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Editorial Notes

CO-OPERATION
IN MADRAS ('28-
'29)

We draw the special attention of our readers to two reviews or studies, appearing elsewhere in this issue, of the report of the Registrar of Co-operative Societies, Madras, for 1928-'29, by two veteran co-operators. Mr. T. Adinarayana Chettiar has been connected with the movement ever since its inception and his position as the President of one of the most forward of the District Banks for several years gives his remarks an additional value. Mr. Venkatasubbaiya, the author of the second study, has after a long interval begun to take genuine interest in the Journal which he was conducting for a long time with such conspicuous ability and success. If we venture to make some observations on the report after these two veterans have given our readers the benefit of their views, it is merely to emphasise one or two minor points not touched upon by them.

The general impression, left on any one who carefully goes through the document, is that it is not a mere soul-less official document giving an account of Co-operation in this province in a very detached and impersonal way, but that it is the revelation of the

strong personality of the officer, who was in charge of the Department. It is an account of the co-operative movement in the Province during the year 1928-29, reviewed from the point of view of the writer, who has evidently very strong likes and dislikes and who expresses them without caring to know what effects those words will have upon others, who devote perhaps as much time and attention to the work as he does, but are not paid for it. The secretaries of the P.C.U. in their annual report* have given him an effective reply on some matters and we are not going to deal with them here.

His remarks on the present policy of the Imperial Bank (pp. 13 and 14) look more like an advocate's defence of their actions and we are not able to rejoice with Mr. V. Venkatasubbiai that an opportunity has been given to us to develop our capacity for self-help more and more. The Imperial Bank is a state-aided Bank and it has its obligations to a movement like ours intended for the benefit of the peasant.

It is small consolation to be told that our province is not as bad as it is generally taken to be and that our overdues, looked at from a different point of view, are not formidable. The table given in page 47, wherein the best Union has an overdue of 65 per cent under principal and 61 per cent under interest and the worst 92 per cent and 91 per cent respectively, is sufficiently indicative of the seriousness of the situation and let us not be deluded by any comparative statement into any slackening of efforts to improve.

The Registrar speaks with approval about the policy of popularising short term loans (p. 18) and reverts to the subject later on also (p. 44). Appendix 5, regarding demand, balance and percentage of loans due by members to Agricultural and Non-Agricultural Credit Societies, does not reveal much of an improvement, so far as certain districts are concerned, such as Anantapur, South Arcot, Chingleput, Chittoor, Cuddappah, Kurnool, Malabar, Salem etc.

It is a pity that no mention is made about the Government giving any grant to the P.C.U. as recommended by the Townsend Committee.

We are very glad to note that co-operative societies in schools and colleges have developed to some extent and have a paragraph

* Vide page 724 of May 1930 issue.

EDITORIAL NOTES

of the report devoted to them. We are credibly informed that attempts would be made to have a Wholesale Society started in Madras, to supply articles of stationery and books to these 64 societies. That is the natural line of development and we hope it would be an eye-opener to the stores societies in the province.

We are pained to note that the Tindivanam Agricultural and Industrial Society is still on its downward march and its neighbour the Kallakurichi Society does not show symptoms of vigorous life. Our readers, would in this connection, remember what the man on the spot, has to say about the latter.* Let us hope that officials and non-officials would co-operate heartily and see that these societies do not share the fate of the Shiyali Society.

It is indeed a great pity that 104 Stores and Trading Unions have not been given a single paragraph to themselves but are summarily dismissed with a bare statement along with the remaining 166 societies belonging to 16 different types and varieties. The Registrar cannot say there is nothing worth mentioning about them. The T.U.C.S. is there and also a few other successful stores in different parts of the province.

Cases pending disposal and decrees pending execution are increasing rapidly and the sums involved are very big amounts. There is a good deal of truth in the remarks of His Excellency the Governor of Bombay that, when Co-operative Societies seek the help of the revenue authorities for the execution of decrees, they cease to be co-operative. But we are forced to have resort to this extreme step because of faulty organisation in the past, and the sooner we clear off the accumulated arrears, the better for the movement. We would in this connection commend the suggestion of Mr. T. Adinarayana Chettiar that District Banks agree to meet the cost of the special revenue staff employed for the purpose of clearing off the arrears.

We are glad to note that section XIII of the report which in former years was very short and cryptic has something of the human touch about it and the departmental head acknowledges his thanks "to a very large and increasing number of honorary workers, who have done so much help to the Co-operative Movement and to assist

*Vide page 617 of April issue of the Journal for an account of the working of the society by Mr. D. P. Tathachariar.

in pruning and weeding that has been necessary in the last two or three years." That is the right note and let us hope that cordial feelings will continue to prevail between officials and non-officials in the years to come.

Elsewhere will be found the speech of Mr. Rajabadar Mudaliar at the Banker's Conference in support of the LONG TERM LOANS. revival of the old practice of long-term loans being given by the M.C.U.B. to District Banks, by the District Banks to the Rural Credit Societies and by them in turn to the village co-operator. Mr. Vedachala Iyer's article not only deals with the problem, but suggests a solution. Mr. T. Adinarayana Chettiar, in his study of the Registrar's report, draws attention to it.

Practical workers know that the difficulty complained of is a real one. The Townsend Committee has set its face against the practice. In its opinion, an ordinary rural credit society depending for its finances on Central Banks, which in turn depend for their finances on short term deposits, is not fit to give long-term loans and if it was doing before, the sooner the mistake is realised and the practice stopped, the better for the credit of the movement as a whole. It is in accordance with this view that loans have been classified into Long-Term, Short-Term and Intermediate, and Rural Credit Societies have been advised to keep themselves to the second exclusively, occasionally trying the third variety but never the first. Land Mortgage Banks are expected to tackle the long-term loans; but co-operators naturally ask "what is the poor ryot to do until a system of a net work of Land Mortgage Banks is completed and its benefit reaches him." The M. C. U. B. and Bankers' Conferences of the last two years are not oblivious of the difficulties, but they recognise the limitations of the present system of co-operative finance and they have been consistently loyal to the recommendations of the Townsend Committee. We cannot therefore find fault with them. The President of the M.C.U.B. has also put forward the Banks' case on many occasions in these pages.

There is however a case which cannot be met either by short-term loans with further facilities, such as crop loans or advances by loan and sale societies or by the long-term loan that the Land Mortgage Bank promises to offer. Such a case is contemplated by Mr. Vedachala Iyer in his article and we should like to draw the special attention of our readers to it. It is of a farm labourer who aspires

to become a cultivating farmer. He has no property to pledge and hence the Land Mortgage Bank is of no use to him. He has no field just now and cannot be benefited by short-term loans for agricultural expenses or by the advance on standing crop or on harvested produce. He wants a long term loan and has nothing to offer as security except his character. If helped with a loan, he would purchase some land, improve it and in course of time become a peasant proprietor. He has a right to get help from the Co-operative Movement, because we have been swearing by Raiffeisien and proclaiming that Co-operation is capitalised honesty. If, instead of turning his ambition into production, he were to direct his activities to distribution and begin life as a petty shop keeper, he gets enough credit facilities from wholesale merchants and from commercial banks and he can, in course of time, hope to build a small fortune of his own. On the other hand, if his aim is not to become a middleman parasite, but to produce his "infinitesimal mite" and become worthy of honour by the sage of Chelsea, (our readers would remember that Carlyle said, "Two men I honour and no third" and the first was the honest tiller of the soil) the world in general and Co-operation in particular offers no helping hand to him! We have to think out a method of helping such honest folk and Mr. Iyer suggests that half the amount available may be set apart for long term loans of this sort. We invite co-operators to examine the proposal and we shall be glad to give publicity to their views.

One of the resolutions passed at the last Provincial Conference was to request the Executive Committee of the P.C.U. to elicit public opinion and place before the next conference a draft constitution for the conference itself. The need for the resolutions placed for consideration by the Subjects Committee were those previously fixed up by the Executive Committee of the P.C.U. and the delegates were not permitted to bring up any fresh resolutions on the spot. Perhaps some of the delegates, who have been attending these Conferences regularly, also remembered the occasion, which arose a few years ago, when the Conference by a narrow majority passed a resolution not in conformity with the prevailing co-operative opinion and the President of the P.C.U. took up the bold attitude that the P.C.U. is not the Executive of the Conference and that *its* own policy would be settled at *its* general body meetings. To obviate all such difficulties a definite constitution is proposed to be got ready and we invite suggestions on the matter

from all our constituent bodies and from individual co-operators as well.

The following points among others have to be settled: The body for convening the conference and the time and the place of meeting are of comparatively small importance, though these too have to be definitely fixed. A major point is, who is to send delegates and how many, whether Rural Credit Societies should be given the privilege of sending delegates or whether that privilege is to be given only to Unions and to non-credit primaries. Another point to be considered is whether the right of moving resolutions should be given to every member of the subjects committee or, is the said committee to consider such resolutions as have been considered by a co-operative society, only having the right to send a delegate at its meeting of the General Body or Board of Management and duly communicated to the conveners of the conference. A third point is, whether there should be a subjects committee at all and whether that work cannot be delegated to the Executive Committee of the P.C.U. Still another point is, should not the officials of the Department be entitled to come as delegates and take an active part in the deliberations of the conference, like the non-official co-operators. Our readers may be told that this practice obtains in Bombay and there may be something to be said in its favour. The body to be entrusted with the responsibility of taking action upon the resolutions passed and submitting a report thereon to the next conference has to be decided upon. Suggestions are invited on these and other points in connection with the drafting of a constitution for the conference.

One of the most appalling truths revealed by the intensive survey of the problems of Primary Education, is the fact that in many cases, boys and girls "lapse back into illiteracy" if their studies be not continued and all the money and energy spent in "educating" them for a year or two is sheer waste. One would like to know whether there is not a similar waste in the Co-operative Movement in what we call "Rectification and Consolidation." We all know the various sins of omission and commission that have led the movement to its present condition of ever increasing overdues. Many of the financing banks have begun to realise their responsibilities in the matter and have employed an adequate field staff and are liberally subsidising Unions and Federations in their work of rectification. We look in vain for information regarding the permanent results of such work in the reports available

to us. We would suggest a triple classification of societies in every district. (1) Societies started in recent times after the publication of the Townsend Committee (2) Old Societies where the work of rectification has been attempted and (3) Other Societies.

We are prepared to meet with any degree of unsatisfactory state of affairs in class (3). They are yet unredeemed. What about Class (2)? Have they been benefitted by the additional expenditure of money and special attention devoted to them? Have the symptoms of decay been removed and will those plants thus pruned and sprayed over, manured and watered, show symptoms of vigorous growth in future or will they be hot house plants permanently invalidated requiring constant attention? What about class (1)? Are these that have been started under better auspices by organisers, who knew the dangers of hasty or imperfect organisation, better than other ones? Are there not cases of overdues in them? Are they more self-reliant, growing vigorously without constant vigilance by an external body? One longs to get definite information under these heads. Let us hope that Departmental District reports, at least in future, will deal with co-operative societies in the several districts, not in a wooden stereotyped form, but supply such useful information as we have sought in vain, in them.

At the twenty-second Session of the Madras Provincial Educational Conference held at Coimbatore, Mr. Ramadas TEACHERS AND CO-OPERATION. Pantulu read a paper on "Co-operative Education." Mr. Ryan, Superintendent in charge of the Co-operative Training Institute at Coimbatore, spoke to the teachers assembled on "Co-operative Stores in Schools". There were references to G. O. No. 3368/L. & M. dated 18th July 1929. We admit that this G. O. preventing employees of Local Boards and Municipalities from taking part in the activities of co-operative societies, except in those cases where membership is confined exclusively to such employees, has thrown many an honest worker out of the field and is a definite blow to the co-operative movement. This G.O. has been condemned both in Co-operative and Educational conferences and let us hope this restriction would soon be removed. There are many cases, especially in the Transferred Departments, of G. Os. being issued and cancelled with almost indecent haste. To give one example, the G. O. enhancing the contributions to the Provident Fund of the Employees and the Management to one-twelfth instead of the present rate of one-sixteenth of their pay comes

to our mind. The authorities responsible for the promulgation of these orders seem to be bent on not following any definite policy. They pass an order to please one section, but when another section demands its cancelling more boisterously, it is done. We are reminded of Mr. Pickwick's advice to his companions at the time of Eatanswill election to shout with the bigger mob.

But, enthusiastic teachers who are ardent co-operators have enough scope for their activities even under such restriction. We shall refer to only one of them. To start co-operative stores for the supply of books and stationery articles to the students and to make boys run them efficiently under their supervision and guidance would not only give the young ones excellent opportunities for developing self-help and business habits, but also would introduce them to Consumers' Co-operation, a subject comparatively neglected. If in at least every secondary school, there is a students' society working properly, the ultimate benefit to the Movement at large, present and prospective, would be immense.

If the educational authorities would get Co-operation included among the subjects to be studied in the High School course, as the enlightened Durbar of Cochin has already done, another opportunity is available for the Teaching Profession to create in their students a real liking for the subject and avoid the general aversion which students entertain for anything they are asked to learn as an examination subject. We remember an English Professor advocating the study of Shakespeare by Indian Students, but proscribing an examination on the subject and a Scotchman saying the same with regard to Burns. Even if it be not included as a compulsory subject, teachers can give talks to their classes on the benefits of Co-operation and initiate their students into the mysteries of this enchanting subject. The least they could do is to get for the school library copies of "Our Story" and "Sunnyside" and other popular books on Co-operation intended for young ones and popularise them among the girls and boys. We make a special appeal to teachers to throw themselves wholeheartedly into this work of popularising Co-operation among the future citizens of the land and hope that the appeal made to the Provincial Educational Conference by the President of the Provincial Co-operative Union will result in Educationists and Co-operators joining hands in promoting Co-operative Education.

Of the committees set up by the Imperial Council of Agricultural Research, the Fertilisers Committee which is entrusted with the investigation of problems relating to the conservation of indigenous manurial resources, the development of the use of indigenous fertilisers and the programme of research on fertilisers, is all the most important from the agriculturists' point of view.

Many manures which India has produced and is capable of producing on a commercial scale, are not used in this country, but are exported to many foreign countries, while the agricultural lands in India, are in need of manures. At the same time foreign manures like Amonium Sulphide and Phosphate are imported and their use is propagated both by the Agricultural Department and by the non-officials.

Our readers will remember that we published as supplement I to the Madras Journal of Co-operation for December, 1929, a debate raised in the Council of State on the subject. It is a matter for gratification that the subject has been taken up in right earnest by the new Imperial Council of Agricultural Research.

We publish elsewhere the terms of reference and composition of the Committee. We are glad that the President of the Madras Provincial Co-operative Union is a member thereof and we are sure that the manurial needs of the agriculturists of this country will be urged by him upon the committee with first-hand knowledge.

Co-operators may be aware of the fact that the Provincial Institutes in other parts of India have produced slides to suit their local conditions, while no attempt in that direction has been so far made in this presidency.

We are glad to inform our readers that Messrs. V. Venkatasubbaiya and G. Sriram Babu Naidu (our Joint Secretaries) went on a trip and got photographs for the preparation of Co-operative Slides. They have taken up the work in right earnest and it is hoped that the first set of slides will be out before the close of this month.

It is the idea of the P. C. U. to make these slides available for sale to those who may require them. We hope that co-operators will avail themselves of the facilities thus offered by the P.C.U. for propaganda purposes; since the slides have been prepared from the photos taken in this presidency, we believe that they will better appeal to and be better appreciated by our Co-operators, than the slides of other provinces.

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.

764-b

Co-operative Education.*

BY MR. V. RAMADAS PANTULU.

(President, The Madras Provincial Co-operative Union).

EDUCATION AND CO-OPERATION.

The educational work of the Co-operative Organisations is not yet looked upon in India as a vital item in the activities of the movement and does not, therefore, receive that attention or recognition which it deserves by its intrinsic importance, at the hands of those who are concerned with the education of the masses. It is not perhaps quite well-known in this country that *Co-operation* in most other countries has so allied itself, from its very inception, with *Education* as to make the two inseparable. Owenites as well as other early co-operators of the nineteenth century devoted as much attention to Education as to the business of Co-operation, in laying the foundations of the Movement. To cite only one instance, Dr. William King, who conducted his educational experiments in the Brighton Co-operative Society in the years 1828-30, wrote thus in 1829 in his periodical 'the Co-operator': One very obvious and necessary object which would soon suggest itself to co-operators is the formation of schools for their own children in order to prepare them for communities at an early age. Co-operation gives to education a new character, for it demands it as a necessary qualification and it gives a reason for its being earnest to the greatest possible extent, which no sophistry can create or quibble out. They measure each other; they rise and fall together; the perfection of the one is the perfection of the other; they are inseparable allies; each insures and guarantees the success of the other; and when both have learned to take the field together, they will prove invincible and omnipotent." The educational ideals of these early co-operators, in fact, created the germs of the underlying motive of what we to-day call "independent working-class education." It was not the education which trained men in competitive profiteering business or fitted them up merely to subserve the ends of the employer that co-operators wanted.

* A Paper contributed to the Twenty-second Madras Provincial Educational Conference, held at Coimbatore on 23rd May 1930.

In appealing for the formation of a Mechanics' Institute in London. Thomas Hodgskin wrote thus 1823: "It would be better for men to be deprived of education than to receive their education from their masters; for, education in that sense is no better than the training of the cattle that are broken to the yoke."

THE SPIRIT OF CO-OPERATIVE EDUCATION.

This spirit has been maintained all through by Western Co-operators, specially by the British Co-operators. The duty of educating the members of the co-operative societies, in the principles of Co-operation, in economic and social sciences and in the history of the Movements allied to Co-operation, was steadily kept in the forefront of all sound co-operative programmes, for the faith of Co-operators has always been that if Education is desirable to all mankind it is the "life's necessity for Co-operation." Indeed, it was authoritatively laid down that Co-operation would prove dangerous when it was not linked up with Education. At the Gloucester Co-operative Congress held in 1875, Prof. Stuart conveyed a warning to British Co-operators in these words: "If the mass of our 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 of what you aim at and how you seek it, I say if the mass of our members are not sufficiently instructed in these things, there arises a real danger to the Co-operative Movement. Your members become a hindrance and your possessions become a peril and your productive endeavours will continue to be the failure which they too often hitherto have been." Co-operative organisations, from very early times, diverted a definite proportion of the profits derived from their business to provide educational facilities for their members and their children. The Rochdale Pioneers placed this practice on a firm footing and the distributive societies have made it an integral part of their programme. Indeed, today the contribution made by British Co-operators is notable for the "conception of co-operative action going beyond its immediate objects and connecting the co-operative movement with the general social movements for class emancipation" by providing education among other blessings to the workers. In many countries where Co-operation created this demand for educational facilities, the State and other public authorities took over much of the educational work of the co-operative societies and co-operative societies have been in such localities concentrating on the duties of "training men and

women as units in the Co-operative Army able to work intelligently, individually and in groups for the realisation of co-operative ideals." As particular phases of co-operative endeavour take the field, the State and other public bodies ought to take up the educational side of that endeavour. In America for instance, where co-operative marketing is being popularised, the State departments, educational institutions and Chambers of Commerce educate the people in co-operative marketing. Mr. Comish, a recent writer on American Co-operation, says that "Colleges and Universities have made investigations in co-operative marketing and have been offering courses in this subject with a view to making known the scientific data to the public in general and to farmers in particular." Co-operators and educationists elsewhere have realised the common aim of improving the material and moral conditions of the people and work hand in hand to achieve it. This absolutely inseparable connection between co-operation and education has naturally made the Schoolmaster one of the most potent instruments for promoting both education and co-operation. There are some countries where Co-operation is mainly the handiwork of the teacher. Roumania furnishes the spectacle of a magnificent co-operative edifice built up almost entirely by the teacher. It is, therefore, in the hope that in India also the Teacher and the Co-operator can be persuaded to co-operate in order to educate the masses, that I, a humble co-operator, venture to stand before this assemblage of teachers to plead the cause of Education for Co-operation and of Co-operation for Education.

AN INDEFENSIBLE GOVERNMENT ORDER.

The position, in our province, is that the vast majority of rural co-operators are uneducated and the vast majority of teachers are not touched by the Co-operative Movement. Whatever may be the effect of this divorce between Co-operation and Education on the latter, it has proved to be disastrous to the former. Every competent authority has attributed the failings of the Co-operative Movement in India to absence of education among the members of the societies. The MacLagan Committee in their classic report of 1915 and the Linlithgow Commission in their voluminous survey of 1927 have laid considerable stress on the fact that the education of the members of societies was indispensable for the success of the movement. Nevertheless, the stimulus given to co-operative education must be pronounced to be inadequate and disappointing. I do not wish to minimise the value of such assistance as is now being

rendered by the Government of this Province to enable prospective employees in the Department and in the non-official institutions being given some sort of co-operative training, specially when the non-official organisations have shown an utter absence of appreciation of the importance of their looking after education. But the general attitude of certain departments of the Government and the public towards co-ordination of Education and Co-operation is far from satisfactory. In village areas, the village schoolmaster is easily the most literate person in the locality and the help that he can render to his fellow residents of the place by partaking in the efficient conduct of the local co-operative society is bound to be invaluable. If his assistance is withdrawn, societies in many little villages will have to be virtually closed down. But the Government of Madras, the transferred half of it, has placed an express ban on teachers employed under the Local Bodies taking any part in the management of co-operative societies. The Minister in charge of Local Self-Government is also in charge of Education and undoubtedly, he is an educated man. But, there seems to be little co-operative spirit in him. The absence of such spirit, I think, detracts from the value of education. It is perhaps to emphasise this aspect of education that the Bishop of Oxford defines an educated man as "a man whose faculties are trained to co-operate in the cause of progress." It is a matter for regret that the Minister in charge of Co-operation has not protested against the action of his colleague. Co-operation cannot derive much assistance from its Minister, until he shows a better appreciation of the benefits of Education. I hope that this most indefensible G. O. will be withdrawn at the earliest opportunity, for it involves the reputation and capacity of two Indian Ministers to administer the departments of Education and Co-operation in accordance with methods obtaining in civilised countries. The Indian State of Travancore, not to go outside India, affords an object lesson to our Ministers in this matter. There, the Co-operative Movement is practically run by the village teachers and consequently exhibits a certain amount of vitality and the level of the understanding of co-operative principles by the members is much higher than in the neighbouring British districts. My earnest prayer, therefore, is not to disassociate the educational agency from the Co-operative Movement, but to afford every facility to teachers to participate in and promote Co-operation, thus permitting Education and Co-operation to mutually aid each other.

OUR THREE FOLD EDUCATIONAL NEEDS.

The educational needs of the Co-operative Movement may be classified under three heads. **The first and the foremost** is the education of the members of the societies. The Royal Commission on Agriculture wound up their long catalogue of "defects and disquieting conditions" of the Movement with the following solution: "The only remedy which appears to offer any sure prospect of success is the patient and persistent education in the principles and meaning of Co-operation of the members of the primary societies by teachers competent to perform the task efficiently under adequate supervision." It must be confessed that this has not been hitherto attempted either by the non-official or by the official agency in any appreciable measure. The spasmodic efforts made here and there to hold Panchayatdars' classes to give to the managers of the rural societies a smattering knowledge of Co-operation, are not only few and far between, but are wholly below the mark. In the first place, neither the lower grades of departmental officials, who alone come into frequent contact with the village co-operators, nor the bulk of non-official workers among the rural population are themselves equipped for the task, for most of them must be pronounced to be co-operatively illiterate. In the next place, the fact that what we call learning a business really implies learning the knowledge implied in it is not recognised as well as it ought to be and there is an unfortunate notion that any one can handle the co-operative movement although in reality Co-operation is highly complicated both in theory and in practice. Better farming, better business and better living are not accomplished without the teachers and the taught possessing a systematic knowledge of a variety of subjects. In the third place, the real aims of co-operation are, if at all, dimly perceived and the idealism that underlies the movement has not yet found adequate expression even in the lives of the few teachers of Co-operation who are enlisted in the services of the village co-operators. Co-operation is a new religion and a new philosophy of life. Thrift, self-help, self-reliance and service are its cardinal virtues. It is a movement which involves a genuine struggle against a social system built upon the wicked institutions of merciless competition and selfish, individual gain, euphemistically called the profits of business, but one that does not antagonise individuals or promote a class war. The Co-operative Movement aims at bringing about the economic emancipation of the masses and a change in their standards of living and their outlook on

life. It is part of a larger movement of national reconstruction, based on the ideals of economic freedom achieved through associated effort of the most equitable kind hitherto known. In building up a co-operative common-wealth, a grounding in the theory and practice of self-government is indispensable. It is a State within a State and its administration is expected to develop the highest virtues of citizenship. Where, I ask, are the men forthcoming to handle a Movement of this description and to carry its message to the doors of the humblest of our brethren? There is much that teachers can do to supply this want. The schoolmaster has peculiar equipment and unique opportunities to play the role of a nation-builder. The preliminary process of national reconstruction involves a large effort at the mental reconstruction of the people. If the educationist realises his responsibilities to the nation and becomes more and more conscious of his powers for national good, he can do a great deal.

A second educational need of the Co-operative Movement is the means to train men and women in the technique of business management of the institutions, simultaneously with the acquisition of a thorough grounding in co-operative principles. The existing facilities for the purpose are not adequate and are also ill-suited. There are six Co-operative Training Institutes to serve the needs of the Province, three in the Tamil Nadu, (Tanjore, Vellore and Coimbatore) and three in the Andhradesa (Anantapur, Bezvada and Rajahmundry). These are run by committees composed of officials and non-officials under the direction and control of the Registrar. The Government spends on each of them a sum of roughly Rs. 4,000 annually. Students who are admitted into these Institutes do not possess a uniform standard of general educational qualifications. Graduates, Intermediates, and holders of the S. S. L. Certificate are admitted. They are given a five-months' course in Co-operation, in its credit and distributive sides, Banking and Audit. The syllabus does look formidable on paper, but the actual knowledge imbibed at the end of the course is hardly sufficient to equip the student for a responsible post in a co-operative institution. Besides these semi-official Institutes, there is also provision for a full academic year's course in Co-operation in the Government Institute of Commerce in the metropolis. I do not plead for a multiplication of these agencies. They are, in my opinion, ample to serve our present needs. We are indeed producing more trained men than we can find employment for annually. But, I do plead for a thorough overhauling of the entire system of co-operative training imparted at these Institutes. In the

first place, the idea of giving the same uniform training to all classes of students is irrational and involves much economic waste. We want highly skilled instructors to teach Co-operation, we want well-trained directors to be in charge of the affairs of our co-operative banks, we want men with expert knowledge in Banking and Audit to run the business of the financial institutions, we want editors to conduct and publish co-operative journals, administrative officers to look after the supervision of, and propaganda among, the societies and men to carry on the day-to-day routine work of societies, like supervisors of local unions. Can it be pretended that a five months' uniform course now given to the different grades of students will equip men and women equally well for all these tasks? We want fuller and specialised courses to supply the movement with the necessary human material to conduct and propagate it. I am of opinion that each of the training institutes should provide at least a full year's course.

In order to systematise co-operative education and to make it subserve the various needs of the movement, I feel that a Central Educational Executive should direct and control all co-operative educational work carried on in the Province. Steps are being taken by the Madras Provincial Co-operative Union, in collaboration with the several Training Institutes and the Registrar, to establish such a Central Agency and when that agency is established with the full and cordial co-operation of all the co-operative organisations in the Province, better results may be looked for. Most well-informed co-operators feel that at the top of the several local Institutes, a fully equipped co-operative college, for each Province in India, is a real need. I agree with this view. Sir Daniel Hamilton wrote to me recently that he approached His Excellency the Viceroy and the Financial Member of the Government of India with a scheme for Provincial Co-operative Colleges and that they were favourably disposed towards the idea and that I might approach the co-operators and educationists of this Province with a proposal for the founding of a co-operative college. A resolution favouring the establishment of such a college was moved at the last session of the Madras Provincial Co-operative Conference held in the Easter week this year and was declared passed by a very narrow majority. The manifold benefits of a Provincial Educational Institution have not therefore been brought home to the co-operators of the Province and much propaganda has to be done before a college can be founded, for it is obviously impossible to do it without the hearty co-operation of the vast majority of co-operators. The scheme, however, whenever it

materialises, cannot be made a success without the invaluable help of educationists and the educational institutions of this Province.

In this view it is perhaps unnecessary at this stage to define the scope and functions of a Co-operative College of the kind contemplated by the resolution of the Madras Provincial Co-operative Conference. I have no doubt it will have to be modelled in substance on the Co-operative College founded in the Holyoake House at Manchester and run by the Manchester Co-operative Union through its Central Educational Committee. The aims of that College are thus described in its prospectus:—"To complete the scheme of Co-operative education by providing a centre for higher education in the specialised subjects required for the full equipment of the Co-operator, and the further development of efficiency in the Co-operative Movement: To provide a centre for the cultivation of Co-operative spirit, the generation of enthusiasm for the application of co-operative principles and the inspiring of students for service in the cause of Co-operation; to assist in all possible ways in the diffusion of a knowledge of co-operative principles and practice and the cultivation of a healthy Co-operative opinion; and to co-operate with, and help, all existing organisations having these objects: To undertake investigations and research that are calculated to aid the general development and progress of Co-operation and stimulate the application of co-operative principles in the solution of social problems."

Our third educational need is the promotion of study of Co-operation and allied subjects like Agricultural Economics by people generally and the dissemination of co-operative knowledge by all available modern educational methods, so as to create a favourable atmosphere for the spread of the Co-operative Movement. Teachers can do a great deal to create this atmosphere. They can easily equip themselves with knowledge of the principles and practice of Co-operation and impart it to their students and to the general public through agencies which promote adult education. Lessons in Co-operation may be introduced into text books used in schools and colleges, suitable to the standards of the students. The Cochin Durbar has found a definite place for Co-operation in the syllabus for the secondary education in the High Schools of the State. Encouragement may be given for the establishment of co-operative reading rooms and libraries and stocking the ordinary reading rooms and libraries with co-operative periodicals and other literature. We

may profit by the example of the Punjab where the Cinema is utilised as an instrument for imparting co-operative education and where demonstration trains fitted with films, charts, graphs, pamphlets and other accessories to adult education, are run so as to afford people ample opportunities to benefit by the instruction imparted by the peripatetic teachers who travel in the train. Practical lessons in Co-operation may be given in schools and colleges by organising stores and other kinds of societies and entrusting their administration to students under the guidance of the teachers. Our Universities can give a great impetus to the Co-operative Movement by promoting and aiding its study in a variety of ways. The State uses the University in other countries to promote the study of, and research in, the economic aspects of Agriculture, with which Co-operation is intimately connected. I gather that in the United States, the Federal Government alone allots annually a sum of 50,00,000 dollars (about Rs. 1,50,00,000) for the Bureau of Agricultural Economics, a sum which is larger than the net expenditure in 1926-27 of all the Indian departments of agriculture, both central and provincial (Rs. 1,03,50,173); over and above this, the several States also spend large sums of money for similar investigations. In England, even though agriculture is not the sheet anchor of her prosperity, the Government makes a grant of about £ 10,000 to the Institute of Agricultural Economics Research at the University of Oxford, which is only one of the many bodies receiving grants for economic research. Figures compiled for India show that Indian provinces with a revenue of about 90 crores of rupees are spending on agriculture proper only Rs. 117 lakhs or 1·3 per cent of the revenues. If the charges on the Co-operative and Veterinary departments are included, the figures work up to 207 lakhs or 2·3 per cent. The Imperial Council of Agricultural Research has so far confined its attention to research in Agricultural science and has not framed any schemes to promote knowledge of the economic and other aspects with which Co-operators are most directly concerned.

CONCLUSION:

There is thus a vast field that can be covered by the State, the Universities, Colleges and Schools, individual educationists and village school masters in the promotion of co-operative education and I, therefore, plead for the co-operation of all these agencies in the accomplishment of one of our most beneficial national

activities. The Co-operative Movement in India is mainly designed to work out the economic emancipation of Rural India. The rural population, who contribute a large proportion of the resources of the State, have a claim on all of us. Listen to what Mahtama Gandhi, than whom, I maintain, there is no greater living authority on the condition of the Indian masses, says about our neglect of Rural India. He says: "I fear that the confinement to the city life and the comparative ease that the city life has given us, have made us too lazy and too indifferent to study the condition of rural India and to think for ourselves. Nor do we fully realise the meaning of economic distress. He is below par in the sense that the distress has reduced the man in India below his species. He is an underfed beast of burden in human form and is daily sinking. The money taken from him is not used for his betterment." Among the means for his betterment, Co-operation is one of the most powerful. The Royal Commission on Agriculture indeed put the case for Co-operation much higher. They say: "we have great hopes that many millions of peasant proprietors may be led to better life through a sound co-operative movement; if this is secured, much else is brought within the bounds of attainment. If Co-operation fails, there will fail the best hope of Rural India."

I hope and trust that in future co-operative education will continue to claim the attention of the educationists of the Province in larger and larger measure. The Manchester Co-operative Union in presenting their educational programme and syllabus for the year 1929—30 prefaced their scheme with these words which I commend to your earnest and helpful consideration. "The need for co-operative education grows year by year. The national and international problems which confront mankind at the present time can be solved only by Co-operation in all spheres of human activity. The economic prosperity, the social welfare and the moral progress of all nations so necessary to-day, can be achieved only by the development of the desire and of the ability to co-operate for the common good. It is the need for such a development which imposes a great responsibility upon those who are concerned with the direction and extension of Co-operative Education".

Memorandum: Re, 'The Andhra Sahakara Co-operative Insurance Society, Limited.

BY G. RAMACHANDRA RAO,

*Convener, Special Sub-Committee for Co-operative Insurance,
Andhra Sahakara Sammelanam Ltd., Bezawada.*

1. Many are the resolutions* passed at the several Andhra Provincial and District Co-operative Conferences regarding the subject of Co-operative Insurance for the Andhra. Though the resolutions are recent, dated only since 1928, the idea embodied in them is comparatively old. Co-operative Insurance is long overdue.

*(a) Resolution passed at the Fifth Andhra Provincial Co-operative Conference at Guntur in July 1928.

"In view of the fact that the existing Life-Insurance Societies are in no way useful to the poor, it is resolved that Life Insurance Societies be started on Co-operative lines so as to benefit also the Poor by helping them to contribute (on a thrift basis) small monthly or yearly premia."

(b) Resolution adopted at the First West Godavari District Co-operative Conference held at Bhimadole in June 1929.

"Resolved that a Co-operative Insurance Society should be started immediately for the Andhra and that Co-operators and Co-operative Institutions in the District be requested to give it every possible support".

(c) Resolution adopted at the Fourteenth Krishna District Co-operative Conference held at Ghantasala on 1st and 2nd February 1930.

"As resolved by the last Andhra Provincial Co-operative Conference, it is resolved that an Insurance Company (Society) be immediately started on a co-operative basis and that all co-operators do insure only in that society."

(d) Resolution adopted at the Tenth Guntur District Co-operative Conference held at Tenali on 15th and 16th of February 1930.

"Resolved that an Insurance Society on co-operative lines be immediately organised for the Andhra and the Andhra Sahakara Sammelanam requested to take all steps necessary for bringing it into being".

2. Briefly stated, the outstanding features of the scheme of Co-operative Insurance are as follows:—

(a) Organisations registered under the Co-operative Societies' Act and a certain number of individual co-operators (to the extent of a fixed, definite proportion of the whole membership) would be eligible for membership by taking shares in the Insurance Society;

(b) No individual would be admitted to membership unless he is also a Policy-holder:—

(c) Nobody is admitted to the benefits of insurance unless he is a member of some Co-operative Society previously;

(d) District Co-operative Organisations (Banks and Federations) would be the District Agents and Unions and Societies Sub-Agents; so that the commission given to them, as Agents or Sub-Agents, which forms a large portion of the expenditure incurred for pushing on the business, would go to supply the much needed finance for Co-operative Education and Propaganda and Resuscitation (Rectification, Consolidation and Expansion) of the movement or percolate back to the Policy-holder. In either case the beneficiary is the policy-holder *cum* Co-operator.

Dividends and Bonuses do likewise reach the Policy-holder directly if he is a member himself or indirectly through the member-society of which he is a member. *Perfect identity is thus established in Co-operative Insurance, as between the Capitalist who is the shareholding Society, the agent who is either the Central or Primary Society and the beneficiary, the policy-holder, the real entity that supplies the Sinews of war—the identity, a feature almost wholly absent and even impossible in the ordinary capitalist concerns.*

3. Some objections as gleaned from discussions with official and non-official co-operators may be stated briefly thus:—

(a) Capitalist Concerns are at work and Co-operation may not go into competition with them;

(b) Very high technical knowledge is required for insurance, which is wanting in the ordinary people;

(c) The present credit movement is itself stuck up in a slough as is evidenced by the growing overdues and the cases of malfeasance (misappropriation, binami loans etc.) coming to light occasionally. It is therefore better to wait till that is rectified;

(d) The comparatively small amount of work incidental to the existing credit societies being neglected or badly done by the

office-bearers thereof, it would be unwise, if not also harmfully foolish, to entrust to them additional work connected with Insurance;

(e) It is difficult to secure the requisite share-capital;

(f) Village folk cannot understand the usefulness of Insurance, or would be too impatient to wait for post-mortem or late-in-life advantage. Not only co-operative Insurance but co-operation itself may come into disfavour thereby;

(g) Heavy commission has to be paid to Agents to canvass proposals. Small assurance business cannot afford the payment of heavy commission. The purpose of Co-operative Insurance, that of benefitting the poor, may thus fail.

4. The objections may be answered concisely thus:—

(a) *Competition with capitalism undesirable.*—The objection answers itself; for the very basis and sanction for co-operation is to fight Capitalism. Only the weapons employed must be constitutional and legitimate and not Revolutionary or spoliatory. If the Co-operator is not out to make the benefits, monopolised by Capital, available for those at whose cost the benefits are derived, the Co-operator is not worth his 'Salt of Co-operation' and Co-operation would be mere camouflage. It is therefore not only legitimate but highly desirable that the large advantages and profits enjoyed by the Capitalist and Intermediary Agent must be secured for the policy-holder, the real back-bone of Insurance, but unwearied and generally ignorant (though technically educated) and lured and lulled into a sense of high expectancy of huge, prospective, accidental advantage—of the receipt of a large, assured amount on the payment of a few, small premia.

(b) *High Technical knowledge wanted.*—High, technical knowledge is required not for running the Insurance business but for the preparation of tables and valuation of Assets and liabilities, Bonuses and Dividends, Commission and profit etc.,. All this (latter) is got done by the Expert professional Actuary. He is paid well for it. No Insurance Company risks in that line on its own responsibility. All that it does is to carry out in a careful and business-like manner the suggestions and advice of the Expert.

Given average intelligence, industry and integrity, the three qualities required for any kind of business, there ought to and will be no room for misgivings in the matter of management or pushing of business; e. g., the Andhra Insurance Company of Masulipatam is run by a graduate and a matriculate of average intelligence,

industry and integrity and it has the reputation of doing sound business.

(c) *Better to wait till the present bad condition of the movement (Credit and non-credit) is bettered*:—The overdues in the Credit movement are very heavy, possibly about 75 per cent of the total working Capital. Very intense whipping up, propaganda and supervision, is required—and that for a long time, before they can be reduced appreciably. It is an admitted fact that unless long-term credit becomes widespread and comes to the rescue of the well-nigh desperate Ryot, the overdues will not tend to decline. Much of malfeasance may be corrected by the infusion into the labourers in the field of co-operation of correct ideas and ideals of Co-operation and duties and responsibilities of Co-operators. Whatever the intensity of care and whipping up, one should reckon with human frailties as such: nor is such a thing peculiar to Co-operation alone. Wine, wealth and woman have been since Adam and Eve, are and will be the shoals on which the human character is wrecked. Only they may not be encouraged but rooted out with a stern hand.

It is true that the Non-credit plant, especially co-operative trade, has not taken root in India. Possibly the genius of the people in general is not in that line: or, the need for it is not felt by them. It is likely that both account for it. The Indian is still a rural man to a large extent—in spite of incessant and disintegrating impacts from Urban civilisation. His wants are simple and few and generally supplied in his own cottage or at his door in his own village. The Vaisya is the hereditary merchant. His is the heritage and genius for trade. Expenses incurred by him incidental to his profession are very low. He can very easily undersell the shop of the Educated, whether of the Individual or the Co-operative stores. In this as in the case of the Credit aspect, Education and Propaganda can do a lot. But all this is the work of decades if not of generations.

To wait till the movement runs flawless, wholly or mostly, on the credit side and shoots firm root on the non-credit side, especially trade, means waiting till the Greek Calends.

It is accepted by all Co-operators of consequence and confirmed by the Townsend Committee on Co-operation that most of the ills that the movement is heir to are traceable to lack of proper and sufficient propaganda and education and the latter in its turn due to want of funds. To make up the want, the Committee recommended

contribution pro rata on the loans disbursed and not on the profits earned.

The Insurance business with the certain prospect of large commission, Bonuses, Dividends and profits may be reasonably expected to substantially strengthen the arm of finance for Education and Propaganda in as much as most of the above will reach back the movement itself. Just as co-operative trade or industry need not and should not wait till the credit side is above-board, so may Insurance not wait till good results are achieved on the Credit and Non-Credit (trade) side. After all, Co-operative Insurance is non-credit Co-operation and deserves encouragement as any other item of it.

The objection loses its point because heeding it is as wise as waiting for the waves to recede before having a dip in the sea.

(d) *Neglect or Incompetency of office-bearers of village Societies*.—It is true that a majority of the Societies are not properly looked after by the office-bearers, especially the Secretaries. But it is also true that such of the societies as have a paid staff or remunerate their Secretaries do generally give a very good account of themselves. This at least is the experience of Co-operators in Guntur, Krishna, West Godavari, and East Godavari Districts. It is however felt that the working of the Societies does not leave sufficient margin to maintain a staff paid decently enough even for rural conditions and that, if there is a way of maintaining a decently paid, trained staff, the Societies, (given average intelligence, industry and integrity in the Secretaries) will automatically rehabilitate themselves and the present uncomplimentary rignarole of inefficiency or malfeasance will be past history.

The Co-operative Insurance is rightly expected to supply most societies the margin needed for the maintenance of a decently paid, trained staff according to the needs and proportions of their business.

The present inefficiency of working of Societies, even if granted to be a fact, will certainly be a thing of the past under the New Dispensation of well-remunerated staff, who will not only run credit business on sound lines but certainly put their hearts, in their very self-interest, into Insurance business as well which will supply them by no means a mean portion of their sustenance.

(e) *Difficulty in securing Capital*:—It may be that this difficulty has some point with regard to other nation-building activities; which have to depend more or less on individual philanthropy. But Co-operation is Business *cum* philanthropy, more of the former than

of the latter. It deals in finance, collective finance to boot. The Societies take shares in Central Financing Institutions and get their pecuniary accommodation therefrom besides realising dividends (up to 9 per cent per annum) on their share-capital. Likewise do they gladly purchase shares in the Insurance Society which not only goes to their help in finding the wherewithal to maintain a paid staff but pays them dividends (up to 9 per cent) on their shares. After all, not much share-capital seems to be required for Insurance, more so, if the Government exempts it, as it has done in the case of Bengal. The "Oriental" the first best of the Indian Insurance companies in point of dimensions of business, age, soundness etc., has a nominal capital of about 10 lacs, issued or subscribed capital of about 6 lacs, paid up capital of about three lacs and has deposited with the Government two lacs in Government paper. The 'Empire' the second best, has a nominal capital of two lacs, issued or subscribed capital of 5.15 lacs and paid up capital of Rs. 1,28,750 and has deposited with the Government two lacs in Government paper. If the Government exempts the 'Andhra Co-operative' from the condition of deposit its nominal capital of ten lacs may be treated as a sort of Reserve-liability to provide against unforeseen, unavoidable contingencies except perhaps for a small call to meet the initial expenses. Even if the Government does not exempt, it may be confidently stated it would not be over-sanguine to expect to find the wherewithal because at least 1500, if not 2,000 out of a total of 4000 societies in the Andhra will join in the Insurance business—apart from some individual co-operators. Wholehearted, honest and persevering work can and will certainly call up the requisite capital—perhaps even a glut of it, if needed.

(j) *Ignorance of village folk and possibility of Co-operation getting unpopular.*—The village folk may be ignorant of modern thought and its workings. But he is not a dunce. He is intelligent enough to understand things and responds to well-meaning and reasonable persuasion. It is the urban educated man that first imbibes the modern thought. Through him it infects the village. It is so everywhere. It is so in a special degree in India. Co-operation (Credit) has been no exception to it; neither will Insurance (Co-operative) be so.

In the first stages of the movement, it was the Central Banks that could be started with ease because the urban man of Western education, the Vakil, the Government official, the Teacher, etc., was

easily amenable to the modern impulse, in the case of Co-operation. Through his influence the village was made to respond and the thousands of village societies were the result. A like phenomenon may be discerned in every aspect of modern thought and activity—Social Service, Social Reform, Politics, Economics, Agriculture, Medicine etc. More than even the persuasive influence of the urban man, what will be telling will be the immediate payment of the assured amount to a claimant or two in the village. The idea of Insurance is sufficiently known to the village folk. If he has not taken advantage of the system up till now, it is because the existing Insurance companies had made, and can make, no provision for insurance of men of small means. If such provision is made it is certain that, far from being scared away from and being indifferent to it, the village folk (even the poor) will take to it with avidity and confidence as is evidenced by the amount of business done by the Bengal Insurance Society during the brief period of two months (January and February) within the very circumscribed limits of assurance of Rs. 50 to Rs. 500 only. There need and can be no misgiving on the point of the village's response. As in the case of Co-operation in general the village will respond to Co-operative Insurance, the advantages of which it will not be slow to recognise and realise. As a result thereof, Co-operation, of which Insurance is but an aspect, will be more sought after and be a perennial source of usefulness and attraction to the co-operative public in general.

(g) *Small proposals unworkable* because of small premia and consequent small commission.

It is obvious that small proposals mean small premia and low commission for the canvasser. This explains why the ordinary Insurance Company does not provide for them (Viz., proposals under Rs. 500 generally.) Whether the amount assured is Rs. 50 or Rs. 50,000 the canvasser has to expend nearly the same energy, money and persuasion; whereas the commission received in the former case would be almost nominal comparatively insufficient even for the actual expenses incurred by the canvasser, that in the latter is substantial and profitable. Hence no provision for small amounts of assurance in the existing Insurance concerns.

The conditions with regard to Co-operative Insurance are entirely different. It is the jurisdiction of the Society that is the unit of operations of canvassing. The canvasser being the Secretary, the Panchayatdar or a paid man, he would not have to leave his village

and spend moneys for travelling and food elsewhere. Possibly most of the canvassing would be done at the door of the Society as the members thereof would frequent it in connection with their credit transactions; so that even the very small amounts of commission that proposals between Rs. 50 and Rs. 500 allow would be net sums earned by the canvasser almost in his own home. It may be asked whether he would consider it worth his while to exert himself for such small sums. The question is the child of pure, urban outlook. The man in the urban area thinks in figures of two, three and even four digits (in the matter of earning) because he has learnt to regard as unavoidable necessities and become addicted to things that the rural man does certainly consider costly, unnecessary luxuries, e.g., Soap, Coffee, Tea, Saloon shaving, Silk, Muslin, easy chair, Sofa etc., and has ample opportunities to earn. The rural man's wants are simple and few as also are his opportunities to earn. Any small addition to his income is welcomed and appreciated very much by him.

The smallness of commission allowable on small proposals will be by no means a hindrance to Insurance but will give a fillip to credit business as well. Also, the system of small premia will certainly encourage the much-wanted thrift-side of co-operation.

5. The comparative advantages of the systems of *Capitalist* and *Co-operative Insurance* may be summarised as follow :—

CAPITALIST INSURANCE	CO-OPERATIVE INSURANCE.
(i) Shares are owned by individual Capitalists.	(i) Shares are owned by the Policy holders themselves individually to a small extent and mostly by them in groups in the form of Societies.
(ii) Bonuses, Dividends and profits go to a large extent into the pocket of the Capitalists.	(ii) Bonuses, Dividends and profits etc., percolate back to the Policy-holder.
(iii) Large amounts of commission are swallowed by individuals with generally no stake in the concern.	(iii) All the commission goes to benefit the policy-holder either by way of a special bonus or by way of supplying finance to rehabilitate the movement of which he (the Policy-holder) is an entity.
(iv) Small assurance is almost impossible. Hence the	(iv) Small assurance is the feature of Co-operative Insurance and hence

existing Companies are useless for the poor.

(v) Large assurance attracts only the well-to-do.

(vi) Individualistic—the rich by themselves and the Poor left to their fate.

(vii) No real interest or stake, in the running of the business, for the policy holder except post mortem or late-in-life when he expects to receive the assured amount.

(viii) No advantage for the Co-operative Movement from the benefits derived by the Capitalist.

(ix) The large sums realised are in no way useful to the Ryot—as a general rule, and the resulting resuscitation of rural life.

(x)

of great benefit to the poor.

(v) Large Assurance also is provided for to attract the rich not only to Insurance but into the Co-operative Movement as a whole.

(vi) The rich and the poor together form a sort of Co-operative Brotherhood to mutual advantage and render the Co-operative Movement worthy of its ideals.

(vii) The return of premia (some or most of it) to the Policy-holder in the form of Bonuses, profits, Commission etc., engenders in him a perennial interest in and touch with the business of the Society, the Insurance as well as the Credit aspect of it.

(viii) Funds available as per (vii) give a great fillip to Co-operative Education and Propaganda leading in its turn to the certain betterment of the movement as a whole.

(ix) Large sums will be available for long-term credit. The Policies may be also collateral securities for Long-term mortgage loans. In fact as in Germany Insurance and Long-term (mortgage) credit may be supplementary and complimentary of each other to the enduring benefit of the Co-operator and Ryot and the Village.

(x) Advantages as per (vii), (viii) and (ix) go to generate in the Co-operator a live, day-to-day interest in and touch with the affairs of the Society which is deplorably wanting now without which the Society must for ever continue as now a superimposed, extraneous body out of tune

with rural genius and serve only the urban Boss supplying him matter for platform-harangue.

- (xi) Funds will also be available for resuscitating Cottage Industries and encouragement of other Non-credit aspects of Co-operation.

6. It is felt that the above facts and arguments establish the need, usefulness, desirability and superior merits of Co-operative, in contrast to Capitalist, Insurance. The *Resolution* passed at the recent *XVIIIth Madras Provincial Co-operative Conference at Madras* on the subject of Co-operative Insurance is not a moment too soon and strengthens the hand of Andhra Sahakara Sammelanam (Andhra Provincial Co-operative Union) in asking for the early registration of the Andhra Co-operative Insurance Society and runs as follows:—

“This Conference recommends to the Government the desirability of Co-operative Insurance Societies being registered under the Co-operative Societies’ Act.”

It is earnestly hoped that the Registrar and the Government (it necessary) will see their way to put the Andhra Co-operative Insurance Society on its legs soon.

RURAL RECONSTRUCTION IN ALAMURU

IN ENGLISH AND IN TAMIL

BY

MR. V. VENKATASUBBAYYA, B.A.,

(Joint Secretary and Convener, Rural Reconstruction Sub-Committee,
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A Model District Federation.

V. MATHURUTHAM IYER, B.A.,

After the speech of the present Registrar, Mr. D. N. Strathie in which he is reported to have said that there is no need for the Federation if the Unions and Banks do their work well, in the absence of an explanation from him giving his reasons therefor, many ardent co-operators in our presidency have come out openly with the slogan that the Federation must disappear, like the Roman war cry of ‘Delanda est Carthago’. Perhaps, they have been actuated to voice for this conclusion after the working of the District Federation in their respective Districts. If so, the fault is not with the *idea* of the Federation as such with its various objects as detailed in the model by-laws, but should be found in the unsatisfactory and incomplete *working* of their federations. To call it as unnecessary or as a fifth wheel to the coach is to blind oneself to the purpose for which it was brought into being or the objects for which it stands.

The District Federation neither overlaps the work of the financing bank nor of the unions, but helps both. Its work is to co-ordinate the activities of the various Unions and do educational propaganda. It is absolutely necessary and supplies the fourth wheel where there were formerly only three—the primary society the union, and the financing bank, and has been able to balance the structure by perfecting the democratic co-operative mechanism. While one finds disruption, petty quarrels and disunion between federation, central bank and unions in some districts for reasons which need not be dilated upon here, there has not been any, so far as the Madura Ramnad District Co-operative Federation is concerned and its work has been smooth and therefore I give below a brief account of its working for the benefit of all co-operators to copy wherever there may be merits. I do not for a moment shut my eyes to the defects or the deficiencies existing in it, for no organisation is perfect. One could only aim to strive to work to the ideal.

Like the other district federations, the Madura-Ramnad District Co-operative Federation came into being four years ago. After the recommendation of the Townsend Committee, the new model by-laws were adopted and came into force only from last July 1929, by the pooling in of the District Supervision Fund in the Federation and bringing the Union Supervisors under a district cadre.

THE CONSTITUTION.

The jurisdiction of this federation like that of the Madura-Ramnad District Co-operative Central Bank Ltd., extends over the two districts of Madura and Ramnad with the exclusion of two taluks in the latter district for which there is a separate bank and federation at Srivilliputhur. There are 21 Unions in the area of this federation all of which are affiliated to it. Very recently, one union has been ordered to be liquidated by the Registrar for failure to do its manifold duties for some years past. One is a purely Kallar union. The other unions have all amended their by-laws and form part and parcel of this federation. The Supervisors who were working in these unions so long have all been brought under the direct control of the federation. There are besides these unions, 22 non-union societies which are being directly supervised by the Federation.

UNIONS.

As a result of the pooling of the funds the unions have all transferred their funds to the account of the Federation and they are being paid by the Federation for their expenses. Their budgets are scrutinized and approved by the Federation, and funds are allotted to them according to their needs. The pay and allowance of the Supervisors are directly met by the Federation; their bills being passed and payments made through the secretaries of unions. The unions carry on their work as usual, supervising the work of the societies and directly the work of the supervisors in their respective localities. They send monthly a statement of receipts and charges for their union to the Federation. All correspondence to Supervisors pass through the union and no supervisor is allowed to deal directly with the Federation without the knowledge of the local authorities.

ESTABLISHMENT.

The Federation establishment consists of two officers, 27 Supervisors, 2 office clerks and a peon. The officers are the Executive Officer and the Propaganda Inspector, both well-qualified and drawing equal pay. There is a typist and a clerk in the office both of whom are trained supervisors. The clerk attends to routine work, while the typist is also in charge of books and forms that are printed and supplied to the societies by the Federation.

THE SUPERVISORS.

Of the 27 supervisors 21 are trained and the rest will undergo training in due course. By-law 15 of this Federation reserves to itself

the power of certification of the qualification and training of the supervisors. All supervisors are appointed by the Federation and all new appointments are given only to qualified and trained hands. The supervisors are allotted each one union and they are put in charge of the supervision of societies ranging from 20 to 25 for each. There are, besides, special supervisors doing rectification work in bad societies throughout the two districts and they are overhauling the societies and doing intensive work.

THEIR WORK.

The year is divided into four quarters for the work of the supervisors. In the first quarter, they have to prepare the annual statements and property statements of societies, getting individual statements from members and convene general body meetings and carry on the annual election to the panchayat, to the union, and to the bank respectively.

In the second and third quarters, they have to inspect the societies at the rate of 10 societies for a month and send a detailed inspection report to the Federation. There is a rotation register kept in the Federation and care is taken that the societies are visited periodically at least once every quarter. Besides, they have to attend to urgent work in other societies, such as the preparation of loan applications and attending to other urgent references and inquiries sent to them. In the last quarter, they are to devote themselves solely to collection work and send weekly reports about the progress of collections made. Every month they send a diary of work done by them and pay bills countersigned by the secretaries of unions to the Federation. The Special Supervisors send in their travelling allowance bills also, as the ordinary supervisors are paid fixed travelling allowance.

THE EXECUTIVE OFFICER.

The office of the Federation is in sole charge of the Executive Officer. The work of the Executive Officer is mainly ministerial for the present. He checks all reports, statements and bills received from the supervisors. He forwards all the inspection reports of the supervisors to the financing bank after noting them in the register kept in the office, for their information and for being filed there, except those of the special societies which have been reported to be bad by the bank and the non-union societies for which the Federation is acting as the union. In the case of all reports, the

work of the supervisors is reviewed by Federation, while in the case of the reports forwarded to the bank, the administrative section of the bank reviews the work of the societies and addresses the office bearers, directly sending copies thereof to the Federation. The Executive Officer reviews the other reports and sends copies to the information of the bank.

The pay and travelling allowance bills are scrutinized by the Executive Officer and payments are made on the authority of the Secretary of the Federation. In the matter of reviewing the supervisors' work, the Executive Officer is guided also by the periodical statements received from the bank. He is in charge of the accounts of the office. He is guided by the Secretary in all matters. Circulars are issued to the Supervisors giving them directions as often as is necessary on all points touching their work.

THE CENTRAL BANK.

The right hand of the Federation is the bank both for finance and for direction wherever necessary. The Secretary of the Bank issues circulars now and then as regards the nature of the work to be done in the societies. The bank issues periodical statements of the outstandings and collections and the other periodicals received by it. It has kept to itself the work of direction of ordinary societies, leaving entirely to the Federation the work of the rectification of 160 bad societies out of the total number of 404 societies financed by it to be pulled up with a special staff, for which it has allotted Rs. 2500-0-0 for this year. It is coming to the aid of the Federation in case of financial stringency. The occasion of the conference of the Supervisors is availed of by the Secretary of the Bank to issue instructions as regards work to be done by them.

PROPAGANDA

This Federation has rightly understood that its main object is the education of those connected with the working of the societies. Fully alive to the fact that the uneducated villagers and even the "educated members are woefully lacking in the ideas of what Co-operation stands for, of the rights and responsibilities of the members and of the activities of similar societies in other parts of the world," it has appointed a full-timed Propaganda Inspector to be in sole charge of the educational activity so far as the members are concerned. He is always on tour and has programmed to visit all the union areas within the year and has almost completed it. He organises training

classes for the Panchayatdars of rural societies in groups or individually as the need is felt, and holds meetings in many centres in each and every union, and thus broadcasts the knowledge and the spirit of co-operation among the members. His classes are not confined to Panchayatdars only, but is open to all the members and the future members also, thus combating popular ignorance about Co-operation. Occasionally he addresses large educated gatherings in towns and his lectures are educative and impressive. Not stopping with this, he attends to the rectification of bad societies in areas visited by him, and many are the societies that have been brought round by such education. Occasionally he trains new supervisors by taking them with him. The work of the Propaganda Inspector has been very much appreciated everywhere and there is a cry for frequent visits from all the places he has visited.

As the good of the movement depends on the efficiency and capacity of the supervisors who are the pillars supporting the edifice, the Federation arranges periodical conferences for them, which is an occasion for exchange of experience, discussion of problems and inculcation of new ideas. Very good toning has been given in two previous conferences held, and the supervisors have begun to think for themselves and the result is shown in the quality and quantity of work turned out by them.

RECORD OF WORK.

By the good working of the Federation, the Central Bank is in a position to know exactly the state of the societies of which there was no knowledge before. The following statement prepared by the secretary of the bank for the information of the supervisors in the conference held on 30—3—1930 will show the amount of work done by them in the brief period of only 6 months:—

	28—29	29—30	
No. of property statements received in societies.	112	171	of which in 86 cases individual property statements of members have also been prepared.
Election of Panchayatdars.	189	275	
Specimen signatures received.	104	238	

Election of Bank representatives.	160	260
Total number of societies inspected.	70	292
Total number of inspection reports received.	90	394

Besides, in 113 societies amendments to by-laws 37 and 49 have also been effected, and in many societies amendments of by-laws 4, 7, 13, 18, 42, 46, and 53 have also been carried out.

The Secretary of the Bank remarks "This evidences that the supervisors have genuinely begun to put forth their best efforts and if the efforts are sustained throughout the year under a regular programme, then all the societies can set their affairs in order." In appealing to the Supervisors present at the conference he again said "The general stir created in the societies should be best utilised and the members of the societies helped to sustain a continuous and living touch with the affairs of their respective societies. It means continuous and effective supervision and depends on the hearty co-operation of the unions and the enthusiasm of your supervisors."

Besides the recovery of dues in some suit societies and revival of some bad societies, the short term transactions of the bank has improved and the supervisors have been instructed to introduce the forecast system in societies.

FUTURE PROGRAMME.

The Federation has so far been able to tackle only rural societies, and arrangements are in progress for the audit of limited liability societies by a better qualified staff. It has in view the regrouping of union areas to make equitable distribution of work among supervisors, so that better results may be obtained by more intensive work. Organisation of new societies and unions which are stopped for this year will be taken up next year. The Federation has also resolved to start a rural reconstruction centre under its direction. In all that it does, it has original ideas, imagination and practical experience.

SOME SPECIAL FEATURES.

In the Secretary of this Federation is to be found a retired officer of the Co-operative Department and happily working in the

same districts where his work has borne very many fruits which are standing as so many landmarks to-day. A person of very high ideals, the President of this Federation is also the President of the Central Bank. He shapes the policy in the Federation and sanctions the funds in the Bank.

The members of the Committee and the Board who are representatives of the component unions and the Central Bank, make team work, without any spirit of rivalry or jealousy that is the bane of some institutions to-day. The office of the Federation is housed in the Central Bank's premises itself, illustrative of the inseparable character of the two institutions. Figures and statements, on the work of this Federation will be published in due course.

All the foregoing work of the Federation has been achieved with the close co-operation of the Unions and the Bank working for the societies, and better would be results if the Department also co-operates. Neither the Central Bank nor the Unions have shirked their duties in both these districts, they all work well, and yet the Federation is desired by all and nobody can think of destroying it. It has come to stay, because there is a need felt for it, it is helping the societies where the Unions could not, it serves as the recognised exponent for the non-official opinion and it has strengthened and balanced the democratic co-operative structure in the two districts.

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Long Term Loan of Rural Credit Society and Loan from Central Land Mortgage Bank.

BY RAO BAHADUR A. VEDACHALA AIYER

Some districts which absorbed long term loans for 11 years from central co-operative banks between 1910 and 1921 are clamouring against the stoppage of such loans by the central banks at the instance and pressure of the Madras Central Urban Bank and the Co-operative Department. In order to understand the viewpoint of such clamour, it will be desirable to find out how this ten year loan was introduced, how this convention came to be established, whether the former arrangement of 10 years' loan led to any serious financial dislocation and whether the existence of this arrangement results in heavy overdues which is mounting up every year.

2. Deposit banking was introduced first by the formation of the Madras Central Urban Co-operative Bank. It was the sole co-operative financing agency for the Presidency. It gave short term loans to primaries but experience showed that deposits, a very large portion of them, represented good lying money. The M. C. U. B. hit upon long term loans for 10 years, the first instalment of repayment of principal commencing 2 years after the grant of the loan. This practice did not lead to any financial embarrassment and was followed by all central banks in each District when they were floated. This state of affairs continued till 1920.

3. In rural organisations, the position of the members was varied and they had to regulate short and long term loans. When a member obtained a short term loan for carrying on the agricultural industry, the money lender, the former creditor, closed his accounts and sued the borrower. To escape from his clutches, the society gave him long term loans. Some others joined the co-operative organisations when the private creditors brought the property of borrowers to sale in court. In all such cases where 10 year loans were given, the urgent necessity was the only criterion looked to and not the repaying capacity of the borrower. Wherever the repaying capacity was good enough and there were few mis-haps in the agricultural industry, members were able to meet the obligations of the society. Where they failed to do so, overdues swelled up and central banks declined to finance the rural organisations. The

members—defaulters—got back to the money lenders for credit from day to day, leaving the long term debt undischarged.

4. In many cases, short term loans were accepted by the societies from the central banks and the members got long term loans to meet urgent necessity and the failure to keep up to engagement was the result.

5. Between 1921 to 1930, short term loans alone were issued. It is found that many societies had no credit accommodation at all from 2 to 5 years and about 25 per cent of the societies are of this description. The surplus deposits were utilised in new societies opened, which however were not sufficient to absorb it. Hence investment by central banks elsewhere outside the Presidency or in government pro-notes, resulting in a low income or loss from the depreciated value in government pro-notes.

6. It serves no purpose to rake up the old controversy nor is it my desire to refute the argument that deposit banking would result in financial chaos if ten year loans were given.

7. Co-operative financing agencies should think out and adopt various financial devices to meet the legitimate demands of the agriculturists and the agricultural industry to the deserved extent of the repaying power of the borrowers for all persons connected with the agricultural industry and also allied rural industries.

8. It is said by well intentioned and enthusiastic co-operators who are sincere that the land mortgage bank will solve the problem of long term loans. I would request such men to consider the following:—

(1) The working of land bank and the formation of central land bank were begun very recently and it is a matter of considerable difficulty to solve the problem of finance, organisation, supervision, and manipulation of credit so as to become available on the date of the maturity of deposits. The stabilisation of the working of the central land bank will take at least 5 years and its spreading over the Presidency will be a work of about 50 years at the least. Are the Co-operators to wait till a land mortgage bank works in a village to secure longer credit accommodation? Would the credit accommodation by the Central Credit District Bank for a period of 6 years allowed up to 50 per cent of the resources available be satisfactory to meet the needs of the Co-operators?

(2) Poor men, honest and industrious, want to buy cattle, to build farm houses and want to become cultivating tenants from mere farm

labourers. Their repaying power will be small annually, but they will certainly repay the debt if a longer time is allowed. The land mortgage bank will not take up such cases. The central bank will not lends for beyond 6 years and the borrower gets loans for 6 years and defaults. Should not such cases be brought under the ordinary credit finance from rural societies by suitable adjustment?

(3) Will there be financial dislocation if loans for longer periods are given with suitable repaying power by restricting the loans to the amount covered by share capital, reserve fund and at least 50 per-cent of the deposits in central banks. This will be more than enough to give long term loans for 10 years, loan to an individual not exceeding Rs. 500. All higher loans for long term will have to be tackled by the Land Mortgage bank. This idea of restricting such loans to a maximum of Rs. 500 coupled with strict scrutiny of repaying power will avoid financial dislocation and will also remove the discontent now prevalent in the districts of N. Arcot, Chengleput, Salem, Trichinopoly and South Arcot where such long term loans were in force. It is hoped that the Madras Central Urban Bank and the Department will view the question on this aspect and ease the situation.

9. The Central Banks themselves might consider the proposal and take the responsibility of financial loss if any by meeting the depositors from borrowings at higher rates, though such a contingency will be very remote.

10. The essence of co-operative lending in rural parts will be meeting the demands of the agriculturist for legitimate and deserved needs and also to adjust matters so as to meet failures from causes beyond control to keep up to obligations. A co-operator should be taken up from the clutches of the money lender and trader for meeting the demands in his agricultural profession and should not be allowed to gravitate back to those private agencies whose working has brought ruin to the agriculturists. If a broader objective to finance all the agriculturists and the industry as a whole is aimed at by rural co-operation and is sought to be realised on business lines and under strict discipline and scrutiny, the long defined and much deserved rural economic development can be secured through co-operation, the only self respecting, self initiated and self controlled movement devised by man in these democratic days for the benefit of the masses in the rural areas.

Recent Utterances

1. LAND MORTGAGE BANKS*

By MR. A. RAJABADAR MUDALIAR,
(Vice-President, Conjeevaram Central Bank)

SIR,

It is difficult to express an opinion on the budgets without a knowledge of facts and figures as to the estimated income of this Bank in the years for which the draft budgets before us have been prepared. They provide for a total expenditure of Rs. 20,355 of which Rs. 6,355 relates to the current year and Rs. 14,000 to the coming year.

While I expect that the details of the budget will be discussed at this meeting of the General Body, I beg to avail of this opportunity to submit a word as to what I consider an important precaution in administering our new scheme of "Land Mortgage Banks." It is not enough for us to think only of the strength of this Central Bank and to provide for running it efficiently. More important than this for our consideration is the strength of the Primary Mortgage Banks in the District, as they and this Central Bank form component parts of one organic whole and our prosperity is dependent upon theirs. It is our important duty therefore to see that they are kept in proper strength for their work.

We have thus to examine whether the primary banks are sufficiently strong to do their work efficiently. The Conjeevaram Land Mortgage Bank which was the first Land Mortgage Bank started in this Province and has worked longer than others could with its income provide no more satisfactory establishment for its work than a clerk on Rs. 25 and a peon on Rs. 12 per mensem. The travelling charges for Directors amount to Rs. 3,000 per year. What should naturally strike anyone having a correct conception of the work of a primary Land Mortgage Bank is whether the provision of the only staff of a clerk on Rs. 25 is adequate to enable the Bank to discharge its duties efficiently. I was the first President of the Conjeevaram Bank for some 18 months and within a very short time of the first working of the Bank when it had in its directorate no less than four retired gazetted officers of Government, we noticed that for the efficient performance of its work two requisites were essential viz.,

* A Speech at the first General Body Meeting of the Madras Central Land Mortgage Bank, held on 9th May 1930.

1. The provision of a competent person in the directorate to inspect and examine the value and title of the lands offered for mortgage, and
2. a capable and tried subordinate in the service of Government on a decent pay to attend to the important work of examining the reports received and preparing the papers for the orders of the Board of Management.

Though the retired gazetted officers on the Directorate were willing to undertake the work of inspection, they needed facilities which the infant bank could not obviously provide; nor could it afford to pay then for its scriptory and other office work more than a paltry sum for the clerk employed by it. We suggested therefore to the Deputy Registrar that an Honorary Assistant Registrar could be appointed from among the Directors attached to the Bank exclusively for the work of inspection and report on loan applications received and that a capable inspector of the Co-operative Department might be deputed for work in the office. These two provisions were expected to afford the needed strength for the efficient working of the infant institution; but for reasons into the details of which I need not now enter, the suggestions were not adopted. As the retired gazetted officers were unable to undertake the inspection work to the required extent and as loan applications were coming in increasing number they resigned their seats in the Directorate one after another, and others were elected in their places, and as the then strength of the Directorate which was about nine was still found unequal to the requirements of inspections, it was increased generally to 15, its present strength. Elections naturally brought into the Directorate easily members most of whom, whatever their other qualifications, could not be expected to do the work of inspection and examination of value and title of property in the manner which the safety of our finance demanded. The results of the working of this Bank and of others in this Presidency under such arrangements have since led to the establishment of special officers of Government who now scrutinize the reports on applications before disbursement of the loans. I have already heard that this system has given cause for dissatisfaction among the directors when their valuations and reports have been called in question by the Departmental officers and I have also heard that the present arrangement adds considerably to the delay in the disposal of loan applications. I am told further that owing to the existence of considerable overdues from members for loans given in the past, the grant of

further loans has been suspended. I note also that the Department as will be seen from para 25 of its last Administration Report is not disposed to develop these mortgage banks at any rate now in areas where crops are precarious. The Report says "The undesirability of risking arrears in lending where crops are notoriously precarious renders it imperative to develop these Banks, at any rate, to begin with, in deltas and areas where crops are most assured." This would indicate that the Chingleput District where the crops are notoriously precarious should necessarily wait for development of these banks. Meanwhile the Madras Central Urban Bank has completely stopped the issue of the ten year loans to the District Central Banks, depending upon the Mortgage Banks to serve the needs for such loans. The effect of all this is that in deltas and areas where crops are most assured the agriculturists will receive the help of long term loans from mortgage banks and in areas where crops are precarious as in my district the ryots will be denied long term loans not only by the mortgage banks but also by the ordinary societies which have hitherto afforded such facilities to them. "To him that hath more shall be given and from him that hath not shall be taken away even that which he hath." This is a position demanding the serious thought of co-operators and I shall not digress further on this point in this institution.

Coming back to the question of strengthening the primary mortgage banks with regard to the agency for field inspection and for office work the existing arrangements in my district are obviously inadequate and we have to take steps to see that not only the Conjeevaram Bank but every other mortgage bank also is kept in proper strength to do its work efficiently. The first requisite is to strengthen the directorate. It should be assured of the services of a competent person on it to help it in correctly assessing the value of lands and the repaying capacity of the borrowers so as to prevent trouble in the future affecting the safety of our finance and I may add the welfare of the borrowing members also. There ought to be also an arrangement for watching the circumstances of the borrowers and the conditions of the lands accepted as security in order to demand and recover the dues to the Bank at the time when borrowing members get their income and to take the necessary steps promptly where the prospects of recovery are likely to become difficult. It has been my sad experience in the working of our general movement, that our troubles with regard to the overdues which are so heavy are due very largely to a general indifference to keep the primary societies in

proper strength to discharge their duties efficiently. In a Union recently visited by me where there are about 20 societies, there are no less than half a dozen societies where there is no proper human material to carry on the work of the society and which the Union supervisor has to visit periodically to write up the account and to attend to collections. Is it any wonder then that there should be heavy overdues under such circumstances? While advocates have been many for increasing supervision funds of the Unions and the Federation, those in practical sympathy with the need for strengthening the societies at the bottom are comparatively few. This, in my humble view, is the most unfortunate cause of the unsatisfactory general working of the movement. As very correctly opined by the Royal Commission on Agriculture the serious defects in the movement are due to the failure to recognize the limitations of honorary workers. The Report of the Commission says:

“To the failure to recognize the limitations inherent in the system of utilizing honorary workers must be largely attributed the very serious defects in the movement which have been brought to our notice.”

The truth of this must be within the knowledge of all leading co-operators in touch with the practical working of the movement. After his exceptionally long experience with the co-operative department and the movement, Rao Bahadur Mr. A. Vedachala Ayyar, a retired acting Registrar of Co-operative Societies, wrote in the Madras Journal of Co-operation for December 1929 that ‘paid service in rural institutions which have to undertake business-management is the surest remedy for the efficient management of rural co-operative organization.’ In administering our new scheme of land mortgage banks therefore we must avoid the blunder committed in the past of depending too much on honorary workers and must provide a satisfactory paid agency to attend to the work of these mortgage banks. There ought to be a responsible paid hand attached to every such bank to carefully look after its day-to-day work both in the field and in the office. Having regard to the nature of the work in these banks, I consider that the employment of a tried and capable Revenue Inspector of the Revenue Department for each Bank to attend to both the office and field work would afford to it the desired strength and enable it to get the field work and collections done much more expeditiously and satisfactorily than now. There is no reason why a Revenue Inspector who in the Land

Revenue Department is entrusted with similar work may not inspect the lands and submit his first report on all loan applications to the Board which may depute any Director to check and verify it. He can also be very beneficially employed in inspecting the mortgaged lands periodically to watch prospects of punctual repayments of the loans which in practice would be of inestimable help in preventing defaults. The increased charge necessitated by the entertainment of a Revenue Inspector for each Bank may well be borne by the State for some years till the banks are sufficiently developed to stand on their own legs.

For the purpose of strengthening the directorates I would propose that the District Departmental officer who is in charge of these mortgage banks may usefully be recruited from the Revenue Department also and given a seat on the Board of Directors for each Bank in the District. This will strengthen our position very materially, and I am hopeful that with these two improvements the working of primary mortgage Banks would be found much more satisfactory than in the past and also runder needless the present strength of the Directorate which is undesirably large. It ought then to be quite sufficient to have no more than say seven or nine directors with which strength the Conjeevaram bank was first started. If this General Body is agreeable to these suggestions we may communicate them to the Registrar and the District Mortgage Banks for their early consideration.

2. LONG TERM LOANS.

BY MR. A. RAJABADAR MUDALIAR.

In seconding the resolution moved at the Central Banks' Conference Madras on 18—4—30 by Rao Bahadur Mr. V. Murugesu Mudaliar, Secretary, Co-operative Central Bank, Vellore, to request the Madras Central Urban Bank. Ltd., Madras, to revive the grant of ten years' loans to Central Banks until Land Mortgage Banks for the issue of Long Term loans get sufficiently established, Mr. A. Rajabadar Mudaliar, Vice President of the Conjeevaram Central Bank made the following speech:—

I beg to second this resolution though I would make a slight modification in it in view to effectively prevent the grant of such long term loans in avoidable undeserving cases.

2. The reason for moving this resolution is contained in the resolution itself i.e., that the abrupt discontinuance of ten year loans to primaries has created dislocation in the movement. That dislocation has been actually caused would, I trust, be clear from the facts

which I shall submit presently, The need for long term loans in primaries is not disputed by any. The contention against the grant of it by them is based mainly on the ground that with the financial resources available for them, they cannot grant such loans. It is no doubt of importance to see that periods of deposits synchronize as far as possible with those of loans, and we are endeavouring accordingly to provide long term credit through the agency of Land Mortgage Banks as early as possible. The point for our consideration now is 'when are these Land Mortgage Banks likely to provide the facilities for long term loans which the societies in the Districts like mine have hitherto afforded? The Land Mortgage Banks are just coming into existence and their present number in my District is only four. The prospect of their developing sufficiently to serve all parts of the district, is so distant that the denial of long term loans meanwhile relying on their service is sure to mar the good work done by the movement so far and to retard the future progress seriously. The fear of this dislocation of the movement as likely to arise by an abrupt discontinuance of ten year loans was expressed by the Townsend Committee in no mistakable terms. In the sub para of para 30 on page 44 of its report the Committee said :

"It is of course an indisputable financial principle that short term deposits should be invested in short term loans. We consider that every effort should be made to provide long term credit through the agency of land mortgage banks at the earliest possible date. *When these facilities have been sufficiently provided* co-operative institutions should confine themselves to short term loans and to intermediate loans to be repaid by annual instalments in periods not exceeding six years at the most. In the meantime, as ten year loans have become such an integral part of co-operative finance, we fear that their abrupt discontinuance would create a great dislocation in the movement. We however emphasize the fact that safe finance demands that genuine efforts be made to attract long term deposits, by offering higher rates of interest if necessary so that periods of deposits will as far as possible synchronize with those of loans."

This fear of the Committee is now being painfully realized in various directions in my District. The ten year loans were stopped by the M. C. U. B., in 1927-28. While long term loans disbursed in 1926-27 amounted to Rs. 17,85,100, they fell down to Rs. 14,61,200 in 1927-28 and to Rs. 6,28,500 in 1928-29. The number of societies

taking loans which had increased steadily from 106 in 1922-23 to 352 in 27-28 showed a marked fall to 266 in 1928-29. These figures would give an idea of the extent to which long term loans have been denied to societies since the beginning of January 1928 and the suspension of the operations in a considerable number of societies in consequence. Admitting the need for such loans which, as I have submitted above, is undoubted, the enquiry is natural "how the needs of the members in this respect are being now satisfied." The members resort to other money lenders and pay exorbitant rates of interest charged by them for such loans. Not only this, they have ceased also to pay regularly the instalments fixed for loans previously taken by them from societies owing to the greater pressure of the more watchful private money-lender to recover his dues at the harvest time, with the result that overdues in societies increase and their borrowing members are becoming weaker. This is the inevitable result of our violating the cardinal rule of co-operation that we must give members all loans they reasonably require.

3. The present policy has led to another demoralising conduct which calls for serious consideration. What happens often, as may be naturally expected, is that many a ryot who is denied long term loans agrees to take a short term loan alleging a short term purpose and when the time for recovery comes pleads inability to pay. The Panchayatdars often connive at this and the Central Bank is not in a position to easily check and prevent such mal-practices which are the out-come of the new policy. The result is the persistent growth of heavy overdues from societies in spite of the best efforts to arrest it.

4. The denial of long term loans interferes seriously also with the work of rectification as in the present condition of most of the bad societies it is found to be a great necessity to save defaulting members from ruin by helping other good members with long term money to purchase the lands of the defaulters. There are also many cases where societies have purchased the lands of defaulters for want of bidders at sales for overdues which they must dispose of without avoidable delay. Long term loans in such cases would be of great help to societies to find suitable purchasers of such lands and to redeem themselves from growing loss which is otherwise inevitable.

5. I may add a word in this connection regarding the special need for long term loans in my District. The Chingleput District

is in the famine zone and the repaying capacity of an average ryot with regard to any loan taken by him is extremely limited. Long term loans are much more needed in this District therefore than in others for the improvement of the economic condition of the agricultural classes. The pioneers of this movement including those in charge of the M. C. U. B., in the early days who adopted a system of 1/10 annual payments followed by extensions for the repayments of loans granted by them so as to spread them over ten years presumably acted on the view that such easy recovery was the most suitable for the conditions of our people, though, like ourselves, they should have been aware of the importance of synchronizing periods of deposits with the periods of loans. Any attempt even for a temporary stoppage of such loans is sure therefore to cripple the poor agriculturists to a serious degree. It was obviously to prevent such a calamity that the Townsend Committee of which our worthy President of the M. C. U. B. was also a member, expressed the unanimous view against an abrupt discontinuance of the ten year loans, which as found in their enquiry, had become an integral part of the co-operative finance in this Province. Even in his minute of dissent recorded with reference to that Committee's Report Mr. Ramadas Pantulu expressed his agreement with the Committee's recommendation on this among other points. However, he unfortunately since developed a fear which he gave expression to in his note presented to the Board of Management of the M.C.U.B., on the 7th April 1929 in which he stated that the grant of ten year loans would involve the movement in a very *perilous situation*. What peril, which had not showed itself so long in the past, was now in sight, it is difficult to understand. I fully realize however, as I have already said, the great importance of the financial principle underlying his fear. It is yet a problem how far the new Land Mortgage Banks are going to serve satisfactorily the needs of comparatively poor ryots for long term loans which are small and within Rs. 1000/-. It is the view of some leading and experienced co-operators who are competent to express an opinion that the existing primary societies can serve the needs of such members much more satisfactorily than the Land Mortgage Banks can do. At any rate the future of these new banks is yet unknown and we may safely presume that it will be a good long interval before these Banks are established sufficiently to serve long term loan needs of the people. Are we to starve these societies meanwhile by denial of such loans for an indefinitely long time and face all the disastrous consequences

above explained? When this question came up for consideration before the Board of the M.C.U.B., on the 7th April 29 on a resolution moved by my Bank, I was permitted by the kind courtesy of the President to have my say regarding the difficulties arising from the discontinuance of ten year loans and the President who very kindly gave a sympathetic hearing, was pleased to state that the question would be considered six months later. On this assurance my esteemed friend and colleague Rao Bahadur Mr. M. K. Venkatachariar withdrew the resolution he had moved. The question not having been considered again by that Board, a fresh resolution has been now sent to it for consideration at its meeting to be held here this afternoon.

6. I beg in these circumstances, to recommend strongly that this Conference may pass the resolution before us which only follows the considered opinion of the Townsend Committee, though as I said at first the M.C.U.B. may impose restrictions in the grant of these long term ten year loans. They should of course not be given in areas served by Land Mortgage Banks. In the other areas it may be laid down as a rule that no new societies financed by the Central Banks should be granted the ten year loans. Even as regards the old societies it may be made a condition that only such of them as have given proof of having handled such loans properly in the past should be considered eligible to obtain them in future. It may also be laid down further that for every society the amount permissible under its maximum borrowing power should be definitely allocated in its by-laws between long term and short term loans according to its actual needs. With these and any other similar limitations, I think, the M.C.U.B. may be requested to revive the grant of ten year loans immediately as desired in the resolution. This is a question where a judicious combination of co-operative ideals and banking principles is essential for the successful working of our movement. I pray that this Conference which is intended mainly to consider such questions will see it fit to pass the resolution unanimously and help to promote the best interests of our movement.

To the reasons I have stated above, I would add what I have since learnt to be the intention of the Government as regards the development of Land Mortgage Banks. In para 25 of the Administration Report of the Registrar of Co-operative Societies for the year 1928—29, he says :

“The undesirability of risking arrears by lending in areas where crops are notoriously precarious renders it imperative to develop these banks, at any rate, to begin with, in deltas and areas where crops are most assured.”

As I have said already the crops in the Chingleput District are notoriously precarious and the probability therefore is that the Land Mortgage Banks will not be developed with desirable speed in this District. I may submit in this connection that I was the President of the first Land Mortgage Bank in this Province which was started in Conjeevaram and held that office for some 18 months. From my experience of its working, I am fairly certain that the time when such Banks would be able to serve the needs for long term loans in this district is very distant. The havoc therefore which the stoppage of ten year loans by the M. C. U. B. will do to the movement in this District in the meanwhile may be well imagined. It has already begun to be seriously felt and the time is not far when those responsible for the new policy would themselves repent the ill-considered step taken.

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Reviews

CO-OPERATION IN INDIA IN 1928—29

1. MADRAS*

During the year 1928-29, as we believe during the current year also, the energies of the Co-operative Department and of non-official co-operators were devoted mainly to the consolidation and rectification of societies. Many of the recommendations of the Townsend Committee were given effect to by Government, resulting in an addition of as many as 120 Inspectors to the staff and the enhancement of expenditure from Rs. 7'73 lakhs to Rs. 8'89 lakhs. The supervision fund also was considerably increased by the contributions of societies and central banks being raised. The total amount spent on supervision during the year was 9'29 lakhs. At the same time, attention was also paid to improving the personnel and the administration of unions and federations. This process is being continued in the current year and after sometime we may expect a tangible improvement in the state of societies.

The number of societies registered during the year was 726 as against 1,200 in the previous year. There was no increase in the number of central banks. Agricultural societies of all kinds increased from 12,471 to 12,947 and non-agricultural societies from 1,593 to 1,659, while the number of unions rose from 414 to 448. The following table gives the number of agricultural and non-agricultural societies under various classes for the last and the preceding co-operative years.

Class.	Kind.	Agricultural.		Non-Agricultural.	
		27-28.	28-29.	27-28.	28-29.
I	Credit	11,966	12,382	1,135	1,144
II	Purchase and Purchase and Sale... ..	127	133	218	240
III	Production	...	...	1	1
IV	Production and Production and Sale	96	41	22	29
V	Insurance	4	4	...	...
VI	Others	348	387	217	245

It is remarkable that very few non-agricultural credit societies were started during the year. Out of the 387 societies included under class VI in agricultural societies as many as 333 are societies for tenants and

* A review of the Registrar's Administration Report for 1928-29.

depressed classes, presumably having for their object the acquisition of land for joint cultivation. There were also included in this class, 18 *kudimaramath* and irrigation societies, 16 agricultural demonstration societies and 10 land reclamation societies. Of the 245 societies of class VI in non-agricultural societies, 140 were building societies. What the others were is not clear from the report.

Though the rate of interest payable on the deposits of Local Boards and Municipalities in the central banks was lowered and some other restrictions were imposed, the amount of the deposits did not decrease, but on the other hand increased from about 189 lakhs to 193 lakhs. The report speaks of the unwillingness of the Imperial Bank to continue its overdraft to the central banks to enable them to maintain their requisite standard of fluid resources. The Imperial Bank, it would appear, advises them to invest a portion of their moneys in Government securities for the purpose. This withdrawal of the overdraft by the Imperial Bank, however inconvenient to some of them at present, is bound to do good to the movement as a whole, for nothing is so demoralising for any kind of society, primary or central, as being very much dependent upon outside finance. If the resources and requirements of the central banks be pooled in the M. C. U. B., there should be no difficulty in maintaining a proper amount of fluid resource without the help of the Imperial Bank.

Non-agricultural credit societies are working much more satisfactorily than agricultural credit societies. The percentage of unpaid balance to demand is 17.5 as against 40.7 in the agricultural credit societies. This should be mainly attributed to the fact that the non-agricultural credit societies (urban banks) are largely dependent on their own finances. Their borrowings from central banks form only 10 percent of their working capital, while the agricultural credit societies depend on central banks to the extent of 75 per cent. There is, no doubt, the fact that non-agricultural credit societies have a more intelligent membership and can have the services of more capable managing committees than agricultural credit societies. But so are the building societies, which, however, show a very large percentage of overdues, out of the demand under principal of 4.15 lakhs, the amount collected was 1.73 lakhs and the amount overdue is 2.42 lakhs.

The chief defect of our societies is their inefficiency. At one time we all believed that our country would derive all the benefits of Co-operation if only a large number of societies were brought into existence. But experience has shown that no benefits accrue from inefficient societies. They become a hindrance instead of being helpful. What is now needed is the improvement of quality. Societies will not improve unless unworthy members are courageously weeded out, unless the better nature of the more intelligent members is appealed to and their

patriotism is kindled, and unless the principles of co-operation, which are found incorporated in the bye-laws are strictly observed in practice. The members of our societies should be taught to look upon their respective societies more as banks for the encouragement of thrift than as merely loan societies intended only for giving them facilities for borrowing. The efficiency of the societies has got to be improved by enlisting as members the saving and altruistic class and discouraging the needy and selfish class.

There are quite a number of interesting types of societies. Some of them are fairly numerous, regarding the work of which one would like to have a complete picture. The annual report of the Registrar cannot be expected to draw such a picture for us. We would suggest that monographs or special articles giving a complete picture of these societies may be given. Some of the types of societies we have in view are given below with the number of societies of those types at the end of the last co-operative year.

Societies for the cultivation of lands	...	442
Societies for Hill tribes	...	95
Building Societies	...	140
Store Societies and Trading Unions	...	104
School and college stores	...	64
Milk supply societies	...	35
Coir workers societies	...	12
Agricultural demonstration societies	...	16
Land Mortgage Banks	...	21
Labour contract societies	...	63
Loan and Sale societies	...	63
Weavers' Societies	...	55
Training Institutes	...	7

V. V. S

THE WORKING OF THE CO-OPERATIVE DEPARTMENT *

(During the Year 1928-29.)

The Madras dailies have given prominence to the Administration Report of the working of the movement in the province during 1928-29. I crave the hospitality of your columns for a few stray observations on the Registrar's Report from the non-official viewpoint.

OVERDUES.

It may be observed that in spite of the Registrar's satisfaction at the "decided" reduction of overdues, no appreciable improvement is seen. In doing so, I am afraid one is apt to forget that the overdues are not

* A review of the Registrar's Administration Report.

the result of the neglect of a year or two but the accumulated Karma of a much longer period, the chief contributory cause of neglect being the Department itself, who withdrew their supervision before the non-official staff was created. It is only during the last two years or so that the non-official bodies are taking active steps to employ their own staff to look after supervision effectively, and it is chiefly due to their efforts that the growth of overdues has at least been arrested. Even now, I am afraid, several Central Banks have not realized the precarious plight of several of their investments and hence have not appointed adequate outdoor staff to repair the damage caused by past neglect. Only a few of the District Federations are working efficiently to-day and even there, most Unions have not reconciled themselves to the pooling of men and money. In some districts, the internecine wars between the Federation and the Central Banks have not subsided yet. Whether they believe in Federations or not, it is the duty of non-official co-operators to exert themselves and bring about an improvement in the present state of affairs.

SHORT TERM LOANS.

Very early in his report the Registrar states, "It was agreed" at the Conference with the Deputy and Assistant Registrars, "that new Societies organised should deal only in short-term loans and provide for an individual borrowing power of Rs. 250 ordinarily." While it is true that co-operative societies should not aim at the sudden conversion of all Sowcar (prior) debts into co-operative societies' loans and that a co-operative society should concentrate on the productive nature of the loans it issues, yet it is a well known fact that if a ryot goes to a society for short term accommodation alone leaving his prior debt to the Sowcar undischarged, he will not have an easy time of it for the rest of his life. I am not here to suggest the remedy; but I only wish to point out that the decision arrived at by the Deputy and Assistant Registrars and which is endorsed by the Registrar is hardly workable. Moreover, the limit of Rs. 250 sought to be placed on loans in newly organised societies will keep away the more substantial people in a village from the society and the difficulty of finding suitable human material for running the society, great as it already is, will, I am afraid, become still greater. For, the Registrar's pious hope of finding "unselfish helpers who believe that the labour of running of co-operative societies and assisting persons of limited means is worth while without any other reward" is likely to remain an unrealised ideal except perhaps in a few fortunate areas. If this policy is strictly pursued, I am afraid, the present percentage of co-operators to the population, viz., 2'1 is not likely to grow in the near future.

As regards the collection of dues as well as overdues, the Registrar refers to the fact that he placed the services of his staff at the disposal of Central Banks during May and June of 1929. While

the non-official co-operators are thankful to him for thus "co-operating" with them, I am afraid the statement that "generally the departmental staff took upon all the worst societies" may not be strictly correct. It would have been more convincing if the Registrar had given figures as to the actual collections made by the Departmental Staff. In one district at least it did not amount to much.

LONG TERM ACCOMMODATION.

The difficulties experienced by co-operators in obtaining long term accommodation is well known to all workers. The Madras Central Urban Bank has been, in a way, acting as the hand-maiden of the Department in depriving Central Banks and through them the primary borrower of long term accommodation. The societies put up with this in the fond hope that the inconvenience was only temporary and that as soon as the Central Land Mortgage Bank was organized the Province would be covered with a net work of Primary Land Mortgage Banks and the long term requirements of the people would be properly met. It is now over four months since the Central Land Mortgage Bank was organized. That institution seems to be more bent on making the issue of debentures unpopular by practically coercing the existing Land Mortgage Banks to convert their 7 per cent debentures into 6 per cent securities, than in finding a prompt and practical solution of the urgent problem it was created to solve.

The Registrar's statement that in the beginning he should confine himself to Deltas and areas where crops are most assured cannot but fill with alarm the people of less favoured tracts whose needs are perhaps more pressing. It is also a notorious fact that the sowcar rates in "dry" areas are really exorbitant going up to 72 per cent or even more.

THE 'UN-WISDOM' OF SOME CO-OPERATORS.

The Registrar reads a sermon on the unwisdom of expecting deposits to be renewed and wonders at the crass ignorance of some non-officials in this matter. Anything taken to an absurd length is no doubt unwisdom; but whether it is such unwisdom on the part of the Co-operative Movement, after a quarter of a century of successful working, to expect a decent portion of the deposits to be renewed, I shall leave to the judgment of others. I am afraid no banking would be possible if the primitive rule of lending out only such sums as are received as deposits and those for such periods only as the deposits are for, is not a workable rule for the present day. Nor do I think that the world's banking practice is built on this basis. I even venture to think that if an unexpected crisis should come and all deposits are sought to be withdrawn at once, Government are bound to come to the rescue of the Co-operative Movement. The movement has a greater claimant offers better safety being based on unlimited liability and secured on lands—than the Commercial Bank which closed its doors at

Calcutta some time back and to whose rescue the Imperial Bank rushed with almost indecent haste.

FLUID RESOURCES

The Central Banks received a rude shock the other day by the Imperial Bank demanding the lodging of Government Promotes as Collateral Securities for the overdraft accommodation instead of registered bonds of unlimited liability societies as hitherto. The thunderbolt came at a time when more than one Central Bank burnt its fingers badly by handling Government paper. The dissatisfaction felt at this move of the Imperial Bank has found expression in several Co-operative Conferences and in the last Bankers' Conference and it is not necessary for me to dwell on it at any length here. The Registrar's explanation of the Imperial Bank's move appears more like whitewashing than otherwise. Although I am glad that co-operators are thus thrown more and more on their own resources, yet one may ask whether a State-helped bank has not got its obligations towards the movement fostered by the State itself. It is also high time that the scale of fluid resources, which at present is fixed very high, is lowered to a limit consistent with safety. It is up to the non-official leaders of the movement to find out the practice obtaining in recognized commercial banks. The MacLagan Committee sat 15 years ago and much water has flowed under the bridge since then. At any rate, the time has come to re-examine the subject.

DELAY IN SANCTIONING LOANS.

The Registrar's remarks are quite pertinent. In one Central Bank, four out of five members of the Executive Committee live outside the headquarters of the bank and one can understand how delays are bound to occur. One cause of delay which the Registrar has not mentioned is, in some districts at least, the interposing of the federation and the time lost in references travelling from bank to federation and vice versa. With the unions working fairly well and the administrative section in the bank wide awake, delays can be minimised considerably.

OFFICIALS AND FEDERATIONS.

The Registrar poophoos the resolution of the last Provincial Conference expressing its opinion that the presence of Departmental Officials on the Boards and Executives of Federations is unnecessary and even harmful. As the next Provincial Conference session is not far off, I shall leave it to the non-officials who will assemble there to refute this view of the Registrar.* In one Central Bank I visited recently, the Departmental Staff insist on notices of meetings being sent to them and on one occasion

* The Conference has since met and an effective answer has been given by the President of the P.C.U. in his Welcome Address and in the report on the working of the P.C.U. See pages 647 and 721 respectively of the May issue of the Journal.

at least, the Deputy Registrar prohibited the holding of the meeting of the board of management at a certain place previously pitched upon by the Executive Committee. In more than one district, the chief Executive Officer has to be approved by the Department and how this has worked is not unknown to the non-officials in the Province.

TRAINING.

While there is no doubt that a trained staff is any day better and more efficient than an untrained staff, it is a point worth considering what is to become of the hundreds of young men turned out of the Training Institutes year after year. Non-official employers know the terrible state of unemployment among the educated young men and these institutes if sought to be made permanent, will only help to swell the ranks and make discontentment more widespread.

LOAN AND SALE SOCIETIES.

The remarks of the Registrar will, I trust, find an echo in the heart of every non-official and I pray that what has been done as regards cotton will soon be done as regards groundnut and other staple industrial crops as well, since the ryots who have taken to the cultivation of these crops, induced no doubt by the tempting prices offered in the beginning by foreign buyers, now find they are obliged to sell at far less than the cost price owing to successful rings among these foreign buyers. The non-officials should exert themselves to the utmost to compel Government to place the producers in direct touch with the world markets through the agency of the Co-operative Department.

LOANS ON PRODUCE AND ON PLEDGE OF STANDING CROPS.

The facilities recently sought to be placed by the Department in the hands of the ryots cannot be praised too highly. I trust the widest publicity will be given to this as well as to the facilities for construction of godowns and last but not least to the instructions issued by the Board of Revenue to the Village Officers to place information for Property Statements at the disposal of Co-operative Societies. I know these have not reached many societies in more than one district. As regards godowns, although the rent realised for the storage of harvested produce may not by itself be a sufficient return for the cost of building, the buildings can be used for communal and other purposes of the village such as Bhajan Mandirs, Reading Rooms, Night Schools and even for celebrating marriages.

EXECUTION OF DECREES.

The Registrar has, I am glad to note, recognized the difficulty felt by co-operative institutions in the execution of decrees. He has not evidently been able to hit on the best solution of this vexed question. That the problem is a serious one can be seen from the fact that in one

Central Bank alone, the number of decrees on hand is 1,412 involving a total sum of Rs. 2,44,000/- representing 35 per cent of the total overdues of this institution. There is nothing wrong about the Tahsildars executing the decrees as at present; but only the Tahsildar being already overworked, Government is unwilling to saddle him with anything beyond the 40 decrees per year, per taluk. But we all know that the main objection from the Tahsildars for not caring to do more is that they have not the clerical or subordinate staff to attend to this work. If Government will only come forward to give each Tahsildar an additional clerk to look after this branch of work, I feel sure, the objections will disappear. If it comes to the worst, the Central Banks may even be prepared to meet their portion of the cost of maintaining a special Tahsildar and a clerk, say, for a year, until the Augeas' stables is cleared and normal conditions are restored. The recent district conferences at Tenali and at Attur commended such a course to Government.

CO-OPERATIVE INSURANCE.

Even the casual observer would be struck with the fact that the Central Banks in this Province now depend largely on the deposits of Local Bodies. Most of these deposits are for a comparatively short period of 3 or 4 years. The question of securing a steady flow of adequate finance which can be depended upon as being available for long term loans should engage the serious attention of thoughtful co-operators. An old Irish saying, "Do not put all your eggs in one basket" occurs to my mind when I contemplate on the fact that a disproportionately large share of the working capital of Central Banks is in the shape of deposits from local bodies.

I would suggest that it is high time co-operators in this Province go in for Insurance business. The Insurance funds in Western Countries is counted in hundreds of crores, and these amounts are invested in several ways, all of which fetch interest, such as mortgages, lands and property and shares and debentures and not in Government securities as was the fashion some years back.

In the United States and in Canada, these funds go a long way in developing national industries and increasing national wealth. Even in India, where people have not yet fully realised the benefits of Insurance, crores go to the coffers of foreign insurance concerns. Is it difficult for us co-operators to secure at least a portion of this vast source of wealth while, at the same time, making our millions thrifty and relieving their distress? Japan has evolved an excellent system of popular—almost universal—life insurance. Will the new Registrar help the Co-operators in tapping this steady and as yet unexplored source of almost permanent finance?

T. ADINARAYANA CHETTY.

THE SECOND MADRAS PRESIDENCY CO-OPERATIVE BUILDING SOCIETIES' CONFERENCE.

(Madras, 19th April 1930.)

The Second Session of the Madras Presidency Co-operative Building Societies' Conference was held on the 19th April 1930 at 12-30 P.M., at the P. S. High School Buildings, Mylapore, Madras, under the distinguished presidency of M. R. Ry. V. Ramadas Pantulu Garu, the President of the Madras Lawyers' Co-operative Building Society. The following representatives, representing the various building societies noted against each, were present at the Conference :—

NAME.	SOCIETY REPRESENTED.			
Messrs.				
1 Rao Saheb V. I. Munuswamy...	Ootacamund Co-op. Building Society.			
Pillai, M. L. C.				
2 K. Parathasarathy Iyengar	... Mylapore	"	"	"
3 R. W. Bhandarkar	... Mangalore	"	"	"
4 C. V. Venkatasubbaiyar	} ... Erode	"	"	"
5 T. Srinivasa Mudaliar				
6 K. L. Narasimha Rao	... The Madras Lawyers'	"	"	
7 A. Ranga Rao	... Madura X-ian	"	"	"
8 K. Raghavachariar	... Tinnanur	"	"	"
9 S. V. Sama Rao	... Aiparmasu	"	"	"
10 T. Seshacharlu	} ... Tirupathy	"	"	"
11 P. Radhapathy				
12 B. M. Choudri	... Madras Theosophical	"	"	
13 D. Rama Rao	... Narasapatnam	"	"	"
14 G. Subba Rao	} ... Vizianagaram	"	"	"
15 C. Subba Rao				
16 C. Subramania Sastry	... Salem	"	"	"
17 P. S. Nambiar	... Calicut	"	"	"
18 Abboyudu	... Amalapuram	"	"	"
19 B. V. Ramachandra Rao	... T.U.C.S. Employees	"	"	
20 M. V. Kodhanda Rao	... Anakapalli	"	"	"
21 S. Srinivasa Iyer	... Nallampettai	"	"	" Vellore
22 M. Venkatarama Iyer	... Trichinopoly	"	"	"
23 S. Govindarajulu	} ... Madras City	"	"	"
24 G. Sriram Babu Naidu				

The following resolutions were passed at the Conference:—

1. This Conference regrets that the Government has taken no action with regard to the resolutions* (except on one) passed by it at the last Session and urges immediate consideration.

2. This conference regrets the decision of the Government in declining to give effect to the recommendation of the Townsend Committee in the matter of acquisition of land for roads.

3. This Conference is of opinion that even if the Municipalities and Local Boards cannot be compelled to undertake the work of acquiring lands for laying them out in roads, the Building Societies should be relieved of this obligation.

4. This Conference resolves that the Government be requested to obtain in advance the opinions of Co-operative Building Societies whenever they revise the rules regarding the grant of State Loans to such societies.

5. This Conference resolves to request the Registrar to alter the model bye-law dealing with the object of the Societies so as to include the following:—

- (a) Improvement to existing structures and
- (b) Purchase of dwelling houses.

6. This Conference resolves to request the Registrar to alter the model bye-law No. 14, dealing with borrowings, as follows:—

“The Society shall borrow the money it requires at such rates and on such terms as the Board of Directors may settle. In respect of loans from the Government, there shall be a first charge in favour of them on the properties with respect to which the loans are taken.”

7. This Conference deprecates the circular No. B. 778/29 dated 4—10—1929 from the Deputy Registrar of Co-operative Societies, V Circle, Madras, regarding the summary recovery of the entire loan outstanding against a member, if he lets out the dwelling house for rent.

8. This Conference resolves to request the Madras Provincial Co-operative Union to take action on the above resolutions.

* Vide pages 85 and 86 of the Madras Journal of Co-operation for August 1929 for the resolutions of the First Session.

THE T. U. C. S. SILVER JUBILEE SOUVENIR.

We acknowledge with thanks the receipt of a copy of the Silver Jubilee Souvenir volume published by the Triplicane Urban Co-operative Society Ltd., Madras.

It is a matter of genuine pride to us, Madras Co-operators, that Consumers' Co-operation which does not generally thrive in Indian soil has flourished so well in the city of Madras. When 14 enthusiastic men met on the 9th of April 1904 and founded the T. U. C. S. they could little have dreamt that the tiny plant they were planting would grow within 25 years to be the big tree, it is to-day, and it is quite in the fitness of things that the banyan tree has been taken as the Society's symbol.

The volume under review contains six sections. The first consists of fraternal greetings and messages received by the T. U. C. S. on the happy occasion of its Silver Jubilee from prominent co-operators and Co-operative Institutions all over the world. The second section contributed by its present President gives a brief history of the Society tracing its progress from the beginning to its present condition and is a clear statement of facts that speak for themselves. A series of special articles contributed by eminent Co-operators make up the third section. The fourth section gives a detailed account of the actual celebration on the 25th & 26th January 1930, when His Excellency the Governor of Madras laid the foundation stone of the Silver Jubilee Hall to be built. There was a grand public meeting in the evening presided over by Sir P.S. Sivaswamy Iyer, and it is interesting to note that English ladies and gentlemen, who have realised the immense benefits that Consumers' Co-operation has been conferring on its votaries in their own native land, took part in the proceedings and illustrated the cosmopolitan nature of the Movement. On that occasion the portraits of the 14 pioneers were also unveiled and it is an inspiration to look at them though we are clouded by the thought that many of them are no more in the land of the living. This section also gives a brief account of the celebrations in the various branches of the Society.

The volume is properly illustrated which adds considerably to its attractiveness. We hope this volume will find a place in every school and college library and in the libraries of every Co-operative Society. We congratulate to the T. U. C. S. on its being able to celebrate its Silver Jubilee and wish it continued progress and ever increasing prosperity.

S. K. Y.

THE INTERNATIONAL LABOUR ORGANISATION*

The International Labour Organisation had its origin in the International Labour Conference held at Washington in the year 1919, having for its object the improving the conditions of labour all over the world. The report under review surveys the work done by the I. L. O. for the past ten years. It has collected information regarding conditions of labour in the various countries of the world, and the materials thus collected have been published in the form of studies and reports in various European languages.

The I. L. O. is also a legislative body deriving its sanction from the moral support of its members. At its annual conferences attended by delegates from 50 States, 29 draft conventions were enacted and 33 recommendations made on matters affecting labour. India has given ratifications for twelve conventions, the highest number for any Asiatic country, Japan coming next.

The affairs of the I. L. O. are administered by an able and well trained staff of 400 men and women belonging to 36 nationalities. They collect information from the periodicals and reports of various countries, put them into shape, prepare memoranda on important labour problems and submit them to an expert committee for their approval, who in their turn submit the same to the Annual Conferences. The report contains many charts and illustrations, showing the many sided activity and progress of the I. L. O., and is very attractively got up.

V. V. S.

Correspondence

CO-OPERATIVE SOCIETIES—KHADDAR AND SWEDHESI PROPAGANDA

*An Appeal to Co-operators**

(i) BY MR. V. RAMADAS PANTULU

Mr. V. Ramadas Pantulu, President of the Madras Provincial Co-operative Union, has issued the following appeal:

The Madras Provincial Co-operative Conference held in Madras during the Easter Week passed a resolution calling upon the co-operators in the province to strengthen the rural reconstruction work with special reference to the promotion of khaddar and swadhesi cloth. The Provincial Co-operative Union, therefore, requests all the rural reconstruction centres and other co-operative organisations to interest themselves actively in the programme and take prompt steps to increase the production and sale of khaddar through co-operative organisations. The model by-laws of the primary societies include among the objects of the societies the dissemination of a knowledge of the latest improvements in agriculture, handicrafts and weaving and encouraging the members to adopt them. The local co-operative union also, under its by-laws can act as an agent to the societies affiliated to it and arrange for the purchase and sale of khaddar and swadhesi cloth, required for the use of members of the societies and their families. The present Registrar of Co-operative Societies has definitely stated in the open session of the XVIIIth Conference, that he had no objection to co-operative societies and Rural Reconstruction centres taking steps to promote the production and sale of khaddar and swadhesi cloth. The Co-operative Movement is essentially a popular movement intended to promote thrift, self-help and co-operation among the people and to improve their economic condition. I, therefore, beg to appeal to all co-operators and co-operative organisations to immediately embark on an intensive propaganda for the promotion of khaddar and swadhesi. The replacement of all foreign cloth is, therefore, a perfectly legitimate activity in which all those interested in Co-operation may do useful work.

(ii) D. N. STRATHIE ESQ., I.C.S., Registrar of C. S.†

TO THE EDITOR,
THE HINDU, MOUNT ROAD, MADRAS.

Sir,

In your issue of Monday, the 12th May, you published an appeal addressed by Mr. V. Ramadas Pantulu, President of the Madras Provincial

* From the Hindu of the 12th May 1930.

† Copy of the communication addressed to the Editor of the Hindu, in reply to the appeal of Mr. V. Ramadas Pantulu.

* A review of the Report on the working of the I. L. O. during 1919-1929 published by the Organisation, League of Nations, Geneva.

Co-operative Union, to all co-operators and co-operative organizations. In the appeal it is stated that the Provincial Co-operative Conference recently passed a resolution calling upon the co-operators in the Province to strengthen the rural reconstruction work with special reference to the promotion of khaddar and swedhesi cloth and that I, as Registrar of Co-operative Societies had definitely stated that I had no objection to *co-operative societies* and rural reconstruction centres taking steps to promote the production and sale of khaddar and swedhesi cloth. These statements are not quite accurate. The resolution before the Provincial Conference was "This conference expresses its grateful thanks to the Madras Central Urban Bank and the Central Banks concerned for enabling the Provincial Co-operative Union, by contributing the necessary funds, to successfully run the experimental centres of rural reconstruction." To this an addition was proposed: "And urges upon the *workers* to pay special attention to the promotion of khaddar, boycott of foreign cloth and prohibition of liquor". On my motion, the words "boycott of foreign cloth" were omitted so that the resolution as passed runs: "This Conference expresses its grateful thanks to the Madras Central Urban Bank and the Central Banks concerned for enabling the Provincial Co-operative Union, by contributing the necessary funds, to successfully run the experimental centres of rural reconstruction and urges upon the workers to pay special attention to the promotion of khaddar and prohibition of liquor." The word "workers" obviously refers to the workers at Rural Reconstruction centres. I certainly agree and I take it that everybody will agree, that workers in Rural Reconstruction centres should devote special attention to the development of a useful cottage industry which will give subsidiary employment to villagers and to the removal of intoxicating liquor from the village. This is quite a different matter from "an intensive propaganda for the promotion of Khaddar and swedhesi by all co-operators and co-operative organizations." To remove any misapprehension that may possibly exist, I think it desirable to state that I, as Registrar of Co-operative societies consider that any such general campaign, as is suggested in the appeal is outside the function of the ordinary co-operative credit society. In the existing state of the movement, I would not advise co-operative organizations to dissipate their energies and funds in such propaganda.

I have the honour to be,
Sir,
Your most obedient servant,
D. N. STRATHIE,
Registrar of Co-operative Societies.

(iii) REPLY OF MR. V. RAMADAS PANTULU TO THE ABOVE.

I find that the appeal I made to co-operators and co-operative organisations through your columns on the 12th instant to embark on an intensive propaganda for the promotion of Khaddar and Swedhesi has elicited an expression of adverse opinion from Mr. D. N. Strathie, I.C.S., the Registrar of Co-operative Societies. In his communication to you, which appeared in the Hindu of the 23rd instant, he says as follows:—

"To remove any misapprehension that may possibly exist, I think it is desirable to state that I, as Registrar of Co-operative Societies consider that any such general campaign, as is suggested in the appeal, is outside the function of the ordinary co-operative credit society. In the existing state of the Movement, I would not advise co-operative organisations to dissipate their energies and funds in such propaganda."

I am unable to understand what the misapprehension he refers to is or in what quarters he noticed it. If he is thinking of any misapprehension on my part or on the part of those to whom my appeal is addressed, that he as Registrar favoured a propaganda or campaign of the kind I advocate, all that I can say is that there is nothing in my appeal which attributes to him any such statement. The appeal was my own and I made it with a full sense of my responsibility. My reference to the Registrar was made in support of the legal position that the bye-laws of the societies permitted the purchase and sale of Khaddar for the benefit of their members and, in order to further substantiate that position, I said that the Registrar also definitely stated that he "had no objection to co-operative societies and rural reconstruction centres taking steps to promote the production and sale of Khaddar and Swedhesi cloth." I advisedly put his position in that negative form, which he himself adopted in his address at the conference, for I had then no information about his positive attitude towards the promotion of Khaddar and Swedhesi.

What puzzled me most in his communication, however, was the distinction which he attempted to draw between the legitimacy of the activities of the co-operative societies situated in the rural reconstruction centres and those elsewhere in the matter of promotion of Khaddar and Swedhesi as subsidiary occupation of the rural folk. The workers in the rural reconstruction centres are employed by the Madras Provincial Co-operative Union and paid for by the Provincial and Central Co-operative Banks. These workers carry on their work mainly through the agency of the co-operative societies. The Provincial Conference, in the resolution, the text of which was quoted by the Registrar, commended the action of the Co-operative Banks and the Provincial Co-operative Union in financing and organising this work. The rural reconstruction centres are intended to serve as experimental demonstrations whose example other areas are expected to emulate and profit by. In these circumstances, there cannot be any possible doubt that the resolution of the Conference

was a call to co-operators of the province to help the promotion of Khaddar and Swedhesi. If the Registrar considers that the resolution expressly or by implication bars these activities of co-operative societies outside the rural reconstruction areas, I am wholly in disagreement with him.

As for the merits of my appeal itself and those of the Registrar's adverse opinion thereon, it is for co-operators of the province to judge in deciding upon a course of action which is calculated to serve the movement and the country best. Speaking for myself, I regret I am unable to agree with the Registrar's opinion or advice in this matter. I feel most strongly that the co-operative societies will advance the true economic interests of their members and those of the country by actively propagating the cult of Khaddar and Swedhesi. The inspectors of the Co-operative Banks, the Supervisors of District Federations and Local Unions can confer immense material and moral benefits on the members of the societies entrusted to their care by popularising the charka, encouraging hand-spinning and hand-weaving and promoting the joint purchase and sale of Khaddar and Swedhesi through the agency of the co-operative organisations and I hope the Provincial Co-operative Union and the District Federations will issue instructions in this behalf. This kind of campaign or propaganda must be an integral part of the activities of the movement, if it is to help our economic reconstruction. If all the distributive stores are stocked with Vidhesi goods and the rural societies are utilised to facilitate the purchase and sale of foreign cloth, foreign manures and foreign agricultural implements, then the movement will be turned into an active organised agent for the advertisement and sale of foreign articles. Nothing can be more disastrous than that to the country. The energies and funds of the societies cannot therefore, be better spent than upon a campaign to encourage Khaddar and Swedhesi among their member which in my opinion, is both a legitimate and beneficial function of the societies in addition to their main business of distributing and collecting credit.

As the Registrar, however admits that production of Khaddar, as a subsidiary occupation is legitimate, in specific cases at least, is he prepared to encourage the formation of Khaddar societies? I am credibly informed that an application influentially signed by merchants, vakils and Government servants for the registration of a Khaddar Co-operative Society in Bellary and strongly recommended by the Deputy Registrar was turned down by the present Registrar. The Registrar perhaps now realises that encouragement of Swedhesi and displacement of the Vidhesi are only the positive and negative aspects of the same economic cult and that it is a case of six of the one and half a dozen of the other. Nevertheless I hope he will deal with the question with due regard to the view point of the people working the movement and their desire to utilise co-operative enterprise for the promotion of Khaddar and Swedhesi.

To

THE DIRECTOR OF INDUSTRIES,
Chepauk, Madras.

Sir,

I beg to place before you some factors which require consideration at the hands of Government experts and the solution of which will go far towards the solution of some of the troubles of the agricultural producer. I am now confining myself to the production of groundnut

2. Groundnut is a valuable commercial product which can be had even out of poor dry soils dependent on average rainfall. The production is not very costly, but the disposal of the product is attended with innumerable difficulties.

3. Exporting firms collect the produce through an army of middlemen, wholesale and retail dealers, brokers, etc. These firms have extensive banking facilities and use their credit power in advance of the crop production. The producers are tied down by previous advances to hand over the produce at low rates to the middlemen through whom such advances are obtained. Even the coolies employed in harvesting the the crop (who get one half of the yield) are deprived of the value of such produce by previous advances by fraudulent transactions of middlemen. The whole system is well designed by vested interests and completed by organised effort so that it becomes not practicable to combat it by a combination of the producers ill-equipped with the strength of finance or business knowledge or credit power. The efforts of the agricultural and co-operative Departments have been halting and unsuccessful, in this direction.

4. It is an acknowledged fact that groundnut cakes are very useful as food for cattle, and as manure for wet lands, and there is ample scope in the agricultural industry for the utilisation of the entire production in India itself for agricultural purposes. The one difficulty experienced in arranging for such consumption is the absence of market for the oil produced in the process. If the Industry Department can put its search light into this matter and devise methods for the user of the oil so as to involve no loss to the producer of groundnut commercially, the improvement of production of food crops out of wet lands and of the cattle employed in the agricultural industry can be secured and no legislative intervention is required to prohibit the export of groundnut. The groundnut is mainly exported to France where the utilisation of the oil in a beneficial way has been forged and the agriculturists there get the user of the cakes for manurial purposes. Could not the Government which exists mainly out of the income of the agricultural industry devote its attention to this very important subject and find a practicable solution? It is the commercial industrialist who can help the Agricultural Industry by buying his new product and giving him back the

manurial contents of such products. Herein there is a chance of the Industrial Department co-operating with the other branches of the Development Department. If the oil can be made or converted into any article for consumption as food or otherwise, propaganda can open the eyes of the people. Any investigation in this direction will be a boon to the country. Probably this question may also be considered in more detail by the Agricultural Department. Both the Departments ought to find a solution to this problem without proverbial delay of Government and Departmental investigation. It is with this object in view that I am addressing the two Departments and the Development Minister.

Yours truly,
A. VEDACHALAM,
Retired Registrar, Co-operation.

IMPERIAL BANK AND CO-OPERATIVE BANKS.

(The following letter written by Mr. Madaulal H. Vakil, B.A., B. Com. (Manc), F. R. Econ. S., under the non-de-plume of "Akum Sahakari" was published in the *Capital* of Calcutta on 20th February 1930).

SIR,

I have read with considerable interest the article entitled Banking Enquiry and Co-operative Movement, which appeared in your issue of 23rd January 1930. The writer of your article has indicated briefly certain aspects of the working of the co-operative societies in India, and enumerated some of the defects which mar the progress of the Movement, such as illiteracy of the Indian peasants, evils of facile credit, lack of co-ordination between the different types of financing agencies and the local money lenders for adequately and efficiently accommodating the latter with funds for meeting their demands, the burden of surplus funds on central banks for which there appears to be no suitable outlets under the existing conditions, and overmuch centralisation existing in the movement. He then goes on to discuss why the Imperial Bank has withdrawn certain financial facilities hitherto enjoyed by the Co-operative Banks.

The writer of the article mentions the reasons why the Imperial Bank has stopped the practice of granting cash credits to Central Co-operative Banks on the security of demand Promissory Notes of affiliated societies. First of these reasons is that by giving cash credits against Pro-Notes, the Imperial Bank has to face competition at many centres from the Co-operative Banks in spheres of commercial business, as this system enables the Urban Banks to maintain fluid resources without being obliged to back them up with substantial tangible assets. The Imperial Bank, finding that a good portion of its business was passing away into the hands of the co-operative banks, has now stopped its

practice of granting cash credits against the security of Demand Pro-Notes of societies, and is compelling the urban banks to replace such notes by Government Securities. The Imperial Bank has given five years to the urban banks to do this.

It is not understood why this course has been adopted by the Bank. The replacement of Pro-Notes by Government Securities is likely to hamper the progress of a number of banks for sometime to come, as in the process of satisfying the new condition of the Bank, a considerable amount of their funds will be utilized in the purchase of securities, thus resulting in the curtailment of the volume of loans advanced to the affiliated societies. The real sufferers of this policy will evidently be the poor peasantry, who would have to be satisfied with smaller loans. We hope better counsels will prevail with the authorities and a sympathetic attitude adopted in the interests of the peasantry. Besides, even if co-operative banks do compete with the branches of the Imperial Bank in certain places, as indicated above, will the volume of such business be so great as to affect the stability of the Bank? As the premier Bankers' Bank it should not feel jealous, if the co-operative banks do a little commercial business for the benefit of their members or non-members, who are not capitalists. In fact, such activities on the part of co-operative organisations should be encouraged by the Imperial Bank, which more or less occupies or aspires to attain the position of a Central Bank. The insistence of the Imperial Bank in only accepting the Government Securities as cover for cash credits may be construed as another way of finding a source for the financing of Government loans. Already, the Provincial Co-operative Banks in India have invested huge amounts running into crores of rupees in Government securities, and if this policy is pursued by the Bank more moneys will be put into these securities, confirming the suspicion of the critics of Government that the latter are draining away the moneys of the poor for financing their loans most of which are raised for unproductive purposes.

We now come to the second reason advanced against accepting the Pro-Notes as securities. The writer of your article states in this connection as follows:—

"The fact that the Primary Societies are working on the basis of unlimited liability does not make D. P. Notes of these societies the most eligible form of security against advances by the Imperial Bank. When it is remembered that many Co-operative Societies have only two or three substantial members whose contribution, if the unlimited liability was enforced, would be of value and that these may resign from the Society and escape liability without the resignation being known to the Imperial Bank, the attitude of the Imperial Bank cannot give rise to unfair criticism."

The principle of unlimited liability has worked with success in the operations of agricultural societies and I may state without hesitation that only in a very few cases, it has been found expedient to enforce it. With proper supervision on the part of financing agencies and a system of preparing normal credit statements of members and fixing the maximum liability of the societies after exhaustive and detailed inquiry by the Co-operative Banks are observed, the necessity of enforcing the principle of unlimited liability is avoided. As regards your writer's fears that if once the member has resigned nothing could be got out of his estate, his attention may be drawn to Section 23 of the Co-operative Societies' Act, 1912 (or Section 28 of the Bombay Act, 1925), which lays down:—

"The liability of past member for the debts of a society as they existed at the time when he ceased to be a member, shall continue for a period of two years from the date of his ceasing to be a member."

The Imperial Bank therefore, need entertain no fear in this respect. If the Bank keeps proper vigilance over the doings of the societies, it can at once take action whenever it finds that certain wealthy members of a society have resigned during the currency of its loan. The Act allows as much as two years within which the Bank can take action, if it so chooses. In view of these remarks, it will be seen that the Bank had no reasonable grounds for withholding these facilities from the Co-operative Banks.

GROUP CLERKS FOR CO-OPERATIVE SOCIETIES.

I have read with considerable interest the article of Mr. S. K. Nair on the above subject in the March issue of Madras Journal of Co-operation. I am at one with him in many of his objects against the appointment of Group Clerks. I cannot however agree with him when he suggests that in the cases of big societies clerical work may be entrusted as usual to paid clerks. This policy is fraught with grave consequences. As Mr. Nair himself points out, in such cases the entire scriptural work is left to be done by the clerk who, as days go by will assume sole control of the society. The panchayatdars cease to take active interest in the working of the society and they will hold the clerk responsible for it on the plea that they are honorary workers. The result is that the clerk, instead of being a servant becomes a master. So I would suggest that those societies having large amount of transactions may have paid Secretaries appointed for, among the Panchayatdars. A suitable Panchayatdar who is able and willing to give his time will certainly be of greater use than a paid clerk. His presence will inspire confidence both among his co-panchayatdars and the members as he is generally of higher status than

those usually seeking clerk's post. In order that he may not dominate, he may be deprived of voting capacity. It is also necessary that he should also have a peon for serving notices, reminders etc. It may be pointed out in this connection that a peon cannot be dispensed with, even if there is a paid clerk instead of a paid secretary, as the clerk does not and cannot be expected to attend to menial work of the nature. If the present by-laws do not permit, provision may be made for the appointment of paid secretaries. If in some societies the panchayatdars are indifferent, it is because they are honorary workers and the scriptural work is of a taxing nature particularly in the case of big societies.

It may also be doubted in some quarters that men of credit and standing may not come to aspire for the secretary's post. Such doubts are, however, unfounded. In villages small allowances of Rs. 15 or Rs. 20 per month can attract some of the best men. Lucre is not the only consideration. The post of a Secretary of a Co-operative society in a village carries with it no little honour.

In the case of small societies, instead of an honorarium which is granted only when, profits permit, the Secretary may be paid a regular monthly allowance which may be fixed in relation to the working capital.

C. SRINIVASA RAO

Secretary in charge, West Godavari District

Co-operative Bank Ltd., Ellore.

THE SOUTHERN MAHRATTA URBAN CO-OPERATIVE CREDIT BANK, LTD.

To

DIHARWAR.

THE EDITOR,

THE MADRAS JOURNAL OF CO-OPERATION,

Madras.

Sir,

The circular No. ADM 75 of 22nd November 1926 issued by the Registrar of Co-operative Societies, Bombay in 1926 has created certain misunderstanding regarding incometax paid by Co-operative Societies on the interest received on Government Securities not exempt from incometax. The circular says that such interest is not exempt from Incometax. Many of the Urban and Central Banks whose income is below Rs. 50,000 have, therefore, paid the incometax and kept quiet. The circular only says that such income is not exempt. It does not say that refunds cannot be obtained.

The income of co-operative societies consists of various items. For our present purpose we may safely divide it as income derived from interest received on Government Securities not exempt from incometax

and others. The rate of assessment will be decided by the amount of net profits, and as their income from other items is exempt from incometax, it should be collected only from the income derived from Government Securities.

Incometax on interest received from Government securities is collected at the maximum rates by the paying authorities. This means it is deducted at 19 pies in the rupee. Whereas if the income-tax is assessed on the total net profits of the society the rate will be found to be much lower and this difference may be claimed back. The procedure would be to apply to the Incometax Officer concerned with a copy of the Balance Sheet for the year for which refund is claimed stating the grounds given above.

I recently followed this procedure and obtained a refund. I am therefore, writing this letter to you, so that it may be of some use to others also. I hope you will publish it in the next number of your journal.

Thanking you,

Yours faithfully,

D. K. GINJIKAR,
Manager.

THE LATE MR. C. S. KRISHNASWAMY IYER, ADVOCATE,
PAPANASAM.

The Directors of the Papanasam Urban Co-operative Credit Society, Ltd., at their meeting held on 21st May 1930 passed the following resolution:

"The Directors hereby express their sense of heartfelt sorrow and irreparable loss sustained by the public in general and the Co-operative Movement in particular at the sad demise of Mr. C. S. Krishnasamy Aiyer, Advocate, Papanasam, who was the founder of this society and its first member, who had served it in the capacity of a Director and a President, who was also the cause of the establishment of the Papanasam Co-operative Supervising Union Ltd., and its first President and who was foremost in all that concerned the welfare of the public, and who thus stood out as one of the leading lights of the District as a whole.

In memory thereof, this society resolves to declare the 22nd instant as a holiday for the society."

(Signed) G. RAMANIRTHAM IYER,
Chairman of the meeting and five others.

Special Types of Societies

1. THE KRISHNAGIRI CO-OPERATIVE STORES*

This sold articles to the extent of Rs. 4,787-7-0 during the year 1928—29 and earned on the whole a net profit of Rs. 165. It is merely existing. There is scope for considerable improvement.

2. VADLAMANNAD LAND MORTGAGE BANK†

The Bank was registered and started on 9—10—1928 and this is the first year of its working. 101 members joined the society during the year and they have taken up 791 shares amounting to Rs. 7,910.

The Bank raised debenture money to the extent of Rs. 44,500 and utilised the same together with the share capital in the grant of loans to its members. The Bank has yet to issue debentures to the extent of Rs. 24,500 after executing the necessary Trust Deed.

The Bank issued 34 loans involving Rs. 49,800. A sum of Rs. 200 has been repaid by the members and a sum Rs. 49,600 was outstanding at the end of the year.

The Bank incurred a net loss of Rs. 396-9-0 being the first year of its working and as it had to incur heavy contingent expenditure by way of printing charges etc.

3. THE VELLORE CO-OPERATIVE HOUSE BUILDING SOCIETY

This is the seventh year of its existence. There were 21 members as in the previous year. The Society earned a net profit of Rs. 731-8-0. It is a pity there are overdues, both in the dues to and by the society.

4. THE VIZAGAPATAM DISTRICT POLICE CO-OPERATIVE CREDIT SOCIETY, LTD.‡

We have received copies of the inspection notes of the Registrar and the Deputy Registrar, Vizagapatam on the working of the above society, extracts from which are reproduced below.

*A review of the working based on the audit certificate of the institution for the year 1928—29.

†Extracts from the Audit Certificate for 1928—29.

‡A review on the working of the Society based on the Inspection Notes.

THE MADRAS JOURNAL OF CO-OPERATION

"I have seen the Society's books. Everything appears to be very well managed and I have no criticism to offer. The Society is undoubtedly doing good, and the Directors deserve good credit for their work."

(Sd.) D. N. STRATHIE,
Registrar of Co-operative Societies.
24-6-1930.

"General working of the Society is satisfactory. The habit of thrift may be encouraged among members by inducing them to put in deposits in the society."

(Sd.) R. C. RATHO MAHASAYO,
Dy. Registrar of Co-operative Societies,
I Circle, Vizagapatam, 6-5-1930.

The authorities of the Society deserve to be congratulated on the excellent working of the Society.

THE TRIPLICANE URBAN CO-OPERATIVE SOCIETY, LTD.

SILVER JUBILEE SOUVENIR VOLUME.

Only a limited number of copies are available for sale.

Price As. 8 per copy.

We wish to give Co-operative Institutions in our province a prior chance of purchasing the Volume and trust that they will avail themselves of the opportunity.

The book contains a large number of photographs and four sections:—

- Viz:—(1) Messages.
(2) Special Articles.
(3) History of the T.U.C.S. Ltd.
(4) Silver Jubilee proceedings.

Apply sharp to:—THE SECRETARY,

The Triplicane Urban Co-operative Society, Ltd.,
109, BIG STREET, TRIPLICANE, MADRAS.

The Imperial Council of Agricultural Research. COMPOSITION AND TERMS OF REFERENCE OF THE FERTILIZERS' COMMITTEE.

Composition

- (1) Dewan Bahadur Sir T. Vijayaraghavacharya, K.B.E. (Chairman.)
- (2) Mr. B. C. Burt, C.I.E., M.B.E., B.Sc., I.A.S.
- (3) Dr. W. H. Harrison, D.Sc.,
Offg: Director, Imperial Institute of Agricultural Research,
Pusa.
- (4) Dr. J. N. Sen, M.A., F.C.S., Ph. D (Cal)
Offg: Imperial Agricultural Chemist, Pusa.
- (5) G. R. Hilson, Esq, B.Sc.,
Offg: Director of Agriculture, Madras.
- (6) Rao Bahadur B. Viswanath, F.I.C., F.C.S.,
Government Agricultural Chemist, Coimbatore.
- (7) Agricultural Chemist, Bombay.
- (8) Rao Sahib B. P. Vagholkar, Divisional Superintendent of Agriculture, Deccan Canals.
- (9) Mr. M. Carbery, M.A., B.Sc., M.C., Agricultural Chemist, Bengal.
- (10) Director of Agriculture, Punjab, Lahore.
- (11) Agricultural Chemist, Punjab, Lyallpur.
- (12) The Director of Agriculture, Burma.
- (13) The Agricultural Chemist, Burma.
- (14) One Representative from the United Provinces.
- (15) " " Bihar & Orissa.
- (16) " " Central Provinces.
- (17) Dr. L. K. Hyder, B.A., Ph. D., M.L.A.,
Professor of Economics, Aligarh University, Aligarh.
- (18) Mr. P. H. Carpenter, Chief Scientific Officer, Indian Tea Association, Assam.
- (19) Mr. V. Ramadas Pantulu.
Mr. M. S. A. Hydari, I.C.S., Secretary.

Terms of Reference.

The investigation of problems relating to the conservation of indigenous manurial resources—the development of the use of indigenous fertilizers and the preparation of a programme of research on fertilizers—Special attention being directed to:—

- I. The careful study of the existing data and the correlation of the results hitherto obtained from field trials of (a) farmyard manure, (b) green manure, (c) oil cakes, (d) bonemeal, (e) fish manure, and (f) Indian saltpetre.
- II. The means by which the above manures may be conserved.
- III. The means by which indigenous manures may be cheapened and their use extended.
- IV. Further research in regard to the possibilities of indigenous manures, especially in unirrigated tracts and in tracts with defective irrigation facilities.

Government Orders.

G. O. No. 395, 20th February 1930.

Co-operative Societies—Act—Rules—Rule X Amendment—Published.

READ—the following papers :—

I

G. O. No. 1529, Development, dated 5th September 1929.

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 22nd January 1930, A. No. 6458/28.

[Reference.—G.O. No. 1529, Development, dated 5th September 1929, on Recommendations Nos. 194 and 195 of the Committee on Co-operation]

Rule X of the rules framed under the Co-operative Societies Act, 1912, may be amended as follows :—

Rule X.—The reserve fund in a registered society shall be invested or deposited in one or more of the modes mentioned in section 32, sub-section (1), clauses (a), (b), (c) and (d) of the Act provided however that

(i) when the reserve fund of a society exceeds 20 per cent of its working capital, the excess may, with the sanction of the Registrar of Co-operative Societies, be used in its own business and

(ii) distributive societies may, with the special sanction of the Registrar to be obtained in each case, utilize the whole of the reserve fund in their business.

In the definition of terms prefixed to the rules the following may be added :—

(q) "Working Capital" means the reserve fund, paid up share capital and the loans and deposits reserved by a society.

It is not necessary to amend the rule to give effect to recommendation 194 as under section 32 (1) (b) of the Act Government securities are already an approved mode of investment.

Order—No. 395, Development, dated 20th February 1930.

The Government approve the Registrar's proposals contained in his letter read above. The following notification will be published in the *Fort St. George Gazette* :—

NOTIFICATION.

The following draft of amendments to the rules published with the notification of the Local Government in the Revenue Department No. 483,

GOVERNMENT ORDERS

dated 2nd October 1915, at pages 1039—1042 of Part I 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 AMENDMENTS.

1. In the preamble to the said rules :—

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

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

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

"(g) 'working capital' means the reserve fund, paid-up share capital and the loans and deposits received by a society."

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

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

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

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

(By order of the Government, Ministry of Development.)

S. V. RAMAMURTI,
Secretary to Government.

To the Registrar of Co-operative Societies.

To the Superintendent, Government Press (for publication of notification).

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES,
MADRAS.

Dated, 20th March 1930.

No. A. 6458/28

Copy communicated to all Central Banks, Federations and Deputy Registrars, the Editors of Co-operative Bulletins and the Provincial Co-operative Union, Madras.

(By Order),

T. R. RANGANATHAN,
Manager.

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The Central Banks' Conference

*Proceedings of the VIIIth Session held on Friday, the 18th April 1930,
at the Madras Central Urban Bank Ltd.,*

The following Central Banks were represented by their delegates noted against each :—

1. The Madras Central Urban Bank Ltd.
(1) Mr. V. Ramadas Pantulu.
(2) Dewan Bahadur R. Ramachandra Rao.
(3) Mr. N. Satyanarayana.
2. Anantapur District Co-operative Central Bank Ltd.
(1) Mr. K. S. Raghavacharlu.
(2) Mr. L. Gangadhara Sastry.
3. Aska Central Co-operative Banking Union Ltd.
Mr. B. K. Ratho.
4. Chittoor District Co-operative Central Bank Ltd.
(1) Mr. C. Venkataramana Iyer.
(2) Mr. N. Narayana Reddi.
5. Christian Central Co-operative Bank Ltd., Madras.
Mr. G. Sriram Babu Naidu.
6. Coimbatore District Urban Bank Ltd.
(1) Mr. T. S. Venkataramana Iyer.
(2) Mr. S. A. Narayana Sastri.
7. Co-operative Central Bank Ltd., Conjeevaram.
(1) Rao Saheb C. Sambasiva Chettiar.
(2) Mr. A. Rajabadar Mudaliar.
8. Co-operative Central Bank Ltd., Tanjore.
(1) Rao Saheb K. S. Srinivasa Iyer.
(2) Mr. R. Sundaram Iyer.
9. Co-operative Central Bank Ltd., Vellore.
(1) Rao Bahadur V. Murugesu Mudaliar.
(2) Mr. K. M. Singaravelu Mudaliar.
10. Co-operative Central Bank Ltd., Vizianagaram.
(1) Mr. C. Subba Rao.
(2) Mr. B. Narayana Rao.
11. Cuddapah District Co-operative Central Bank Ltd.
(1) Mr. J. Krishnamurthi Rao.
(2) Mr. B. Narayanaswamy.

12. District Co-operative Bank Ltd., Cocanada.
(1) Mr. L. Subba Rao.
(2) Mr. N. S. Koneti Rao.
13. Ganjam District Co-operative Banking Union Ltd.
Mr. G. Dharma Rao.
14. Guntur District Co-operative Bank Ltd., Tenali.
(1) Mr. K. Sreeramulu.
(2) Mr. P. C. Sarma.
15. Hospet Co-operative Central Bank, Ltd.,
Mr. P. Uddaniah.
16. Krishna Co-operative Bank Ltd., Masulipatam.
(1) Mr. I. V. L. Narasimhacharyulu.
(2) Mr. V. Basavayya Chowdaray.
17. Kurnool District Co-operative Central Bank Ltd.
(1) Mr. R. Aiyakutti Iyengar.
(2) Mr. S. Balaji Singh.
18. Madura-Ramnad Central Co-operative Bank Ltd.
(1) Mr. L. Dharmaraja Iyer.
(2) Mr. S. Nagaswami Iyer.
19. Nellore District Co-operative Banking Union Ltd.
(1) Mr. V. Narasinga Rao.
(2) Mr. O. Viswanatha Rao.
20. Ramachandrapuram Co-operative Central Bank Ltd.
(1) Mr. B. Venkataratnam.
(2) Mr. B. V. Krishna Rao.
21. Salem District Urban Bank Ltd.
(1) Mr. T. Adinarayana Chettiar.
(2) Mr. K. Ramachandra Chettiar.
22. South Arcot Co-operative Central Bank Ltd., Cuddalore.
(1) Mr. V. Srinivasachariar.
(2) Mr. R. A. Sivananda Mudaliar.
23. South Kanara Central Co-operative Bank Ltd., Mangalore.
(1) Rao Saheb M. Ananta Rao.
(2) Mr. G. Venugopal Rao.
24. Sree Konaseema Co-operative Central Bank Ltd., Amalapuram.
(1) Mr. B. N. Sastri.
(2) Mr. T. Purushotham.
25. Srivilliputtur Co-operative Banking Union Ltd.
(1) Mr. P. S. Kumaraswami Raja.
(2) Mr. G. Alagiriswami Naidu.
26. Tanjore District Co-operative Central Bank Ltd., Kumbakonam.
(1) Mr. V. Rangachariar.
(2) Rao Saheb K. V. Tiruvankata Mudaliar.

27. Tinnevely District Co-operative Banking Union Ltd.
Mr. S. M. Ramalingam Pillai.
28. Trichinopoly District Urban Bank Ltd.
(1) Mr. S. Annadurai Iyer.
(2) Mr. R. Srinivasa Iyer.
29. Vizavada Central Co-operative Banking Union Ltd., Bezvada
(1) Mr. P. V. Krishna Sastri.
(2) Mr. B. Purniah.
30. West Godavari District Co-operative Central Bank Ltd., Ellor
(1) Mr. Ch. Seshagiri Rao Pantulu.
(2) Mr. E. Krishna Rao Naidu.

Mr. D. N. Strathie, Registrar of Co-operative Societies, Madras, Prof. V. G. Kale of Poona and Mr. K. V. Raghavachariar, President of the Nellore District Co-operative Banking Union, were also present.

Mr. V. Ramadas proposed Mr. V. Srinivasachariar of Cuddalore to chair. In proposing him, he remarked that the M.C.U.B. would be glad to watch the proceedings of the Bankers' Conference, as many of the subjects discussed there would have to be considered by the Board of Management. The proposal being unanimously adopted, Mr. V. Srinivasachariar took the chair.

PROCEEDINGS.

Chairman :—Gentlemen, it is our painful duty on this occasion to record our deep sense of sorrow at the demise of one of the illustrious co-operators in this presidency, the late Dr. S. Swaminathan.

The following resolution was passed, all the members of the House standing:

Resolution I :—Resolved that this Conference do place on record its deep sense of sorrow at the sudden demise of one of the illustrious co-operators in this Presidency, the late Dr. S. Swaminathan.

Subject 1. Reserve Fund Deposits of Societies—Payment of uniform rate of interest by Central Banks.

Mr. V. C. Rangaswami :—“The representative of the Kumbakonam Bank has forwarded a letter to the Bankers' Conference with regard to the rate of interest allowed upon the reserve funds of primary societies to the central banks and in that connection he has referred to a circular issued by the Registrar, (B 1869/29 dated 28-4-'29).” (The circular was read for the information of the house).

“In the early days, the reserve funds of primary societies, before they were transferred to the Central Banks, were kept as deposits in the Government Post Office Savings Bank earning a rate of 3½ per cent. It was during the Registrarship of Dewan Bahadur R. Ramachandra Rao that the original instructions were altered and the reserve funds put in as deposits in the central banks repayable in 3 years. When the M.C.U.B. was dealing directly with the primary societies, it used to get reserve fund deposits from the

various primary societies in small dribblets, sometimes even in annas and pies, and they were allowed 5 per cent interest.

"A great deal of correspondence passed between the M.C.U.B. and the Registrar before the rate of 5 per cent was fixed. It was agreed by the then Board of Directors of the M.C.U.B. that these deposits would have to be made by the primary societies in the M.C.U.B., interest being allowed at 5 per cent, provided the money came into their hands not later than the 4th day of the month. After the central banks were started and the liabilities of the M.C.U.B. were taken over by the various Central Banks, the reserve funds were transferred to the Central Banks at the same rate of interest which the M.C.U.B. was paying. But at a later date it so happened that some central banks gave higher rates on the basis that they were compulsory deposits.

"The question is whether it is necessary for the central bank to pay such a high rate of interest as $6\frac{1}{2}$ or 6 per cent on the reserve fund deposits which are compulsorily placed in their hands by the primary societies. It is on this point that the Kumbakonam Bank has raised the question. The representative of the Kumbakonam Bank is anxious to have the considered opinion of the house on the above subject as also on the advisability of having a uniform rate on reserve fund investments in this presidency.

"As the question is a very important one, I hope the house will consider it in all its aspects before giving their decided opinion."

Mr. J. Krishnamurthi Rao :—"In view of the permanent nature of the deposits, I consider that 6 per cent will be the proper rate. Hence 6 per cent may be uniformly allowed by all the central banks."

Mr. V. Ramadas Pantulu explained the practice as it obtains at present and also the view taken by the Townsend Committee viz., to limit the rate of interest on loans to societies, of amounts equivalent to their reserve fund deposits, to 1 per cent more than the rate allowed on those deposits. He read the paragraph dealing with the subject (vide, last para on page 80 of the Townsend Committee's Report). He pointed out the impropriety of restricting the profits of Central Banks at a time when there were growing demands on their funds for rectification and consolidation, rural reconstruction etc.

Mr. T. S. Venkataramana Iyer :—"Coimbatore is paying 6 per cent. If, however, a uniform rate of interest is thought to be desirable, I should very much like that a maximum of 6 per cent be allowed for the reserve funds of societies."

Mr. B. N. Sastri :—"Regarding the question of uniformity of rates allowable on reserve fund deposits, it is unworkable. The conditions may differ with several banks and each central bank must be left to itself and the question may be decided by the General Body of the Central Bank in consultation with the societies.

I propose that the maximum should not exceed $5\frac{1}{2}$ per cent. We shall not enforce uniformity."

Mr. I. V. L. Narasimhachari :—"I think it is not at all desirable to have uniform rates. Let us leave the matter to the Central Banks themselves."

Mr. S. Nagaswamy Iyer :—"Hitherto the discussions have been based on the assumption that we have reached an advanced stage so as to go beyond the existing rate. I should think that it is only a temporary phase that we are passing through. There is no doubt that many of the central banks are overflowing with surpluses. Really the conditions in the mofussil are not favourable. These monies are compulsory deposits in the Central Banks. The primary societies are not going to invest the money elsewhere. It is because of the compulsory nature of the reserves, that you are dictating your own terms to the primary societies.

I am for offering a uniform rate and we should not go to the extent of leaving it to the Central Banks. I would, if possible, prefer not to interfere with that rate because, as I said, it is only a temporary phase that we are passing through."

Mr. R. Aiyakutti Iyengar :—"With regard to the deposits of local boards, we have fixed that the interest should not exceed a certain rate. Why not you fix in the case of the reserve fund deposits also a maximum rate of interest? It is absolutely necessary that there should be some understanding. We businessmen should give the lead. It is necessary that the maximum rate should be fixed. Now the Central Banks are offering $5\frac{1}{2}$ per cent to all the deposits. The reserve fund being of a permanent nature, 6 per cent may be a very reasonable rate."

Rao Sahab T. Srinivasa Rao :—"When we expect all depositors, Local Boards and others who have deposit dealings with central banks, to agree to a certain maximum rate on their deposits, what special reason, I ask, is there to claim a higher rate for the reserve fund deposits? Rate of interest must always adjust itself to the conditions of the money market.

As Mr. Ramadas pointed out, there are many growing demands on the funds of the central banks, such as rectification and consolidation. It is not proper to restrict the profits of the central banks. I leave it to the house whether they agree to restrict the maximum rate of interest on reserve funds to the same level, as is allowed on other deposits, namely $5\frac{1}{2}$ per cent."

Dewan Bahadur R. Ramachandra Rao :—"The question now is whether we can bring down the rate to $5\frac{1}{2}$ or whether we can accept 6 per cent. That is the real situation. There are two interests involved, the society on the one hand and the central bank on the other. The profits made from the deposits of the reserves should be equally divided between them both. Unless the societies have got a margin of profit, they cannot run. Let us not forget therefore that we should give some share of profit to the societies. I would ask you to fix at 6 per cent. The present reserve fund deposits are long-lying money. Hence the exact rate ought to be something less than $6\frac{1}{2}$ and something more than $5\frac{1}{2}$ per cent. For the question of uniformity, leave it to the central banks. $6\frac{1}{2}$ per cent may be

reduced to 6 in the Registrar's circular. I do not know whether Mr. Strathie will agree to the proposal."

Mr. D. N. Strathie :—" I quite agree."

Mr. V. C. Rangaswami :—" Before deciding finally upon the rate of interest to be offered by central banks, whether it should be $5\frac{1}{2}$ per cent maximum or 6 per cent as proposed by Mr. Ramachandra Rao, I should like to place before you certain facts and then you can give your decided opinion on the matter.

In the year 1926, the total amount of reserve fund deposits was 9 lakhs and on the 30th June 1929 it was 55 lakhs. You have got to consider that $\frac{1}{2}$ per cent increase on such a large sum is likely to place in the hands of the central banks a further addition. Rectification and consolidation work is purely in the interest of the societies. We all know full well that the unions are not functioning properly. Many societies are not being pulled up. Any amount that is likely to get into the hands of the central banks for the purposes of rectification and consolidation is a thing that ought to be welcomed and will ultimately contribute to the well-being of the societies.

Further, Sirs, the reserve fund deposits are compulsory deposits and, under the existing circumstances of the central banks where the societies hold a large majority of votes, it is not likely that a self-denying ordinance will be passed by the primary societies by reducing the rate of interest. You must take into consideration the purpose for which the reserve fund is carried over in the primary societies or in the central banks. It is intended to safeguard the public money that is entrusted to the care of the Co-operative Movement. The next question will be what proportion of the profits should be added to the reserve fund. It is a feature with the commercial banks to use the reserve in their own business transactions. The reason there is different. The tangible securities offered are assured loans, for they can readily be discounted. Till our Co-operative Paper reaches that stage of safety, it is not possible to allow the reserve funds being used in the working of the societies.

Now I would appeal to the Registrar to consider whether such a large amount of the reserve funds may be placed as compulsory deposits in the district banks and then the banks be asked to pay such a high rate, and whether the ordinary rate should not be paid. These questions you will carefully consider before you record your vote."

Dewan Bahadur R. Ramachandra Rao :—" I think it will be in the interests of the movement, if $5\frac{1}{2}$ per cent is fixed as the maximum."

Then the Chairman took votes on both the rates, $5\frac{1}{2}$ and 6 per cent. Finally 6 per cent was accepted by a majority and the following resolution was passed :

2. " Resolved that 6 per cent be fixed as the maximum rate of interest payable by Central Banks on the Reserve Fund investments of primary societies.

Subject : 2. Training of apprentices in the M. C. U. B.

Mr. V.C. Rangaswami :—" For a certain number of years, the M.C.U.B. was taking apprentices for being trained in Banking work so that, after their training period was over, they might be absorbed in the staff of the central banks throughout the Presidency. A number of apprentices were trained. But at last it was found that, barring one, the rest of them were not wanted anywhere. The M. C. U. B. continued to spend every year Rs. 720 upon the training of these apprentices and let loose in the market so many without having the least chance of being employed by any of the co-operative institutions in the presidency. After a certain time, the Executive Committee of the M. C. U. B. considered the scheme and came to the conclusion that it served no useful purpose to train a number of people and throw them out without any chances. It was decided that it was far better for the M.C.U.B. to draft in members of the staff of the central banks and give them the training so that they might fare better with the work in the respective institutions. The opinion of the M.C.U.B. was that they were prepared to take such of those members of the establishment of the various co-operative institutions, as may be deputed by them for being trained here at the cost of the respective institutions.

The subject is brought before this house to find out the opinion of the representatives of the various central banks assembled here and to draft and forward a scheme for the benefit of all the institutions."

A Voice :—" May I know the cost of entertaining the apprentices? "

Mr. V.C. Rangaswami :—" In each year we have been training 4 apprentices, 2 paid and 2 unpaid. The paid men are given a pocket allowance of Rs. 30 every month."

Mr. A. Rajabadar Mudaliar :—" I am not aware of the fact that people are trained here. We wanted the services of a man of this Bank. We waited for many months and were informed that the man was not coming.

We are in need of men who are trained in the work. I really wonder that men trained here were not absorbed in the movement. We do not get any information. I suggest you had better do in consultation with the central banks and let them consider and submit proposals."

Mr. V. C. Rangaswami :—" The question came up from the central banks themselves. The matter was placed before the Executive Committee and it was decided to refer the same to this Conference. When the scheme of training was first mooted out in the M. C. U. B., a general circular was issued to all the central banks."

Mr. A. Rajabadar Mudaliar :—" I am not aware of it."

Mr. V. Ramadas :—" The question at issue is this, who should pay, whether the central banks or the M. C. U. B? "

Mr. V.C. Rangaswami :—" For your information, Sir, the Executive Committee decided that the M. C. U. B. would not pay, but that the respective banks must pay."

Mr. V. Ramadas :—"We were training raw men for about a year. We had to extend their period afterwards. It was suggested by Dr. Pattabhi Sitaramayya that they may be sent to central banks to make a comparative study. So they were working for 9 months here and 3 months in the central bank. 4 apprentices were taken every year, 2 unpaid and 2 paid. At last it was found that these raw men were not finding employment. Instead of training raw men, we began to take people of the central banks. If all central banks send their men here, the M.C.U.B. cannot bear the expenditure. But if you limit the number of men to two, the M. C. U. B. may undertake the scheme. In each year, 4 men may be got trained. If you increase the number, the central banks will have to pay."

A Voice : "The M. C. U. B. may pay half and the central banks half."

Mr. V. C. Rangaswami :—"The M. C. U. B. has already allotted Rs. 50,000 for rectification and consolidation. It is the legitimate right on the part of the central banks to bear the expenses of the apprentices. I cannot really understand the demand of the central banks."

Cocanada Representative :—"The cost must be borne equally by the M. C. U. B. and the Central Banks."

Chairman :—"The Secretary complains that the central banks should bear the cost, as it forms part of the rectification and consolidation work. For my part, I do not think it will legitimately form part of the rectification and consolidation work."

Mr. Murugesu Mudaliar :—"It is true all the central banks go to the M. C. U. B. for subvention. Of course that suggests there is something wrong in the constitution. It looks as though the central banks are foreigners to the M. C. U. B. They are the legitimate shareholders of the M. C. U. B. If I am right, I have every claim to every pie of the M.C.U.B. and they should spend the same with the permission of the central banks. I wish to clear myself on this question."

Secondly, the question has arisen regarding the terms on which central banks' employees are to be entertained as apprentices in the M. C. U. B. The M. C. U. B. is spending Rs. 720 unnecessarily. I do not know who is responsible for that."

Mr. V. Ramadas :—"I am thankful for the question. The entire Board of Management is responsible."

Mr. V. Murugesu Mudaliar :—"At present there are six centres in the presidency conducting training classes. I am of opinion that there is no necessity for the M. C. U. B. spending any money."

Mr. V. Ramadas :—"I gladly agree with Mr. Murugesu Mudaliar's suggestions. With regard to what has been said, there are certain matters which I want to make clear to you."

"I am afraid I cannot agree with Mr. V. C. Rangaswami in restricting the demands of the Central Banks, as they have a legal and moral claim on

the M.C.U.B. The M.C.U.B. is nothing but the "composite body of all the central banks."

With regard to Mr. Murugesu Mudaliar's statement, I should say that the central banks must be interested in keeping the M.C.U.B. in a sound position. There is a feeling that the M. C. U. B. is not responding to central banks' demands. This year and last year we have borrowed large sums of money at 7 per cent for being lent to the central banks at 6 per cent. This was done in order not to disturb the arrangement between the central banks and the primary societies. If only the M. C. U. B. was not in a sound condition, the whole thing would have been dislocated. Therefore central banks should recognise that unless they keep this body in a sound financial condition, the whole edifice will collapse. We are speaking in the interests of the central banks and, if both of us understand each other, many of these discussions will be avoided."

Chairman :—"We take it that the M.C.U.B. is prepared to train not more than 4 employees of central banks every half year and the central banks will pay for them."

The following resolution was then passed :

3. "Resolved that the M.C.U.B. do continue to give training to not more than 4 employees of central banks every half year, provided the central banks agree to pay for the employees' maintenance during the period of training."

Subject 3 :—Central Banks' Manual.

Chairman :—"As per the request of some representatives assembled in this house, I think this subject may be adjourned."

Dewan Bahadur R. Ramachandra Rao :—"May I ask the Registrar whether he has found time to prepare the Manual?"

Mr. D. N. Strathie :—"No."

Mr. O. Viswanatha Rao :—"I want to know why this subject should be adjourned."

Chairman :—"There are some practical difficulties in the way."

Mr. Viswanatha Rao :—"For the last four years we have been insisting upon it. We appointed a sub-committee last year to enquire if the Registrar was preparing the Manual. If you adjourn the subject, it means you are not willing to have the Central Banks' Manual at all for any length of time."

Chairman :—"We do not mean that we don't want the Manual at all. It is only a question of time."

Rao Saheb T. Srinivasa Rao explained that, owing to want of adequate facilities, he was unable to take up the work.

The following resolution was then passed :

4. "Resolved that the subject be adjourned for consideration at the next session."

Subject 4.—Supply of audit reports free of cost to central banks.

Chairman :—"The Registrar may be requested to supply copies of audit reports free of charge."

The following resolution was moved from the Chair and was passed unanimously :

5. Resolved that the Government be requested to permit the Registrar to supply copies of audit reports free of charge to Central Banks.

Subject 5 :—Attachment of liability statements to Audit Reports.

Mr. V. C. Rangaswami :—"Along with the audit reports that are now supplied, the liability statements of individual members of primary societies are not supplied in addition. For 25 members they are supplied free and, for the rest, the central banks have to pay one anna for every 25 copies. Now they want that they should be supplied free."

The resolution passed on the subject ran as follows :

6. "Resolved to request the Registrar to attach a liability sheet to Audit Certificates with a view to enable Central Banks to assess the rural societies correctly."

Subject 6 :—Checking of cash balances in societies.

Mr. D. N. Strathie :—"The point is this. The Executive Officers of the Unions were given this power of calling upon the President of the primary society to show the cash balance. To give power to a large number of people to call upon the primary societies to present their cash balances would spell danger."

Mr. B. N. Sastri supported the view that the chief executive officers of the Central Bank or Federation should be empowered to check cash balances in primary societies. Mr. Murugesu Mudaliar opposed the motion.

The matter was dropped.

Subjects 7 and 16 :—More Land Mortgage Banks and Revival of 10 year Loans.

Mr. V. Murugesu Mudaliar moved the resolution as the representative of the Vellore Bank.

Mr. A. Rajabadar Mudaliar :—"I beg to second this resolution. The reason for so doing is contained in the resolution itself. The abrupt discontinuance of long term loans has created disorganisation in the net work of co-operative finance. The need for long term loans is not disputed by any. The result of the stoppage of long term loans is painfully realised in my district. The members resort to other money lenders and pay high rates of interest. They have ceased to pay regular instalments of loans. Long term money is much needed in Chingleput, considering the economic condition of the agricultural classes. The repaying capacity of the ryot is meagre. Therefore, any attempt at the discontinu-

ance of such loans will cripple the poor agriculturist. It is yet problematical as to how far the new land mortgage banks are going to serve the needs of the poor ryots.

This question came up before the Board of Management on the 7th April last year. The President, who very kindly gave us a sympathetic hearing, was pleased to state that the question would be considered 6 months later. On this assurance, my esteemed friend and colleague, Rao Bahadur M. K. Venkatachariar, withdrew the resolution. The question has not been considered again. I appeal to this House to pass this resolution."

Mr. V. Ramadas :—"Gentlemen : Last year I contributed a paper to the Provincial Co-operative Conference on this subject. I raised a series of questions to be answered by the Banks who advocate the necessity for long term loans. Till now, nobody has accepted the challenge nor sent in replies to the questions. I speak from your Bank's (Conjeevaram) viewpoint that it is for the safety of the movement to discontinue the issue of long term loans. You send me statistics called for in my article from your district. If they justify the issue of long term loans, then I would heartily change my view and agree to what you say. If today Mr. Rajabadar Mudaliar answers the questions raised by me, the whole thing will be clear.

The starting of the land mortgage banks would surely answer their long term needs."

The following resolution was then passed :

7. "This Conference requests the Registrar to register more Land Mortgage Banks."

Subject No. 16 requesting the M. C. U. B. to revive the grant of 10 year loans to Central Banks was put to vote and declared lost.

Subject 8. Special staff for disposing of arbitration cases and awards.
The following resolution was passed :

8. "Resolved that the Registrar be requested to appoint sufficient staff in each district for expeditiously and correctly disposing of arbitration cases and execution of awards."

Subject 9 requesting the Registrar to exclude the current deposits from the operation of the rule of the four times' limit fixed for the acceptance of deposits from the local bodies was moved by Mr. C. Subba Rao and duly seconded by Mr. T. Adinarayana Chettiar. After a good deal of discussion as to the necessity or otherwise for such a course in which several members took part, the subject was finally withdrawn by the mover with the consent of the house.

Subject 10 requesting the Registrar to delete, from the conditions imposed while recommending cash credits to societies, the stipulation that no amount should be outstanding

day of the co-operative year, as it is against the practice observed in any Bank, was moved by Mr. C. Subba Rao and was duly seconded by Mr. T. Adinarayana Chettiar.

On the assurance of the Registrar that steps will be taken, the resolution was withdrawn.

Subject 11.—Loans on the pledge of Gold and Silver.

Mr. C. Subba Rao :—" I do not think any speech is necessary because we have put forth the resolution at many a conference. I was surprised to see in the bulletin for November or December the Registrar saying that it is not workable. As bankers, I think it is but necessary that the question should be discussed here."

Mr. V. C. Rangaswami raised a point of order saying that this resolution applied only to urban banks and that the Conference assembled here was a Conference of Central Banks.

Mr. C. Subba Rao :—" Did I say Urban Banks? Please look at the resolution."

Mr. D. N. Strathie :—" The proposal was tried elsewhere (St. Thomas Mount Co-op. Society) and was given up for the reason that they burnt their fingers."

Mr. C. Subba Rao :—" I do not know why people should make a distinction between urban banks and central banks. I intend to include both of them. This is a Conference of bankers who are to give their opinion on such matters. I request you to give your best thought and see that this resolution is passed."

Mr. N. Satyanarayana seconded the resolution.

Mr. S. Annadurai Iyer :—" In our district, in Karur, loans were granted on gold. They did burn their fingers. It requires some special study to see that the articles are genuine. An appraiser has got to be appointed on a substantial pay. An ordinary primary society cannot afford to maintain such an appraiser."

Mr. R. Srinivasa Iyer :—" I oppose the proposition of Mr. C. Subba Rao as un-co-operative in principle. Central Banks were started only to finance rural societies. I am not at all for allowing central banks or urban banks to lend on gold and silver."

Mr. T. Adinarayana Chettiar :—" We know that lending on the pledge of bullion is almost a time-honoured and popular custom. It has been handed over to us from time immemorial. It has become a national custom of the country. By doing this, we are not doing anything foreign. It is Urban Banks that generally go in for this. For instance, Salem Urban Society's transactions go to 8 lakhs. I hope you will give the lead in this Conference to adopt this resolution."

Mr. J. Krishnamuthi Rao spoke about his experiences advocating the need for such loans.

The resolution as adopted runs as follows :

9. " This Conference considers it advisable that Co-operative Societies should be given facilities to advance loans on the pledge of gold and silver bullion or articles and non-perishable trade commodities."

Subject No. 12—(a) & (b) given notice of by Rao Saheb T. Srinivasa Rao was withdrawn.

Subject No. 13.—*The desirability of allowing 5 per cent. interest on Local Boards deposits of over 3 years' period.*

10. " Resolved that the question be referred to the Executive Committee of the M.C.U.B. for consideration."

Subject No. 14.—*Rules for destruction of records in Central Banks.*

The following resolution was passed :

11. " In view of the Central Banks' records accumulating year after year, this Conference resolves that suitable rules be framed by the Registrar immediately for the destruction of records in Central Banks."

Subject 15.—*Amendment of Rules under the Co-operative Societies' Act to give Central Banks a lien on share capital, reserve fund etc. of liquidated societies.*

Mr. Ramadas exhorted the house to drop that resolution as co-operative societies have no right to have a lien on share capital, reserve fund etc., as the Society was not the only creditor. The subject was accordingly dropped.

The meeting then terminated with a vote of thanks to the chair.

The North Arcot District Council of Supervision, Vellore
CONFERENCE OF THE EXECUTIVE OFFICER WITH THE
SENIOR SUPERVISORS OF THE DISTRICT.

(23rd April 1930.)

The President of the District Council of Supervision opened the Conference with a general discussion of the rectification work done till now and the work ahead in the District. He laid special emphasis on the intelligent outlook with which the question of rectification has to be handled and dealt in detail with the objects to be always had in view when doing the rectification and consolidation work.

After the close of the opening speech, he was followed by the Deputy Registrar. He advised the Supervisor to procure each a copy of the limitation act and become perfectly acquainted with all the points relating to it, as it was found that the societies and the Supervising staff were in blissful ignorance of this important subject, with the result that several serious irregularities of omission and commission were being frequently met with. Another point he stressed upon was the calculation of interest and the noting thereof in the loan ledgers. He instructed them to always refer to the due dates, when noting the excesses of interest collections or advance collection of interest.

The Supervisors were advised to see to the immediate remittances of the collections effected during their stay and in no case whatsoever leave heavy cash balances with the Society office-bearers.

In respect of extensions, the Supervisors were instructed to prepare the applications with care and correctness, and observe the essential principle of no extension being granted to any Member who has not cleared off the interest dues.

At this stage (11-30 A. M.) M. R. Ry. Rai Bahadur V. Murugesu Mudaliar Ayl., Secretary, Central Bank, joined the meeting.

Considerable discussion centred round the question of extensions and certain broad principles were enunciated. When the amounts involved in arbitration and execution proceedings are taken as a cover for the extension to be applied for by the Society, it was considered desirable that the overdue instalments which have necessitated the arbitration and execution proceedings should alone be taken up in calculating the amount for which the Society has to apply for extension, as otherwise the other

overdue cases in the Society will be lost sight of by the Central Bank at the time of its considering the society's application for extension of time for the overdue instalments due to the Central Bank, as the latter, viz., the overdue instalments due to the Central Bank will be fully covered up when the entire amounts involved in the arbitration and execution proceedings are taken into account. It was deemed necessary that each extension application form should be accompanied by a statement of the extensions granted in the Society to its members with clear particulars as to whether in each case the interest dues have been cleared. The question of extension should not be taken up as a matter of course but only in cases of sheer necessity which can be satisfactorily established and on no account can be open to any objection whatsoever.

The introduction of the arbitration and execution registers in societies was also considered and the matter is under examination as to the form of the registers to be prescribed and the practicability of their introduction.

The revision of property statements and the slow progress attained in respect of this important work, verification of bonds, execution of decrees in civil courts and through the Revenue Department and the attention the Supervisor is expected to devote to this work, were among the other subjects discussed in the Conference.

The Supervisors were in the end instructed to devote frequent and sustained attention towards the societies placed under their charge until they come up to a level when they can manage themselves.

The morning session closed at 1 P. M., and reassembled at 3 P. M., for the following business :—

(1) A scheme of distribution of groups was decided upon.

(2) *Maintenance of Registers*:—The Senior Supervisors were given each a general current register, a periodical current register and a despatch register and directed to keep a record of their correspondence. They were also provided each with a small record box and a Dietz Lantern.

(3) *Collections*:—The Supervisors were again impressed on the urgency and importance of collection work and they were informed that their work will be gauged from the results they achieve under the reduction of overdues.

There was then a general discussion of the difficulties experienced by the Supervisors and the ways and means of minimising them.

The Conference was then brought to a close with the instructions from the Executive Officer.

