whole or in part should the assets of the union be found at any time to be unequal to its liabilities.

5. The liability of each affiliated society for the deposits taken by the union shall be limited to the share capital subscribed by the society.

6. Each affiliated society shall take one share in the Union. The share held by a society under this by-law shall give it the right to send from amongst its members one or two delegates to the Union. Delegates shall hold office for a period of one year each, and in any case a delegate shall continue to hold office till he shall have been replaced by another delegate. It shall be competent to the society at any moment to withdraw its delegation and to select another delegate.

7. Each society shall pay, before affiliation, an affiliation fee of Rs. 2.

8. Any society working within the area fixed in by-law I may apply for affiliation provided that no society can claim affiliation as a matter of right and secondly that the Board of Directors of the union may decline to affiliate any society without giving reasons.

8. (a) It shall be the duty of every affiliated society to refer all disputes between it and their members only to arbitrators appointed under rule XIV of the rules and it should not have recourse to civil courts for decision of such disputes.

9. No society once affiliated can be disaffiliated without the sanction of the Registrar unless it is dissolved or unless it is affiliated to another union provided that with the sanction of the Registrar, the Board of Directors of the Union may disaffiliate any affiliated society.

FUNDS.

9. (a) The funds of the Union shall consist of

- (i) Affiliation fees.
- (ii) Fees for services rendered to affiliated societies or liquidators of dissolved societies in the executing of the awards held by the former and latter orders on a scale fixed in the by-laws or subsidiary by-laws.
- (iii) A minimum subscription of Rs. 20 per annum from each affiliated society for ten arbitration references or less conducted in a year. For each additional arbitration reference a subscription of Rs. 3 will be collected.
- (iv) The deposits which may be taken by the Union under the special orders of the Registrar, and
- (v) Miscellaneous items.

THE BOARD OF DIRECTORS.

10. Subject to such resolutions as the general assembly of the Union may from time to time pass, the executive management of the affairs of the Union shall vest in a board of directors of not more thanmembers. The members of the Board of Directors shall be elected by the general assembly of the Union from among themselves. They shall hold office for a period of one year or until their successors are elected. Should any vacancy arise in the Board of Directors in the interval, between two general elections of office bearers, it may be filled up for that interval by the remaining members of the Board of Directors by co-option.

11. The members of the Board of Directors shall choose from among themselves a President and a secretary. The secretary shall conduct all the business of the Union, subject to the control of the president and in accordance with the resolutions of the Board of Directors. The President shall be the Treasurer, Ex-Officio.

12. The Board of Directors shall meet as often as necessary and at least once a month. The meetings shall be held at the registered office of the Union or of the affiliated societies. The quorum for a meeting of the Board of Directors shall be.....Any member who fails to attend three consecutive meetings of the Board of Directors of the Union shall be liable to be removed by that body but may be reinstated for the unexpired portion of the term of the governing body for satisfactory reasons given.

13. It shall be the duty of the Board of Directors subject to delegation to any office-bearer

- (1) to fulfil the avowed objects of the Union by doing all the acts referred to in by-law 3 supra;
- (2) to appoint the necessary staff within the scale sanctioned by the general body and subject to the approval of the Deputy Registrar in whose jurisdiction the Bank is situated and dismiss them, provided however the President can fine or suspend them;
- (3) to keep an account in its name in the Co-operative Central Bank Ltd. wherein all moneys realised in the execution of awards or the orders of the liquidated societies, shall be lodged;
- (4) to levy the following rate of fees for instituting execution proceedings besides the money necessary for affixing the court fee stamps etc;
 - (i) Rs. 2 for every hundred rupees or a fraction thereof of the value of the award or the liquidator's order.
 - (ii) Rs. 10 for all awards having no money value such as disputes relating to elections;
- (5) to employ one or more legal advisers to appear on behalf of the affiliated societies whenever necessary on such terms as may be fixed with reference to the merits of each case;
- (6) to prescribe a scale of fees to be charged for each item of service rendered, not provided for specifically in these by-laws;
- (7) to incur the contingent expenditure within the budget allotment sanctioned by the general body provided however, the Secretary can himself spend up to Re. 1 for any item;
- (8) to incur any other expenditure permitted by a resolution of the general body.

THE GENERAL ASSEMBLY.

14. The ultimate authority in all matters relating to the administration of the Union shall be the general assembly of the Union which shall be convened from time to time by the Board of Directors of the Union and which shall be composed of as many delegates as there are societies

affiliated to the Union. These delegates will be elected for a period of one year at a general meeting of the affiliated Society from among those of its members who are not in default of any sums owing by them to the society. Any delegate who becomes a defaulter to his society at any time will *ipso facto* cease to be such and the society represented by him shall send another delegate elected in the aforesaid manner.

15. The members of the Directorate of the Union shall work gratuitously; provided that they may receive travelling allowance and batta for journeys undertaken on the business of the Union within the provision for the purpose in the budget but they shall be entitled to no sitting fee.

16. The Board of Directors may make subsidiary rules for regulating their work. Such rules shall be entered in the minute book of the Union and a copy of every such rule shall be submitted to the Registrar for information.

17. The Board of Directors shall convene a meeting of the general assembly of the Union at least twice a year and on the requisition of not less than 10 delegates or 10 societies and at the requisition of a district officer of the Co-operative Department for the transaction of the following business:—

- (i) The election of members of the Board of Directors of the Union.
- (ii) The framing of the annual budget of receipts and expenditure.
- (iii) The fixing of the scale of pay for the clerical establishment of the Union.
- (iv) The submission of the annual report due to the Registrar;
- (v) The consideration of the Registrar's annual audit certificate;
- (vi) Amendment to the by-laws;
- (vii) Enquiry into any complaint which any affiliated society may prefer against the Board of Directors of the Union and
- (viii) Disaffiliation of any affiliated society which fails to get its arbitration and execution work done through the Union and failure to pay the dues of the Union.

18. It shall be the duty of every delegate to attend the meetings of the general assembly of the Union. The quorum for a general assembly of the Union shall be or one-fourth of the total number of societies affiliated to the Union, whichever is less.

19. At each of the meetings of the general assembly of the Union, the president of the Union when present shall preside. In his absence the assembly may choose a chairman from persons present and entitled to vote. All questions presented to the meeting shall be decided by a

majority of votes of members present and voting. Every member shall have only one vote. When votes are equal, the chairman shall have a casting vote.

MISCELLANEOUS.

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

21. The society shall prepare annually in such form as may be prescribed by the Registrar (a) a statement showing the receipts and disbursements for the year, (b) 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 Society shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

22. In the case of a dispute touching the business of the Union between members or past members of the Union, or persons claiming through a member or past member 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 Union 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.

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

Note:—"A member" in this by-law means "a society affiliated to the Union".

XXI

Training Institutes—Vernacular courses—Instructions

(No. B. 6233/29. Dated 27th February 1930.)

Reference:—Letter dated 19th February 1930 from the Provincial Co-operative Union Madras.

In accordance with the resolution at the Conference of the Registrar with the Deputy Registrars and Superintendents and representatives of Co-operative Training Institutes held in July 1929, to start two courses one for Graduates, Intermediates and possibly S. S. L. C. and the other for those with inferior educational qualifications, the following instructions which have been approved by the Provincial Co-operative Union are now issued for the information and guidance of the Institutes.

- (1) The syllabus to be followed in the two courses will be the same though in the case of the lower course, the instructions may be imparted partly in English and partly in the Vernacular.
- (2) The question papers on all the subjects will be in English and common to both the courses.
- (3) The students of the lower course will have the option of answering the papers either in English and in the Vernacular.
- (4) The option in (3) will be signified by the students when they send up their applications for examinations and the option once exercised cannot be altered.
- (5) The Deputy Registrar of the circle will value such of the papers as are answered in the vernacular and submit marks of such candidates for tabulation to the Registrar.
- (6) Those who either having passed S. S. L. C. or otherwise qualified under public service notification, will not be deemed fit for appointment as Government Inspectors if they do not answer examination papers in English. They may no doubt be eligible for the posts of Union supervisors or Bank clerks.

(By Order)

T. R. RANGANATHAN,
Manager.

To

All Institutes, Deputy Registrars
Copy to the P.C.U. and Deputy Registrar, Institute of Commerce.

Institutes—Refresher courses—Starting of.

(No. B. 6233-29. Dated 28th February 1930.)

In Registrar's letter No. B. 5451-29, dated 18th January 1930, copy of which was sent to all the training institutes, the Provincial Co-operative Union was consulted if the refresher courses contemplated can be started in the next vacation, namely on the 15th of April and if so to give a consolidated syllabus for the several institutes to follow. The Provincial Co-operative Union is in agreement with the proposal on the lines indicated in the letter above quoted.* As regards the syllabus a central committee is proposed to be formed very shortly which will decide the syllabus to be adopted by the institutes. The training institutes are requested to make necessary arrangements to give effect to this proposal.

(By Order.)

T. R. RANGANATHAN,

Manager.

To

The Superintendents of the Training Institutes,
Copy to the Provincial Co-operative Union.

Do Deputy Registrar, Institute of Commerce.

* This lines indicated in the Registrar's letter quoted are as follows:

1. The two sessions of the training classes must be from June to October and December to April.
2. The Refresher Courses may be conducted during the vacation, namely, between the 15th April and 1st June and 15th October and 1st December.
3. Admission to the Refresher Courses may be left open to those who have already undergone a full course, to schoolmasters if they can be got to attend and to supervisors of unions and Federations.

The Madras Provincial Co-operative Union

The City Co-operative Panchayatdars' Classes

SYLLABUS FOR THE SECOND SESSION

LESSONS I & II

Co-operative Act II of 1912.

(Figures refer to Sections)

1. *The objects of the movement* :—Explain the Preamble to the Act bringing out clearly the meanings of (1) thrift, (2) self-help, (3) persons of limited means—Point out how the rich and the hopelessly involved have no place in the Co-operative Movement. The main object is the promotion of the economic interests of the members.

2. *The formation of a society* :—Two kinds of societies (4 & 5). Explain fully their implication at the time of the dissolution. Liability of members (23 & 24)—any society which has as its object the promotion of economic interests can be registered under the Act. How many to apply, how to apply and to whom to apply (8) why a society should be registered?

3. *The Registration of a Society* :—The conditions of registration—How to amend by-laws (11)—Duties of registered societies (15 & 16)—Prior claims (19)—Proof of entries (26)—Exemptions (27 & 28)—where to invest funds (32).

4. *The powers and responsibilities of the Registrar* :—The guarantee for working the co-operative societies—Registrar responsible for registration, inspection, audit, enquiry and proper working. His duties are to supervise, to assist, counsel and control societies and to create public confidence. His powers are to satisfy himself as to the chances of working of a society, to register by-laws (9), to approve and register amendments (11), to enquire into the society's work (17 & 35), to inspect (17 & 36), to control finance (29 to 34), to appoint auditors and to cancel registration (39).

Explain in detail Sections 35 and 36.

5. *The rights and obligations of members* :—Their rights are to know from the auditor the exact state of affairs, to attend and vote at meetings, to demand an enquiry or dissolution or to appeal (31, 35 & 39). Their obligations are their duties by the society (23 & 24).

6. *Liquidation of societies* :—A society found unsatisfactory can be dissolved (39, 40 & 41)—the Registrar can appoint a liquidator (42) whose orders will be final. Explain in detail Sections 39, 42 and 43.

7. *Benefits of Co-operation* :—It is twice blest like Mercy; it blesseth him that gives and him that takes.

LESSON III

Loans

I. SURETYSHIP IS PERSONAL:

A contract of guarantee is a contract to perform the promise or to discharge the liability of a third person in case of his default. A surety gives this guarantee to the society on behalf of the borrower. Explain the meanings of the various terms.

Creditor :—What is the meaning—point out the precautions a society should take when it lends on sureties. Who can be accepted as sureties? It is stated that “a poor man of good character should be preferred to a rich man to act as surety for another poor man of the same status”: explain the implications; the co-operative ideal is to help the poor hard-working honest man; what results will follow if the selection is bad? explain with reference to depressed class societies.

The principal debtor :—Explain the term. What is his liability to the creditor and the surety—Illustrate.

Surety :—Who is he? how does he differ from a witness?—explain and illustrate the liability of a surety—it is said that “a surety’s liability is co-extensive with that of a principal debtor”—explain and illustrate—when is he freed?—explain the three ways—what is meant by a co-surety?—what is the relationship between co-sureties?—what rights has a surety against (1) the principal debtor, (2) the creditor and (3) the co-surety?

Point out the dangers in not understanding the meaning of the above words—the main duty of a surety is to keep an eye on the principal debtor to remind him of his debt to the society and to see that he pays it when it falls due. If a surety cannot take this trouble, his own property will be in danger in the event of the principal debtor failing to pay.

II. MORTGAGE RELATES TO IMMOVABLE PROPERTY

A mortgage is commonly described as a security for the repayment of money or money’s worth.

State briefly the kinds of mortgages the societies take generally—simple mortgages—explain the rights and liabilities of a mortgagor and those of a mortgagee.

What precautions should a co-operative society take before taking a mortgage? Explain the need for (1) proper valuation, (2) getting an encumbrance certificate, (3) legal advice, (4) judging the repaying capacity of the members—The prices fall as the property depreciates—As the mortgaged property forms the main security, it is highly essential that the valuation should be put as low as possible—The encumbrance certificates can be got freely from the Sub-Registrar’s Office—Take one form

and explain how to fill it—for how many years it should be obtained and the need for it—the dangers in taking mortgages of properties where a female intervenes—explain how the cause for overdues is mainly due to misjudging the repaying capacity of members, taking into account only the security offered—it is essential that long term credit should be refused by ordinary credit societies—the urgency for registering land mortgage banks—explain the facilities offered by them and the precautions adopted in taking mortgages.

III. WHO CAN REDEEM?

The following may redeem a mortgage besides the mortgagor—(1) any person having an interest in or charge upon the mortgaged property or upon the rights of redemption, (2) any surety for the payment of the mortgaged debt, (3) the guardian of the property of a minor or a lunatic or an idiot.

LESSON IV

Recoveries

How to recover is the daily problem of our societies—The reasons for overdues are :—(1) admitting the hopelessly involved and giving them loans beyond their repaying capacity, (2) not giving sufficient loans to members, and (3) disinclination of the panchayat to take necessary trouble to collect—The panchayat should first adopt all possible steps to collect, enquire into reasons for non-payment and give reasonable facilities—the last resort being recourse to court—If every one keeps up his word, there is no necessity for enforcing his obligation legally—explain how to file a plaint and recover debts—the next step is to execute—if the defaulter declines to pay, the decreed debt has to be executed either (1) in civil courts or (2) through revenue courts—explain a form for execution and the particulars to be filled up—the amounts may generally be recovered either by (1) attachment of property or salary or (2) by arrest—by the latter course the society should be prepared to maintain him in the jail for a maximum period of six months—Some speedy methods for recovery are (1) by issue of precepts, (2) by grant of temporary injunctions, (3) arresting before judgment, (4) attaching before judgment—Recovery through revenue courts is commonly resorted to—No stamp—limited number of cases—much delay no speedy methods.

As to sums misappropriated, prosecution is the only method—that is—criminal law. The method is to narrate the facts of the case in a police station and the Crown will do the needful.

LESSON V

Limitation Act

In an ideal society there is no need for such a law. The cases are increasing in number year after year. There are also instances where bonds are returned on the ground that they are time-barred—Explain the

responsibilities of the Directors and the consequences of their neglect—The time limit for an un-registered promote is 3 years and for a registered one twice that period—If a payment is made, it is three years from the date of decree or from the date of last execution—Explain (1) how to calculate time in cases when courts are closed, (2) when claims can be enforced by minors, idiots or individuals affected by insanity.

If all Co-operators act up to the high standard of conduct, that is expected of a co-operator, there is no need to know about the law of limitation.

LESSONS VI AND VII

Urban Non-credit Co-operation in General

Co-operation other than credit:—Two main classes—(1) Producers (2) consumers—Motto—"Credit to producer promotes prosperity and credit to consumer promotes poverty"—Explain and illustrate.

Trained workers needed:—(1) to point out the present weak, disorganised and economically crippled conditions of life, (2) to carry on brisk education and propaganda, (3) to undertake an intensive survey of urban conditions, (4) to put forth organised effort for the social and the economic uplift of urban population which is exploited on all sides by capitalists, (5) landlords, and (6) middle-men.—

I. *Co-operative Producers' Societies* :—Illustrate—Artisans, craftsmen who carry on small industries, weavers, goldsmiths, furniture-makers, lace makers, gold and silver thread makers, tailors and potters require societies to facilitate their work and to increase their usefulness as cottage producers. It must be the ideal to enable the small worker to do more efficient work with improved tools and better organisation and to put down the exploitation of labour by small capitalists.

Assistance is required (1) monetary under State aid to Cottage Industries; (2) Expert advice from the Industries Department and from research scholars and professors.

II. *Co-operative Consumers' Societies* :—Triplicane Stores—its origin and development—attempts should be made to have a store in every street and in every chéri—Explain the tricks of the private grocers—mixing of qualities—false weights—false measures and how people are duped by lower prices with unfair practices—The primary necessities of life are (1) food, (2) clothing (3) housing—Stores can be started for supply of grains, condiments, groceries and cloths—attempts should be made to start ladies' clubs and buying clubs and gradually to proceed to co-operative bazaars, restaurants and hotels where not rich food of the capitalistic hotels but plain and wholesome food as the middle classes have at their homes can be had—It is a desideratum to have co-operative book and stationery shops for the

supply of books, stationery, sports and other requirements of students, obtaining trade terms and allowing bonuses to students—the much needed and useful service to the past and present students, namely disposal and obtaining of second-hand books can be taken up also.

LESSON VIII

Housing Societies

House Building Societies :—Their rules—how—limited to middle classes—their restrictions—the need for a Federation of the 17 Building Societies in the city—with it a number of co-operative societies for joint purchase of building materials—societies of brick makers, societies for carpenters, for tile makers, etc., will spring up—Explain in detail the achievements of "Amalgamated Housing Corporation" of New York.

House-buying Societies are needed in every street (1) to purchase houses for tenants (2) to eliminate brokers and (3) gradually enable tenants to become owners—an effective house-exchange—explain how the problem of housing labourers and eliminating slums was tackled in Denmark—

Housing Societies :—A big building with various compartments let out to tenants where every tenant can acquire ownership in his apartment on easy terms can be tried—frequent enhancement of rent—how the difficulties can be removed—

LESSON IX

Revision Class

The proper authority for the spread of co-operation :—Dr. Warbasse said that "there can be no such thing as State controlled and administered co-operation."—Explain Mr. H. W. Wolff's opinion about State's activity (1) as a propagandist (2) as a financing body and (3) as a controller of societies—illustrate Burma—In the resolution of the Government of India in 1914 it is stated that "the Government should continue their co-operative education for a long time even after registration of a society"—note the present policy of co-operative education—The Townsend Committee's opinion.

It is the duty of the Madras Provincial Co-operative Union to undertake co-operative education and propaganda—

1. to educate the members of societies,
2. to point out the existing defects in the conditions of life,
3. to suggest methods for their improvement,
4. to create public opinion for the social and economic uplift of the peasantry and labour—the back-bone of India and
5. finally to see that the true co-operative ideals are not violated.

Self-help is the best help :—Explain and illustrate—No outside body can undertake what the members themselves are expected to do for themselves.

LESSON X

Co operation--A Method of Nation Building

A co-operative society is a democratic institution where administrative ability, training in disciplined action and unity on the basis of economic interests are attempted.

1. Use of vote—power of vote—proper use of vote difficulties accruing from improper use should be taught to every co-operator—one man—one vote.

2. Panchayat—the need to elect good persons to the panchayat—as far as possible they must be persons acceptable to all—quarrels and intrigues should be avoided as they are opposed to co-operation and to national uplift—the members must be disciplined and trained to take up responsibility—the dependence on one man should be removed—equal opportunities for all.

Explain how Co-operation is international in spirit, cultivates the spirit of neighbourliness, cements life, in small localities, trains people for voluntary leadership, respects the individuality of man, evolves a regional life vibrating with enthusiasm and oneness of spirit and at the same time creates an outlook of brotherhood of mankind—It aims at revolutionising the economic system without destroying its existing structure and attempts to benefit the largest number by the legitimate distribution of wealth.

Failure to manage the co-operative societies will be a clear indication of the people's unfitness to aspire for the control of the nation's administration—It is the duty of all societies to see that no society, no co-operator goes astray and brings disgrace upon himself, upon the society, upon the movement and upon the nation.

Reports of Rural Reconstruction Centres for the period ending 31-12-29.

1. INDUKURPET, NELLORE DISTRICT.

In the report for the five months ending June 1929 an idea was given of the work that the Committee proposed to undertake during the current year. The following items were included in the programme of work, viz., (1) the starting of Village Panchayats (2) arranging regular demonstrations by the officers of the Agricultural and Public Health departments (3) Starting of a circulating library (4) supply of cotton to the spinners in the area and of yarn to the weavers and (5) organising classes in adult education. In pursuance of this programme the Committee drew up a budget of expenditure for the year as (3), (4) and (5) involved some outlay of money. Unfortunately the budget has not yet received the approval of the Madras Provincial Co-operative Union with the result that nothing was done under (5) and very little under (3).^{*} It is hoped that the Provincial Co-operative Union will sanction the budget at an early date and place the Committee in possession of the funds required for carrying out the Programme. An account of the progress in respect of other items is given below.

PANCHAYATS.

The panchayats at Mypaud at Potlapudi resolved on carrying out a certain number of public works and applied to the Registrar-General of Panchayats for grants. He agreed to grant half the amount of money required for most of the purposes and asked the panchayats to devise ways and means for raising the other half. It is gratifying to note that the Panchayats have sent up proposals for taxing the inhabitants of the village with a view to raise the amount required. The Rural Reconstruction Supervisor has been helping these panchayats and especially the panchayat at Mypaud—in the matter of keeping records, carrying on correspondence and in several other ways.

The Supervisor as well as the Convener carried on propaganda in the several villages of the area on the subject of Panchayats. The propaganda bore fruit in some cases. The Registrar-General sanctioned the formation of Panchayats at Narasapur and Somarajupalle and they will begin work shortly. The inhabitants of Gangapatnam and Koruturu have also applied for the formation of Panchayats in their villages and their applications are now pending with the Registrar-General; it is

^{*}The convener was requested to postpone the undertaking of these two items pending the receipt of grant from the M. C. U. B.

hoped that before the end of this month they too will be registered. It was not possible to carry on this kind of work at a more rapid pace as villagers have to be thoroughly convinced of the advantages of a Panchayat before they can be made to send up applications. This is all the more necessary as factions exist in some of the villages in the area.

AGRICULTURAL DEMONSTRATION.

The best way of bringing home to the ryot the advantages of modern agricultural improvements is to carry on demonstrations in the villages themselves. With this idea the help of the Government Agricultural Demonstrator of Nellore was requisitioned and a number of ryots in the villages of Indukurpet, Korutur, Mypaud, and Kothur, were induced to set apart a few plots of land on which the advantages of improved manures might be demonstrated. Details of the nature of demonstration is given below.

Details of manures used in plots taken for demonstration in the Indukurpet Rural Reconstruction Centre are as follows:—

Name of ryot	Plot No.	Name of manure applied.	Extent	Name of crop.
<i>Indukurpet.</i>			A. C.	
G. V. Ramana Reddy	...	1 Super phosphate	1 50	Paddy
		2 Bone meal	1 50	
		3 Ammonia sulphate	0 35	
		4 Ammo phosphate	0 35	
		5 Nitrate of soda	0 10	
J. Sreehari Nayudu	...	1 Super phosphate	1 50	Paddy
		2 Bone meal	3 0	
<i>Mypaud.</i>				
D. Balarama Reddy	...	1 Caster cake & super	0 25	Paddy
		2 Sulphate of Ammonia and super	0 25	
		3 Nitrate of soda and Super	0 25	
		4 Luno phos	0 25	
		5 Super phosphate	1 0	
		6 Bono gono	1 50	
		7 Super phosphate	1 0	
		8 Bone meal	1 0	

*Note:—*Super phosphate and Bone meal were applied in plots where there was green manure (Vempali and Indigo)

If at the end of the agricultural year this demonstration is found to be profitable it will be extended to the other villages.

HEALTH PROPAGANDA.

The District Health Officer was requested to send one of the Inspectors to deliver a few magic lantern lectures on Health and Sanitation in the Reconstruction area. The Health Officer agreed to do so; but so far it was possible for the Inspector to go to the area only once during the celebration of the Health Week at Indukurpet in July.

CIRCULATING LIBRARY.

The Committee resolved on starting a Circulating Library in the area; but the resolution could not as yet be put into effect for the reason given in para 1 above. The Supervisor however, has undertaken to collect books for the purpose and so far eighty books have been collected. Desodharaka Mr. K. Nageswara Rao has kindly consented to supply the Magazine "Bharati" free of cost. It is hoped that the Library will be started ere long. What is immediately required is money for purchasing books and for employing a peon to circulate them in the different villages.

KHADDAR WORK.

With the funds placed for this purpose at the disposal of the Committee this work was undertaken in October last. Cotton is being supplied to about forty spinners in the area. After they spin it into yarn they are paid wages and the yarn is taken back. This yarn and some more yarn got from the other spinning centres are supplied to the weavers and after paying them the wages for weaving the cloth is taken delivery of from them. The cloth is sold to the All India Spinners' Association or to any others who may be disposed to go in for it. An account of the progress made so far in this work is given below:

It is proposed to distribute among the spinners and the weavers all the profits that may arise as a result of the transactions in Khaddar spinning and weaving so that it may prove to be an additional encouragement to them.

Progress of spinning and weaving in the Indukurpet Rural Reconstruction area for the half year ending 31st Dec., '29.:

The Work was begun in the month of October '29.	Cloth	yards.
woven in the month of October	...	51
Do do November	...	83
Do do December	...	170
Total.		304

	Rs.	A.	P.
Sale price of the cloth ...	234	0	0
Yarn spun in the area 40 padugus, Sale price ...	110	0	9
Cost of yarn purchased ...	302	0	0
visses			
Number of looms working ...	5		
Number of spinning wheels in the area ...	41		
Quantity of cotton distributed ...	93		
Amount invested by the Committee on cotton ...	124	12	0
Do do on weaving ...	140	0	0
Amount of wages earned by the weavers ...	68	0	0
Do do Spinners ...	45	0	0

Note:—Owing to agricultural labour in the fields more spinning work could not be turned out.

Besides several other items of work, the Supervisor has been engaged in looking after the needs of the depressed classes in some of the localities. Their requirements in respect of schools, house-sites, and supply of drinking water are being brought to the notice of the concerned authorities. Mr. V. Venkatasubbayya, B.A., of the Servants of India Society sent a sum of Rs. 47-8-0 for sinking pot-wells in Venkanapalem for the benefit of the Fishermen and it will be utilized for this purpose soon after the rainy season is over. The Committee has also been carrying on educative work in the field of Co-operation in the villages of the area and proposals for starting Co-operative Societies for supplying manure, seed etc., are in the course of formulation.

MEETINGS.

Three meetings of the Committee were held on 8-7-'29, 11-8-'29 and 15-9-'29. Two meetings were adjourned for want of quorum. As the Nellore District Board started Reconstruction work with Potlapudi as centre, the Committee resolved at the meeting held on 15-9-'29 to exclude from the area of its operations the three villages of Potlapudi, Kothapalem, and Amuluru.

FINANCE.

During the period under review the Committee received from the Provincial Co-operative Union Rs. 903-7-0 and spent Rs. 718-1-0. Details of receipts and expenditure are given below.

STATEMENT OF RECEIPTS AND CHARGES.

Receipts.			Charges.		
Contributions from the Provincial Co-op. Union.			Subscription to Panchayat Bulletin		
	Rs.	A.	P.		Rs. A. P.
5-8-1929 ...	250	0	0	Puranam and Harikatha ...	32 12 0
27-8-1929 ...	300	0	0	Furniture ...	5 0 0
19-10-1929 ...	210	0	0	Stationery ...	6 3 0
25-10-1929 ...	43	5	0	Printing and binding ...	5 1 6
18-12-1929 ...	100	0	0	Postage ...	1 3 6
Total ...	903	5	0	Salary of the Supervisor including increment from September ...	315 0 0
Opening balance ...	34	2	6	Supervisor's fixed T. A. less Rs. 30, deducted towards the loan taken by him ...	30 0 0
Grand total ...	937	7	6	Supervisor's T. A. for journeys outside the area of jurisdiction ...	24 13 0
				Amount invested on cotton ...	124 12 0
				Amount invested on weaving ...	140 0 0
				Total ...	718 1 0
				Closing balance ...	219 6 6
				Grand total ...	937 7 6

NELLORE, }
16th Jan. 1930. }

M. VENKATARANGAYA,
Convener.

2. TIRUPACHANUR, S. ARCOT DISTRICT.

Meetings:—3 meetings of the Committee were held during this period.

Tour programme and Fortnightly Diaries of the work of the Supervisor have been regularly received. They show systematic work of collection in Societies at the instances of the Supervisor and educative propaganda all round. As a result of the correspondence that passed between the Central Committee and the local Committee the Budget for the year 1929—1930 has been finally settled to keep the expenditure at Rs. 1750. The District Propaganda Committee has been requested to give a donation of Rs. 200 for prohibition propaganda by the Committee and the same has been forwarded to the Central Committee with the recommendation for a grant of Rs. 100 only. The Committee resolved to apply it as follows:—

1. Printing Posters Rs. 50.
2. Printing leaflets Rs. 25.
3. Propaganda lectures Rs. 25.

the last item to be conducted by the Supervisor and the Committee member on the spot.

One of our members, Mr. R. Srinivasa Aiyar, who was requested to visit Villivakkam, has favoured the Committee with a report of his visit.

A leaflet on "What a Panchayat can do" was ordered to be issued by the Committee.

Regarding the work of rectification and collection of societies working in the area, Mr. R. Srinivasa Aiyar has been requested to favour this Committee with a report of the work turned out in improving the state of affairs of all the societies in general and the loan applying societies in particular. It will, on receipt, be placed before the Committee and forwarded to the Central Bank with remarks thereon. Rectification reports of the Dalavanur Co-operative Society has been received and forwarded to the Central Bank with remarks of the Correspondent thereon. Societies have been often visited during the period under reviews and reconstruction of Panchayats effected wherever necessary. Report relating to the Kandamaradi Co-operative Society has been sent to the Central Bank in June last.

Two medicine chests for the use of villagers have been sanctioned, but order has not yet been placed for want of funds on hand. They would cost Rs. 70 (since received).

The three night schools are working satisfactorily. Steps are taken to see that the parents send all children of school-going age to the day schools in the village. Items that were programmed and commenced to be done in the 1st quarter are being attended to and continued with close supervision.

A village Panchayat was organised in Tirupachanur early in October. Mr. R. Srinivasa Aiyar and the Supervisor have visited the villages several times and instilled into their minds the benefits of co-operative activity and Reconstruction work in several respects. Collections were helped in some societies which were all exhorted to clear arrears to the Bank.

Stories from Ramayana were read to the villagers in Dalavanur from day to day.

A village Panchayat was organised at Pidagam.

A list of Library books was given to some of the villagers.

A Panchayat drama was enacted in Dalavanur. The Supervisor helped the performance on 14-11-'29 and addressed the gathering. About 40 to 50 villagers attended.

Manure pits were dug in Pillur and Dalavanur.

Prickly pears in Pillur was removed.

The opening balance in October was Rs. 94-6-0. A sum of Rs. 250 was received from the Central Committee on 21-10-29. Another sum of Rs. 250 was received on 7-14-'29. During the period about Rs. 900 had been expended.

The closing balance at the end of December was Rs. 29-1-0.

Cuddalore,
20th January 1930

R. KRISHNASAWMI AIYAR,
Correspondent.

The Madras Provincial Co-operative Union

Extracts from the Resolutions of the Meeting of the Executive Committee of the P. C. U.

Held at 12 noon on Sunday the 23rd March, 1930.

I. Subjects to be placed before the XVIII Madras Provincial Co-operative Conference:—

Resolved that the following subjects be placed before the XVIII Madras Provincial Co-operative Conference and that the following draft resolutions thereon be circulated to co-operators and co-operative institutions:—

SUBJECTS.

1. Co-operative Education,
2. Rural Reconstruction,
3. Rectification and Consolidation,
4. Proposals for amending the Act,
5. A constitution for the Conference,
6. Proposals for the Banking Enquiry Committee,
7. Co-operative Insurance,
8. Loan and Sale Societies,
9. Stores Societies,
10. Co-operators' Hall.

DRAFT RESOLUTIONS

(1) *Co-operative Education*:—(a) This Conference is of opinion that a Co-operative College on the lines of the Manchester Co-operative College should be started at Madras and appeals to the M.C.U.B., the Central Banks and other Co-operative Institutions to liberally contribute towards the funds required for the same.

(b) With a view to co-ordinate the working of the Training Institutes this Conference resolves:—

(i) that a Central Committee be formed consisting of the President of the P. C. U., the Registrar, and one representative of each of the Institutes and two other members who are residents of Madras and who shall be elected by the Executive Committee of the P.C.U.

(ii) The Central Committee shall be in charge of :—

1. The appointment of teachers and lecturers.
2. Prescribing courses and syllabuses therefor.
3. Conduct of examinations, arranging for valuation of papers and issuing certificates to successful candidates.
4. The discharge of such other functions as may be decided upon by the Committee with the previous approval of the Registrar.

(c) This Conference invites the attention of the Government to the recommendations of the Townsend Committee (vide page 94 of their Report) in the matter of grant-in-aid to the P.C.U. and requests the Government to give liberal financial aid to the P.C.U. on the basis of Rs. 3 to every Re. 1 collected by the P.C.U. with a view to enable it to successfully and efficiently discharge the function of Co-operative Education.

(2) *Rural Reconstruction* :—This Conference expresses its grateful thanks to the M.C.U.B. and the Central Banks concerned for enabling the P.C.U., by contributing the necessary funds, to successfully run the experimental centres of Rural Reconstruction.

(a) *Rectification and Consolidation* :—(a) This Conference expresses its grateful thanks to the M. C. U. B. for allotting money from its general funds for Rectification and Consolidation work in pursuance of the resolution No. III (c) * of the last year's Conference and requests all Central Banks and District Federations to avail themselves of the offer of the M.C.U.B. and push on the work of Rectification and Consolidation.

(b) This Conference invites the attention of the Central Banks and the District Federations to resolutions III (b) and (d) of the last Conference and requests them to give effect to those resolutions.†

* III (c) This Conference requests the M.C.U.B. to make liberal contributions to the finance required to carry out the scheme, at least in selected areas where, in its opinion, a vigorous programme is being pursued with the aid of an adequate and efficient staff and the concerned Central Bank has committed itself to incur the bulk of the estimated expenditure.

† III (b) This Conference suggests the following procedure for the selection of the societies for rectification and consolidation, and for determining the agency to which the work should be entrusted :—

1. The Executive Committee of each Central Bank may draw up a list of societies which require early attention and the Unions may draw up lists of societies which they can rectify and of those which, in their opinion, are beyond their capacity and resources to improve.

(4) (a) *Proposals for amending the Act* :—(a) This Conference agrees with the spirit of resolution XIV of the Third Madras District Co-operative Conference and requests the Government not to move for consideration the Co-operative Societies' Bill in the Local Legislature without previously eliciting public opinion on the same and giving adequate opportunity to co-operators and co-operative institutions to place their views before the Government.

(b) This Conference requests the Executive Committee of the P.C.U. to obtain and consolidate the non-official co-operative opinion on the Bill and to place the same before the Government and the Local Legislature.

(5) *A Constitution for the Conference* :—This Conference is of opinion that the Provincial Co-operative Conference be held once in two years in future and that the Executive Committee of the P.C.U. be constituted the Standing Committee of the Conference to make arrangements

2. On the basis of the lists thus furnished by the Central Bank and the Unions in each district, the programme of Rectification and Consolidation may be drawn up at a joint conference of the Directors of the Central Bank and the District Federation to be convened at an early date.

3. The said Joint Conference should determine the staff required for the work, the cost involved in executing the scheme and the methods by which the requisite finances for it should be found.

4. The District Federation where it exists and such agency as the Joint Conference may determine where it does not exist should be placed in actual charge of the execution of the work of rectification and consolidation through the Unions, except in the case of those societies which the Unions certify that they are unable to rectify, such societies being directly handled by the Federation.

5. As the work of Rectification and Consolidation requires for its successful accomplishment the co-operation of several agencies, namely, the Unions, the Federation, the Departmental Staff of Administrative Inspectors and the Central Bank, their respective duties and responsibilities may be defined as far as possible at the said joint conference (to which departmental officers may also be invited) so as to avoid duplication of work on the one hand and neglect of any portion of the work on the other.

III. (d) This Conference also considers that, in order to aid the work of Rectification and Consolidation and to prevent the further deterioration of societies, the Central Banks should carry on the duties of inspection as recommended by the Townsend Committee and that, besides maintaining a duly equipped inspection staff for the purpose, they should also maintain the administrative section of their offices in an efficient condition so as to ensure the maintenance of a complete, accurate and up to date record of the condition of each society financed by them,

for the convening of the conference and the publication of all literature connected with its proceedings.

(6) *Proposals for the Banking Enquiry Committee*:—This Conference accepts the recommendations contained in the Joint Memorandum of Answers to the Questionnaire of the Madras Provincial Banking Enquiry Committee by the M.C.U.B. and the P.C.U. and in the memorandum of answers to the Central Committee's Questionnaire and requests the Central and Provincial Banking Enquiry Committees to adopt and to press those recommendations on the authorities concerned.*

(7) *Co-operative Insurance*:—This Conference recommends to the Government the desirability of Co-operative Insurance Societies being registered under the Co-operative Societies' Act and requests the Executive Committee of the P. C. U. to frame a scheme and bye-laws for the same and take other necessary steps.

(8) *Loan and Sale Societies*:—This Conference notes with regret that no adequate progress has been made in promoting the Loan and Sale Societies and urges on Co-operators the necessity of improving their working.

(b) This Conference invites the attention of all primary societies to the following resolution V. (B) (b) of the last Conference and urges them to give effect to the resolution.

"This Conference is of opinion that every primary society in the area of a loan and sale society should finance the cultivation expenses of its members, and insist on its members selling their produce through the loan and sale society or with the knowledge of the panchayatdars of the primary society."

(9) *Stores Societies*:—This Conference is of opinion that the establishment of a Co-operative Wholesale Society for the province is a matter of great and urgent necessity and requests the T. U. C. S. to take the necessary steps in this behalf.

(10) *Co-operator's Hall*:—This Conference expresses its agreement with resolution XV of the Third Madras District Co-operative Conference and requests the P. C. U. and the M. C. U. B. to take steps for providing a Co-operator's Hall in the City.

*Vide Supplement I to the March Issue of the Madras Journal of Co-operation for the Answers to the Questionnaire of the Provincial Committee. The memorandum of answers to the Central Committee's Questionnaire is being printed and will be circulated at the Conference.

†Vide page 608 of this issue of the Journal for a scheme on this subject by Mr. K. L. Narasimha Rao.

II. SUBJECTS TO BE PLACED BEFORE THE GENERAL BODY.

Resolved that the following subjects be placed before the General Body:—

1. Co-operative Education and Co-ordination of the working of the Training Institutes.
2. Report of the P. C. U. and its activities.
3. Amendments to the Act.*
4. Amendments to the Bye-laws of the P. C. U.†
5. Taking up the publication of the Village Panchayat Bulletin.‡
6. Election of the office-bearers under the bye-laws and the formation of the Board of Management, the Executive Committee and other Committees.

III. PROPOSALS FOR AMENDMENTS TO THE BYE-LAWS OF THE P.C.U.

Resolved that the following amendments be placed before the General Body:—

Bye-law IV.—Membership.

1. Add under IV (a) the following:—
(viii) Co-operative Training Institutes.
(ix) Land Mortgage Banks.

2. *Bye-law VI. (1)*—Add the following clauses:—
(f) Every Training institute shall pay Rs. 15.
(g) Every Land Mortgage Bank shall pay Rs. 10.

3. Add the following at the end of the bye-law after the word "Union":—

Provided that a society affiliated in the second half of a co-operative year shall pay only one half of the annual contribution prescribed.

4. *Bye-law IX.*—Omit the words "Bulletin.....Tamil", and substitute for them the word, "Journals".

5. *Bye-law XX.*—Add the following as (7) and (8) and renumber (7) as (9):—

- (7) Training Institutes—one delegate each.
- (8) Land Mortgage Banks—Two delegates—one from the Tamil Dts. and one from the Telugu Dts.

*Vide draft resolution on item 4 of Subject I on page 3 of this supplement.

†Vide Resolution under the next subject.

‡Vide appendix for a note on this subject.

6. *Bye-law XX (c).*—Add "or until their successors are elected" at the end of the sentence.

7. *Bye-law XXI.*—Add "or until their successors are elected," after the words, "for two years," occurring in line 7 in the bye-law.

8. Add as bye-laws XXV, XXVI and XXVII the following and renumber the existing bye-laws XXV to XXVIII as bye-laws XXVIII, XXIX, XXX and XXXI :—

"*Bye-law XXV.*—A Central Committee for the regulation of the work of the Rural Reconstruction Centres and of the local committees thereof shall be constituted with 7 members, including the President of the P.C.U., who shall be an ex-officio member thereof. At least 4 out of the 7 members shall be residents of Madras. One member shall be elected by the Executive Committee of the M.C.U.B. The remaining five members shall be elected by the Executive Committee of the P.C.U.

"*Bye-Law XXVI* :—Each Training Institute affiliated to the P.C.U. shall be represented on the Board of Management of the P.C.U. by one member selected by the local committee of the Institute.

"*Bye-Law XXVII* :—A Central Committee for the co-ordination of the work of such Training Institutes, in accordance with the rules made in this behalf with the previous sanction of the Registrar, shall be constituted. It shall consist of the representatives of the Institutes on the Board of Management of the P.C.U., the President of the P.C.U. and the Registrar, who shall be ex-officio members, and of two other residents of Madras who shall be elected by the Executive Committee of the P.C.U.

The Central Committee shall have power

1. to appoint teachers and lecturers,
 2. to prescribe courses and syllabuses therefor,
 3. to conduct examinations, arrange for valuation of papers and issue certificates to successful candidates
- and 4. to discharge such other functions as may be decided upon by the Committee with the previous approval of the Registrar".

APPENDIX.

(REFERRED TO IN ITEM 5 UNDER RESOLUTION II.)

A Note on the Publication of the Village Panchayat Bulletin by the P. C. U.

(a) The P. C. U. may take up the publication of matter relating to village panchayats after the publication of the Village Panchayat Bulletin is abandoned by the Registrar General of Panchayats.

(b) Instead of publishing a separate Bulletin, provision may be made in the English, Tamil and Telugu Journals of Co-operation, each month, for publication of matter relating to Village Panchayats in the shape of a special Village Panchayat Supplement appended to each issue, such supplement covering not less than one form of printed matter.

(c) The P. C. U. may maintain two hands to collate all information relating to Panchayats and to prepare the matter for publication in the three Journals. Both of them should possess adequate knowledge of English and one of them should be able to render the matter into Telugu and the other into Tamil.

(d) The English Journal of Co-operation shall be supplied to such of the Panchayats as may require it on payment of a subscription of Rs. 4 per year. If the Village Panchayat portion alone is required, it may be supplied on payment of a subscription Rs. 2 per annum. The Telugu and the Tamil Journals may be supplied on payment of an annual subscription of Rs. 2. The P. C. U. may purchase the required number of copies of the Tamil and Telugu Journals from the concerned language federations which publishes them and supply them to the subscribing Village Panchayats or arrange with the language federations to supply them direct or it may itself print and supply them to the Panchayats or the language federations according to the terms to be settled in consultation with the Registrar General of Panchayats.

VIII. PROGRAMME FOR THE CONFERENCE AND THE GENERAL BODY.

Resolved that the following programme be adopted :—

Saturday the 19th of April, 1930 :—

8-30 A.M. to 10-30 A.M.—Opening session of the Conference—
(Welcome Address and Presidential Address.)

3 P. M. General Body Meeting of P. C. U.

Sunday the 20th of April, 1930 :—

8 A. M. to 11 A. M.—Conference sits in committee for discussion of subjects and settling the resolutions.

1 P. M. to 2-30 P. M.—Board of Management Meeting and Executive Committee Meeting.

3 P. M. to 7 P. M.—Open Session.

V. RAMADAS PANTULU,

President, 23-3-30.

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