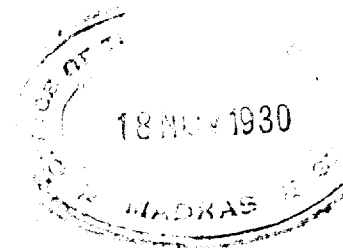


Nov. 1930

(57)



SITTING:—From Left to Right.

- Messrs:—
1. D. P. KHAITAN.
 2. V. RAMADAS PANTULU.
 3. R. W. BUCKLEY.
 4. SIR PURUSHOTHAMADAS THAKURDAS, (*Vice Chairman*).
 5. SIR BHUPENDRANATH MITRA, (*Chairman*).
 6. SIR HUGH COCKE.
 7. SETH HAJI AIDOOOLA HAROON.
 8. G. K. DEVADHAR.

STANDING:— From Left to Right.

- Messrs:—
1. V. K. ARAVAMUDA IYENGAR, (*Secretary*).
 2. RUSHFORTH.
 3. DR. L. K. AYDER.
 4. W. LAMOND.
 5. R. K. SHUNMUGAM CHETTIAR.
 6. MANU SABEDAR.
 7. CHOWDHRI MUKTHAR SINGH.
 8. R. P. MASANI, (*Joint Secretary*).

(AMONG THOSE STANDING, AT THE EXTREMES
ARE SEEN THE REPORTORS.)



THE
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NOVEMBER 1930

[No. 5

The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Editorial Notes

We offer our hearty felicitations to our illustrious contemporary "The Milgate Monthly" which has completed 25 years of prosperous and useful life. Its claim to be a "magazine of culture and progress" is a perfectly legitimate one as seen by its actual performance, and the number to hand for October 1930 can appropriately be termed the Jubilee Number. There are many interesting surveys of problems and progress during the past 25 years. Of these, the articles on British Politics, on literature, on co-operative progress and 25 years of business and silent revolution in Britishmen's life which has been brought about in the past quarter of a century are all of great interest. We wish our contemporary many more years of useful and brilliant life.

Among the various surveys mentioned above the article on "Twenty-five years of British Politics" is from the pen of Mr. Alfred Barn, M. P. the co-operative member of Parliament representing the constituency of South East Ham and the present Chairman of the Co-operative Party. He traces the

THE CO-OPERATIVE PARTY
IN ENGLAND
AND WHAT WE
HAVE TO DO.

CONGRATULATIONS TO
"MILGATE MONTHLY".

evolution of his party through various stages till its emergence as a separate entity in the year 1917. Previous to that the Labour leaders of the co-operative movement were harnessed to the Liberal Party. It was the late Keir Hardie that was the prophet of the party and the present Prime Minister the craftsmen who brought it to its present position.

We draw the special attention of our readers to the concluding portion of the article where the author discusses the present economic crisis and the solution offered by various political parties. He comes to the conclusion that the only solution that would be entirely satisfactory and capable of producing lasting benefits is the co-operative solution, that is, the readjustment of the economic system of modern society basing it on the co-operative principle of "production for use and not for profit." As the author points out :—

"The value of this policy is that every step taken in this direction enlarges the area of economic freedom; for it transfers economic power from the few to the many, and it correspondingly secures the equitable distribution permanently of that proportion of wealth derived from that proportion of industry co-operatised.

It reduces existing chaos because every extension of industry on true co-operative lines, lessens the factors making for instability. It accelerates the progress towards the workers' Co-operative Commonwealth instead of the capitalist, rationalised and automatised slave State."

In this country also a vague desire has sometimes found expression for the formation of a separate co-operative party. But even the best amongst our co-operators have at best only a sort of nodding acquaintance with co-operative banking. Co-operation as a powerful agent for humanising economics, co-operation as capable of pouring oil over the troubled waters of the modern competitive life, co-operation as a new path to peace and progress, as a veritable *dharma*, has not been understood by most of us. It is the inner significance of this movement that we have to catch, appreciate and popularise. We should stand, as we said on a former occasion for 100 per cent co-operation, co-operation throughout and not co-operation for competition.

THE AGRICULTURAL POLICY OF THE PRESENT ENGLISH GOVERNMENT AND ITS LESSONS TO US.

Our readers would read with great interest the policy of the Government of England with regard to agriculture in that country enunciated by the Right Hon'ble Philip Snowden M. P., Chancellor of the Exchequer.* We take the opportunity of quoting again the last portion of the statement which shows clearly the ideal aimed at by the Government.

"The Government is convinced that by a sustained and well directed effort designed to evoke the co-operation of the industry itself it should be possible to arrest the decline of employment on the land, and to foster, by taking advantage of modern developments and facilities, specialised and improved methods of production which should result in a great increase in our home-produced food supplies and bring back prosperity to our countryside. It is believed that these proposals will have the effect of inspiring in all sections of the farming community that confidence which is so essential to its progress and welfare, and will promote the sound development of the great agricultural industry."

It is well known that England tried to be a highly industrial country, so much so, it was said that in the best years of her prosperity in pre-war days, she had barely a few weeks' food raised from her own soil and that she depended on foreign countries and on her own Dominions for the supply of her food for the rest of the year. It is a well known fact that the Great War brought home to her the evils of depending for her own food too much upon foreign countries, because the German policy of sinking every ship that brought food to her shores would have almost succeeded but for the mighty United States flinging its power on the side of the Allies at the critical juncture. The tendency from that time onwards to produce more food in England itself has gained ground and it is that tendency that is given definite, authoritative, official expression in the words of the present Chancellor which we have quoted above. If that be the ideal of England which is professedly an industrial country, it goes without saying that we in India to whom agriculture is the basic industry should strengthen our position by a wise policy of conserving our resources and getting the best for our products. We wish that our Ministers in charge of agriculture and the Imperial Government

*See pp. 342 of this number.

would be in a position to give such a strong assurance to the people at large as to their real solicitude for the welfare of agriculturists and about their willingness to take any steps to safeguard their interests.

In this connection we would like to state that there are false prophets who would tell us that it is to our own interest to be essentially agricultural, to continue to produce raw products only and leave it to other countries to manufacture them into finished ones and send them back to us. This is an interested advice. Just as Industrial England encourages agriculture, Agricultural India should encourage her industries and should not be satisfied with her present position of being dependent on other clever countries for finished products. Until the whole inhabited portion of the earth comes under one government, and all tariff barriers between one place and another are removed, and so long there are various units of independent sovereign powers ruling over various areas, it would be a wise policy for each State to be as far as possible self-sufficient and not depend too much upon another State. That is the lesson which England seems to have learned, that is the lesson which leaders of Indian thought would do well to remember.

Just at the fag end of the last term of the Parliament the Labour Government introduced a bill for the marketing of agricultural produce. The country has been thus given an opportunity to discuss the various aspects of the question during the recess.

AGRICULTURAL
MARKETING
BILL IN
ENGLAND AND
ITS IMPORTANCE
TO US.

The recommendations of the various Provincial Banking Enquiry Committees in our own country also favour the organised marketing of agricultural produce and hence the nature of the bill and the criticisms passed upon it would be of great use to us in India.

The depopulation of the country and the drifting of agricultural labour into towns has been going on for sometime in England as well. Arable lands are converted into grass lands and the evils of the town life are intensified by the flow of more and more population into the industrial centres.

The remedies that have been attempted in order to enable the farmer to make his industry a paying concern were of a varied nature, though they are found to be at present not very effective. The farmer was given certain transport facilities in the matter of moving

his produce to marketing centres. He was also given credit accommodation and he was exempted from payment of certain rates, and in spite of all these he does not seem to have profited much.

From the co-operators' point of view the explanation for that is that the farmer still retains his individualistic methods and all the help that is given by the State goes to profit ultimately the clever middleman, who succeeds in robbing both the producer and the consumer, by offering to the former as low a price for his produce and selling the same to the latter at as high a price as possible. An expert committee that looked into the matter came to the conclusion "that there was a 'spread' of nearly 350 per cent between the wholesale and retail price of vegetables." It is with a view to avoid this leakage of profit from the pockets of the producer and the consumer into those of the profiteering middleman that the marketing bill is introduced. Its main features are :—

1. It will be applied with regard to particular agricultural products such as, milk, potatoes, hops, wool, cereals, cheese and livestock.
2. Producers of particular agricultural products will themselves regulate the marketing of that product by means of boards elected by themselves.
3. The regulation will be confined to products raised in a particular area to which the scheme will be applicable.
4. The Minister is expected to hear all possible objections before he gives approval for the introduction of the scheme within the area.
5. There is a consumers' Committee consisting of a Chairman and members appointed by the Minister to safe-guard the interests of the general public.
6. There is another committee called the committee of investigation also nominated by the Minister which may examine complaints from consumers' Committee or from others.
7. Provision is made for encouraging agricultural research and education.
8. The Government are expected to finance the scheme to the extent of £ 500,000 so far as England is concerned out of which, funds will be given to the local boards

for preliminary expenses. These funds will bear no interest for 2 years, but are expected to be repaid.

9. The Marketing Organisation is "empowered to buy, sell, grade, packet, store, adapt, for sale, insure, advertise or transport, regulate products to be manufactured into article, and sell any articles so manufactured."

The complaint of co-operators against this bill seems to be that the rights of consumers are not sufficiently safe-guarded. The biggest consumers' organisation, that is the Co-operative Wholesale Society has no direct representation on the Consumers' Committee, but has to depend upon the Minister's pleasure to have a seat reserved for it by nomination,

While the producer has his interest safe-guarded, the consumer is neglected because the proposed organisation is not to be registered as a co-operative society, that means, it may develop into a profiteering concern exploiting the needs of the consumer.

The third point raised against the bill goes to the root of the matter. It is looked upon as spoon feeding and the farmer is not encouraged to develop self-help. Lastly, co-operators urge that the only solution for it is the co-operative solution, bringing the producer and the consumer together in a joint co-operative enterprise with the service motive substituted for profit motive.

We hope our readers will think seriously about the matter, as they through their representatives may be called upon to frame similar laws in the various Provincial Legislatures or in the central legislature for the co-operative marketing of agricultural products. The matter also deserves the attention of the Indian Central Banking Enquiry Committee in dealing with the financial aspects of the marketing of Agricultural Produce to which the Provincial Committees have devoted much space in their reports.

We are glad to note that the Co-operative Press of England is expanding and the National Co-operative Publishing Society Ltd. has issued the first number of the "People's Weekly" "as a national weekly journal intended to be a new voice for democracy" and that it is also thinking of publishing a "new

THE EXPANSION
OF CO-OPERATIVE
PRESS IN
ENGLAND AND
IN INDIA.

We are indebted to the articles that have appeared in the Co-operative News of Manchester and in the Co-operative Review for September for many vital points connected with this note.

monthly journal for adolescents that will make a strong appeal to the younger generation of co-operators."

Our readers would remember that it was only recently that the society acquired Reynolds Illustrated News and its allied publications. The Publishing Society is thus engaged in the task of reaching its millions of co-operators in England and catering to their varying needs.

The Provincial Co-operative Union in its own humble way has attempted to extend its publishing activities, as the proceedings of the Executive Committee published elsewhere will show. We have resolved to conduct a journal called "The Village Panchayat" which was hitherto being conducted by the Registrar General of Panchayats and which has been given up by that officer. Co-operation and Village Panchayat are so akin to each other, both aiming at making the villager self-reliant. Better living on the part of the villager is the ideal aimed at by both and we hope that our readers would welcome the new enterprise with the same enthusiastic support which they have been giving to this journal of the P. C. U.

From all accounts to hand the XIII International Co-operative Congress held last August seems to have been a unique success not only from the point of record attendance of 554 delegates representing 35 countries, but also in the matter of important resolutions passed reaffirming certain fundamental principles.

We should like to draw the special attention of our readers to Resolutions No. IV & V. In our note upon the English Agricultural Marketing Bill we have indicated how necessary it is for bringing about a proper understanding between the co-operatively organised producers and consumers, Resolution No. V (a) which was adopted side by side with V (b) in a more elaborated form recognises the right of co-operative organisations other than consumers' societies to join the International Co-operative Alliance.

It is well known that in the West, Co-operation was started as a Consumers' Movement and it is that aspect alone that is looked upon as co-operation pure and simple. To organise credit co-operatively

for the sake of the needy agriculturists or the industrial workers or the petty merchants on the Raiffeisen or Schulze Delitzsch model has not been recognised as genuine co-operation, while as a matter of fact, in India we know only of the latter variety and have practically very little to do with Consumers' Co-operation,

It is very regrettable to note that in a big international assembly consisting of representatives from 35 different countries of the world including Japan and Palestine from Asia, there was no representative at all of India. We know that certain Provincial Institutes like those of Bombay and Madras are affiliated to the International Co-operative Alliance and we hope that at the next Congress which is to be held in 1933 in London, these Provincial Institutes individually or the All-India Co-operative Institutes' Association in its representative character will be able to send delegates to the London Congress.

Side by side with the International Co-operative Congress there were two conferences of the representatives of Co-operative Press and of those engaged in co-operative education at which also Indian representatives were conspicuous by their absence. The holding of these allied conferences will be continued in London also and representatives from India may be so chosen as to be capable of taking part in these allied activities of the Congress as well.

Inspection of Societies.

BY

RAO SAHEB T. SRINIVASA RAO.

I. SCOPE.

A very great desideratum existing at the present time in the administration of co-operative societies is the want of a duly regulated plan of inspection. The term "inspection" is used here, not in the restricted sense assigned to it by the Townsend Committee, but in its etymological significance which is defined as the "viewing or examining for the purpose of ascertaining the quality or condition; discovering errors, etc; examining officially." The attributes of a duly regulated plan of inspection may be said to be: (1) An inspection of the right kind, (2) An inspection made in proper time, and (3) An inspection followed by a scheme of business which would make the inspection effective. The question is whether the several kinds of inspection in vogue at the present time, taken severally or collectively, satisfy the present special, or even the normal, needs of administration as judged by the abovementioned tests. I regret I feel obliged to answer the question in the negative.

The several kinds of inspection now obtaining may well be indicated by the different agencies by which they are conducted, namely, the union supervisor, the union governing body member, the bank or the federation inspector, the director of either of these institutions, the government inspector or inspectors conducting interim audit, super audit and final audit, the union supervisor employed on super audit, and the government administrative inspector. To this list may also be added inspections and test audit expected of the superior officers of the government department, namely, the Sub-Deputy Registrar and the Deputy Registrar. These different kinds of inspection take place or are expected to take place at least once in the course of a co-operative year, while some of them, particularly those made by the union supervisor, or perhaps those made by the bank or the federation inspector also, are repeated several times. And yet with what result? Co-operators may well introspect themselves for a while and attempt an answer. As judged by the present general condition of societies, which is even deemed to be chaotic, the effect can by no means be regarded

as satisfactory. It will hardly serve any useful purpose trying to find out who is responsible or apportion blame. We are accordingly led to seriously consider whether a substantial change—even a radical one—in the methods of our business is not called for.

All inspections mentioned above may be classed under two broad heads—official and non-official. As regards the former and its utility, I shall, for the present, content myself with simply quoting (without entering into details) the view held by non-official co-operators which, in the words of the foremost co-operator of the province—if we may call by that name one who, for two successive terms, has been unanimously elected as the president of the two premier provincial organisations—is as follows: “So long as the quality and the equipment of the audit staff remains what it is, the audit reports and certificates cannot be relied upon either by the investing public or the directors of the central banks, as in any way disclosing the real state of affairs of the societies financed by them.” This view only gains added significance when we remember that it comes from one who has had the distinction of being a member of the Madras Committee on Co-operation, Mr. V. Ramadas Pantulu. As regards the non-official inspection, the state of affairs is even less satisfactory. While, as regards the former, it may generally be said that *audit reports* of different kinds *are made sometime*—be it in due time or long after due time—the same thing cannot even be said in regard to *reports of non-official agencies* which, in the case of several societies, *are not made at any time*. While again, it may be said, so far as the official reports are concerned, that there is at least the *merit of uniformity* in the forms of report adopted all over the presidency, there is *not even that uniformity* as regards the reports of non-official inspections.

Before proceeding to deal with the question whether any, and if so, what change in the present methods of business is called for, let me explain what is meant by the above-mentioned three attributes of a duly regulated plan of inspection. In doing so, I shall confine myself for the present solely to what devolves on the non-official agency and in relation to agricultural (rural) societies only.

2. The first of the attributes is put down as an inspection of the right kind. And what is an inspection of the right kind? Such an inspection will be one which satisfies the needs not only of the society inspected, but also furnishes the necessary materials required for the due discharge of duties

WHAT IS
INSPECTION OF
THE RIGHT
KIND?

devolving on the local supervising union and the agency controlling it, as well as the local financing bank and ultimately the provincial financing bank; or in other words, an inspection which facilitates the right conduct of business and assures financial stability. The general condition of societies for some years past being what it has been, the burden of the song of the Madras Central Urban Bank, the Central Banks' Conference and Provincial Co-operative Conference has in recent times been not only that central banks should respond to the financial needs of their constituent societies adequately and promptly, but should also acquire a thorough and upto date knowledge of their working, with a view to ensure their continued financial soundness and stability. In fact the inspection should enable the entire administration of societies in their various aspects being conducted along right lines.

We have ample directions and instructions in this respect and it only behoves us to avail ourselves of them. Taking the earliest of the acknowledged authorities on the subject, viz., the report of the MacLagan Committee, it will be seen that it dwells on the indispensable necessity for an inspection of the kind mentioned. Taking next the recent Committee on Co-operation in our province, it will be found that it re-iterates the same requirements with however an unfortunate omission as regards the need on behalf of the non-official agency for an annual examination of overdue debts and valuation of assets and liabilities. The omission is apparently due to the stress which the Committee has laid in regard to these excepted matters in laying down the duties devolving on the government auditor. Whatever the departmental (official) view in this respect, the omission does not meet with the approval of non-official co-operators of this province, as has only been too clearly expressed by them in a number of conferences. Accordingly non-official institutions, since the publication of the Committee's report as well as from prior to it, have been engaged not only in strengthening the supervisory staff in unions, but also entertaining numerous additional hands in the bank or the federation, for getting through the work devolving on them, which work, in co-operative parlance, has in recent times come to be known by the term “Rectification and Consolidation.” The third of the authorities on the subject is the Report of the Committee on Co-operation in Burma. A reference to what that Committee has observed under the heads of audit and supervision—whether in regard to rural societies or

urban banks or central banks—will show that, besides endorsing the views of the MacLagan Committee, their observations only confirm the appropriateness of the views of the non-officials of this province and the necessity for the measures which they have been taking for giving effect to them.

An inspection of the kind contemplated will accordingly involve the laborious, but nevertheless the indispensable, process of an individual examination of all debts overdue, and the valuation of securities for all loans outstanding, at the end of every year. This, be it noted, is no other than the bare requirements of section 17 of the Co-operative Societies' Act. This process involves numerous detailed investigations into which we need not enter now. The inspection will further deal with the following other matters, *viz.*, an enquiry into the composition and character of the present management of the society in its various aspects; an enquiry as regards the financial stability of the society; the present activities of the supervising, financing and auditing agencies in relation to one another and the society, and their practical bearing on the working thereof, the growth of the society since its inception, as tending to disclose its past history and indicate the possibilities of future development; the prospects forthcoming or found wanting as to the possibility of rectification and improvement; an account of the achievements in this direction *actually secured* at each visit to the society, accompanied by another account of the achievements *deferred for unavoidable reasons to future visits*; and in the end, the indispensable necessity, if such be made out, for the ending of the society. These various matters amount to no other than, in the words of the MacLagan Committee, a comprehensive enquiry into all the circumstances which determine the general position of the society.

3. The second of the attributes mentioned above is timely inspection. With the close of every year, a definite stage in the life and progress of a society is reached; and accordingly, with the commencement of the new year, the society takes, or at any rate ought to take, to its business from a certain starting point. During the new year, certain things have to be transacted in the name of proper management by the panchayat, and in the name of effective supervision by the local supervising union or the higher agency which regulates and controls supervision. It becomes a matter of importance therefore that inspection should be conducted early in the year

so that, on communication of the results of inspection, the societies as well as the supervising, controlling and financing agencies may have sufficient time before the close of the year for effecting the necessary improvements. It is accordingly of paramount necessity that arrangements should be introduced under which an inspection of the right kind, as described in the preceding paragraph, is started with the commencement of a new year and brought to completion in about three months. This arrangement, besides letting an even flow of inspection reports from before the close of even the very first month of the year, will in addition tend to spreading the work devolving on the supervisory, controlling and financing agencies, in their respective relations to societies, over the major part of the year, instead of, as at present, throwing a lot of work on them in the latter months of the year, thereby rendering the achievement of substantial improvements within the year almost impossible. The natural incentive to achieve results in time for incorporation in the reports of the year is not helped to fruition and may even be said at present to be almost non-existent. Early inspection will kindle this incentive and largely help the onward progress of the movement; and its importance needs no further emphasis.

4. Coming lastly to the third of the attributes of a duly regulated inspection, *viz.*, the effectiveness of its character, it does not require much of argument to convince co-operators that all the trouble taken in inspection will not avail much or even anything unless, with reference to the disclosures made at the inspection, the state of affairs, either simultaneously with the inspection or as soon thereafter as possible, is not rectified and improved to a substantial extent. As already observed, an inspection of the kind in contemplation will furnish the data with which to start on the process of rectification and consolidation; and it should be followed up by a scheme of business which will automatically ensure the execution of the said process as expeditiously as possible. Such a scheme accordingly forms a necessary adjunct to inspection.

II. DESIGN.

Necessary investigations and their conduct.

5. An inspection based on this plan is sure to bring about a great change for the betterment of the movement. The scheme of business forming an adjunct to such inspection requires a pretty detailed treatment. Preparatory to dealing with it, however, it will be

ECONOMIC
CONDITION OF
MEMBERS.

well to state something as to the manner of conducting inspection and the necessary investigations incidental thereto. Briefly they should comprise the various matters set forth in paragraph 2 supra. And in order that they may do so, a detailed investigation is called for into the economic condition of each member and into the position of each overdue loan (surety or mortgage) with a view (i) to find out what ought to be done to enable each member to stand on his legs at least in future, whatever his past conduct towards the society, and to give him an opportunity for retrieving his lost ground, *if* he is found to be capable of such retrieval; (ii) to enable the transference of all *deserving* mortgage loans which cannot possibly be redeemed except in a long period of time, which a credit society can ill afford to grant, to a land mortgage bank; and this with a view to restrict the future operations of the society to its proper sphere of credit; or (iii) if the early formation of such a bank for the area be not found possible, to enable the financing credit central and provincial banks to take such steps for affording the required relief to the debtor under such conditions and safeguards, as they may deem fit to impose; and (iv) to convey to the supervising and financing agencies the necessary warning in regard to *undeserving* cases of mortgage and other loans which will have to be summarily recovered. The record of this investigation will be a great help not only in pulling up the society at present, but also in dealing with it in future.

6. This investigation will be helpful in several other ways also.

MEMBERWAR DEMAND AND PROSPECTS OF COLLECTION IN THE YEAR. Co-operators are aware that, despite repeated instructions issued by the Registrar in that respect, it has not been possible to get individualwar D.C.B. statements from societies or societywar D.C.B. statements from unions. Co-operators have so far only contented themselves with expressing their difficulties in complying with these instructions, but have not endeavoured to solve them. It goes without saying that a proper check over the collection work is indispensable. During the investigation referred to, the financial position of each member is discussed with him and in consultation with him as well as the panchayat, his undertakings are ascertained as to the manner in which, the extent to which, and the time or different times at which he proposes to meet his outstanding overdue obligations, before the close of the year. These details tabulated for the society at once furnish, in respect of all its members, an account of the amounts payable before

the end of the year, arrears as well as current, and the payments promised by them on one or more specified occasions in the course of the year. And this account places in the hands of the society panchayat, as well as the union and the central bank, the requisite means for a regular and systematic watch and check over the progress of collections in the course of the year; while, as things stand at present, the collection work is left to take care of itself, unions and the central bank, contenting themselves with exhibiting feverish anxiety in the closing months of the year for improving collections by paying hurried and unsystematic visits to societies. For a more detailed account of the procedure involved in this connection, please refer to instructions Nos. 5 and 6, appended to the form of initial inspection report. This innovation has already been found quite practicable in Nellore district in which it was recently introduced. It will have the further merit of tending to abolish the present manner of irrational and meaningless extensions which are not preceded by an inquiry into or based upon the requirements of individual borrowers.

7. The investigation will further result in furnishing the requisite materials for enabling the adoption of definite steps in regard to prompt disposal of references and suits, and the realisation of awards and decrees without unnecessary delay. The procedure involved in these respects is detailed at length in instructions 3 and 4 appended to the form of initial inspection report.

8. There are other directions—by no means of less importance than those dealt with above—in which investigations of present affairs are called for, viz., inspection of bonds, examination of their propriety, the existence of time-barred loans and decrees, the existence of undischarged loans in which borrowers or sureties or both are found dead, the existence of benami loans and other irregularities, acts of infringement of the Co-operative societies' Act rules and bye-laws, the existence of bad and doubtful debts etc. The proposed inspection provides for attention to these items of business, also.

9. The *crux* of the present condition of the movement lies in the fact that *individual attention to loans and members* is sadly wanting; and any plan of inspection which does not provide for the supply of this defect, as past experience has amply shown,

CRUX OF THE PRESENT CONDITION.

is not likely to be attended with success. Conversely, the *essence*, of the work of rectification and consolidation lies in the fact that it provides for such individual attention to *loans* as well as *members*. As has often been pithily expressed by our esteemed co-operator and ex-Registrar, M.R.Ry. Diwan Bahadur R. Ramachandra Rao Avl., *the soundness of the movement stands assured, when every loan to every member in every society is ascertained to be safe and sound*; and this end can be achieved only by *individual attention to loans*. Nor can societies be made as really serviceable to agriculturists, and other persons of limited means living within the area of their operations, as the movement is expected to be, except by *individual attention to the needs of every person* who has already joined the society, as well as to the possibility of extending the benefits of the society to every deserving person living within the said area—please see Section XV-A of the form of initial inspection report.

10. Passing next from individual attention to loans and members to *attention called for on behalf of corporate entities*, it will be found that so far as the society is concerned the inspecting official has instructions—vide instructions Nos. 15 (iii) and (iv) appended to the form of initial inspection report—to hold before leaving the society general and panchayat meetings for acquainting those bodies with the duties immediately awaiting attention at their hands. This will naturally oblige them to take the necessary steps, *provided* they are not absolutely unmindful of the interests of the society. As regards the union, these resolutions will furnish it with the means of insisting on the obligations undertaken by the society (individual members, the panchayat and the general body) being discharged in proper time. Similarly, these resolutions, along with the report of inspection, will enable the central bank to take the necessary steps in almost every direction, and particularly in the direction of the safety of its loans advanced to the society. Continued lack of information in central banks in this last mentioned respect has culminated in reducing the position of some central banks to a state in which the Registrar has recently been finding it necessary, by a mere examination of their loan ledgers, (apparently without a detailed account of the financial position of the individual societies concerned) to tell them what amounts, in his opinion, are likely to prove irrecoverable, and what provision should therefore be made for building up a bad debt fund by retrenchment of profits.

Any central bank which is duly conscious of its responsibility can by no means afford to let this part of its most important duty be done for it by the Registrar; and it is high time that they realise what they owe to themselves. Likewise, the agency controlling supervision—be it the central bank or the federation—will also be enabled to make the society as useful as possible to existing as well as prospective members, in that the inspection report provides for the supply of the necessary data required in this behalf.

III. DESIGN—(continued.)

Scheme of Business adjunctive to Inspection.

11. For undertaking the proposed inspection and incidental investigations, which is work rather of a protracted nature, an inspecting staff adequate in numbers and efficient in qualifications is called for; and the provision of such staff forms the first step in the scheme. It is deemed that no member of the inspecting staff can possibly hold charge of more than about 15 societies, if he has to discharge what is expected of him in a satisfactory manner. The present staff of union supervisors and the additional staffs which have been or are being employed are presumably numerically sufficient for letting the distribution of work be made on the above scale. Once the allotment of work among inspecting officials is made, the latter should be allowed to hold charge of their ranges undisturbed for a fairly good length of time, say 2 or 3 years, as otherwise continuity of touch with members of societies and continuity of the thread of work once started cannot be assured. Nor can responsibility for improvement be fixed upon any particular official. If, however, the strength of the staff available does not admit of allotment of work on the above scale, the alternative of taking up rectification of only as many societies as the staff at disposal permits, is preferable to giving each member of the staff a larger number than he can adequately and suitably manage. With the help of the subvention for rectification which the Madras Central Urban Bank has recently undertaken to grant and with the help of the subsidy which it is understood the Government have been granting in aid of supervision fund in districts where such fund is comparatively poor, it is deemed that it should be possible to cover the entire ground in the area of each central bank in the manner suggested. As regards the efficiency of the inspecting staff, care should at least be taken that the new hands employed come

up to the required standard, while in regard to the existing staff, every attempt should be made to get the best out of its members and, if any of them falls short of a minimum degree of usefulness, to feel no compunction in replacing him. Care should also be taken that both the existing staff and the staff newly entertained are given a special training befitting them for rectification work. These arrangements imply co-ordination between the activities of the staff of supervisors employed in unions and the staff employed by the higher agencies, bank or federation or both; and such co-ordination should be secured from the very beginning.

12. The next question to which we are led in the consideration of a proper scheme of business is whether forms are not necessary in which the inspecting staff should make reports; and if so, what such forms should be. Certain co-operators consider that no standard form or forms are at all called for. The generality of them, however, deem it necessary that there should be some kind of form, as is only too evident from the fact that over the major part of the presidency, some kind of form or another is already in use. I do not think it needs much of argument to convince that standard forms are needed, if only to attain completeness of the report. Further, even assuming that we have a highly efficient staff which could be trusted to make comprehensive reports without a form to direct them (which, however, is not the case), the qualifications of several members of even such staff are bound to vary from man to man and, without a form to guide them, one cannot expect to have *all* information required in respect of *all* societies.

13. We now come to distinguish between the kinds of work awaiting attention at the *initial visit* to a society with the commencement of a new year and of the work which may be reserved or deferred for attention at the *second or later visits* in the course of the same year. This distinction is rarely recognised at present, as is only too obvious from the fact that the same form is used for reports of all inspections, initial as well as subsequent, with hardly any discrimination of the purpose of each of such visits. And this has resulted in vagueness and indefiniteness in the transaction of business not only on the part of the inspecting staff employed by unions and higher agencies, but also in the higher institutions themselves, *viz.*, unions, the bank and

the federation. While the aim of initial inspection should be the ascertainment of the present position of affairs and the disclosure of all matters calling for rectification and improvement, *simultaneously* followed, as far as possible, by acts of rectification, that of the second and subsequent visits must be restricted to the carrying out of such processes of rectification and improvement as could not be carried out at the initial or earlier visit and, as a matter of necessity, require to be deferred to the second or later visit. As a matter of fact, it should be possible to carry many acts of rectification at the time of the initial visit itself. However, as co-operators are aware, some acts of rectification, multifarious and varied in nature as they are, necessarily require a certain amount of time to intervene, to admit of execution. The aim of the inspecting staff should be to carry out, at the initial as well as each later visit, all acts of rectification and consolidation as far as practicable, and to defer to the second or later visit only such acts as cannot possibly be executed at that visit. If these *distinctive* purposes of the initial and subsequent visits are borne in mind, the work deferred to each later visit will get concentrated and restricted to a particular item or items of business which it will only be possible or convenient to transact at particular times or particular seasons of the year. Regulated in this way, later visits, without definiteness of purpose, will cease to be made and the work of administration will get considerably simplified. While the initial inspection, with reference to the size of the society and the character and efficiency of its management, may occupy from 3 or 4 days to a week or even longer, the subsequent visits, being restricted to the execution of particular acts falling due or promised at particular time or times, will occupy a much shorter period, a day or even part of a day. Further, this discrimination between initial and subsequent visits will not only actually help the inspecting staff in the regulation of their work, with a clear perception of what ought to be done at particular visits, but will also help and facilitate the work of the higher authorities in due execution of the entire scheme of business.

14. Having so far dealt with what devolves upon the *paid staff* in the matter of inspection, we come to a consideration of the question how best to utilise the services of *honorary directors* available in unions, the bank and the federation. To expect honorary workers generally to do everything necessary to pull up a society or transact some other business of

HOW BEST TO
UTILISE THE
SERVICES OF
HONORARY
WORKERS.

general nature is, in most cases, to court the impossible. Honorary work at best can only be directive, while the laborious spade work can only be got out of full time paid staff. Further, it is of a nature involving more of exercise of personal influence, special local knowledge and such other things as will expedite the course of business, for the due execution and fulfilment of which the collection of the necessary materials and other basic work has been previously done by the paid staff. Further still, honorary work, generally undertaken by men with other avocations of life, cannot command more than very limited time, available on uncertain occasions and at irregular intervals, while business (and co-operation is essentially a business) demands regular and steady attention, which can only be given by a full time paid staff. At the same time, however, there is no reason why due use should not be made of the available services of honorary workers, if only their inclinations, capacity, preparedness and willingness for work be studied individually, and each of them allowed to contribute help in his own way. The work is too heavy and onerous to discard willing help, however small and from whatever source forthcoming. While in the case of the paid staff there is hardly any reason, unless it be want of organisation, regulation and control, why its services should not be utilised to the fullest extent of its capacity and qualifications, in the case of honorary workers, and on a similar analogy, there is no reason why due use should not be made of the services of every one of them in the way in which it best suits him to accord his help. While again due discipline and control is of essence in one case, willing offer and the availing of such offer is of essence in the other. Accordingly, it becomes necessary that union governing body members and directors of the bank and federation should be consulted as to what kind of actual work they will immediately undertake and, on receipt of each inspection report, the controlling agency should intimate to each such member the kind of work that awaits him in the society concerned in pursuance of his undertaking; and it behoves such agency to get his reply in suitable time.

15. Having been desired by co-operators of Nellore district to help the bank and the federation in the work of rectification and consolidation in that district, I was obliged to frame forms of report for adoption at the initial and subsequent visits—forms which would satisfy the several requirements described in

WHAT THE
STANDARD
FORMS MAY
WELL BE.

the earlier paragraphs. A copy of the table of contents of the form for adoption at the initial visit is appended to the *first memorandum on subvention to central banks recently issued by the Madras Central Urban Bank. This form, accompanied by instructions for filling it up, has now been printed and supplied to the Nellore Bank (where it was in use in manuscript for some months) and to five other banks which have since adopted it for use in their areas, viz., Krishna, Chittoor, South Kanara, Madura-Ramnad and Srivilliputtur. The Madras Central Urban Bank has taken some extra copies of the form for circulation to central banks for information and adoption in their areas, should the latter think fit to do so. The form of report for adoption at the second and later visits is appended to this memorandum (vide appendix 1) as also the form in which the reports of honorary workers may be obtained (vide appendix 2). The form in use in Nellore and referred to in para 5 supra for recording the results of investigation into economic condition of members, with such modifications as recent experience has suggested, is also appended (vide appendix 3).

16. It will not be out of place here to invite attention to certain outstanding features of inspection itself, as of the form of report for initial inspection. They are these: *The inspection will be a self-contained and complete whole. The form will oblige the inspecting official to digest and analyse the results of his inspection and investigation under proper headings, before he can proceed to record them.* It will not let him record results without bestowing requisite thought and attention to every detail. It will fill his mind with a true picture of the present position of the society, which will prove to be no small asset in the further work of its development. *The manner of arrangement of matter in the form will also considerably help the controlling and financing institutions in their work in relation to the society.*

17. As has elsewhere been observed, the inspection of the society in its various aspects, as indicated in the form of initial inspection report, will take a pretty good length of time. And if the completion of the report in material respects cannot be secured at one visit, the inspecting official had better withhold the report, until by

COMPLETION
OF INITIAL RE-
PORT.

* This has been published as supplement to the September 1930 issue of the Madras Journal of Co-operation.

visiting the society again, he is enabled to collect all materials required for completing the report. This will mean the spreading of the initial inspection over more than one visit and call for a judicious programme. If only the inspecting official takes up generally two and in rare cases three societies, lying in close vicinity of one another, for initial inspection at one time, he may, without loss of time, leave one society and proceed to another, when in the former he cannot make further progress for one reason or another. Arranged in this way, the completion of two or perhaps even three reports may have to be made at about one time. The aim of the inspecting official should be to make the initial report perfect in all details as far as possible before he submits it to the controlling agency.

IV. CERTAIN INCIDENTAL MATTERS.

18. Objections may be raised to inspection of the proposed kind, to some aspect of it or another. And I think it will conduce to a better understanding if I should explain the likely objections:

CERTAIN LIKE-
LY OBJECTIONS
MET.

First: It may be questioned whether the inspection and the form of the initial report are not unnecessarily elaborate. During my long experience as a co-operator, extending over sixteen years, both as an official as well as a non-official, when co-operators in responsible positions are told that certain things require to be done, some of them retort and enquire whether such an elaborate thing is possible. My answer to them has always been—and it is the same now—not to ask whether it is possible or not, for while there is a will and a determination, there is a way, nothing under the sun being impossible; but that they should ask themselves the question whether what is suggested is necessary or not, in view of due discharge of the duties which they owe to their electors, and to the institutions entrusted to their care and management, no less than to the vast body of depositors—private individuals as well as quasi-official bodies—who, out of confidence in them, have provided the wherewithal for the running of the movement. To this answer however there is hardly a reply. With this explanation, I submit that the proposed manner of inspection or form is not more elaborate than is necessary. It may admit of addition and further improvement but not of curtailment.

Secondly: Whether a simpler form will not suffice for normal needs as distinguished from the needs of rectification work, for which

alone an elaborate form may be required. I do not consider that any distinction in this respect is called for. The difference between normal work and work now awaiting to be tackled in the name of rectification lies not in the kind of work, but in the volume of it. While, in the case of the latter, we seek to do things which have been left undone for a long time in the past, in the case of the former, our attention will be restricted to matters arising in the course of the year or just the year previous, in other words to matters arising since the previous inspection.

Thirdly:—Another objection which is likely to be raised is whether the initial inspection report form does not provide for the doing of things which fall within the purview of the panchayat of the society and the governing body of the union, thereby tending to relax their respective responsibilities. This objection, for all apparent purposes, is not without force. Really, however, it is not so. If the authorities mentioned had been and are attending to their respective duties quite as they ought to, there will be little left for the inspecting agency to do and everything will be smooth sailing; but unfortunately the present condition of the movement too patently discloses that society panchayats and union governing bodies have, in a majority of cases, failed in their duties to such a large extent that the failure, unless remedied by somebody else, is almost sure to wreck the movement. In this view of the situation, co-operators will surely concede that whatever the panchayats and unions have failed to do, either because they cannot or will not do, some higher agency ought to step in and undertake to do. Further, if only they are approached in a proper way, society panchayats and union governing bodies are not likely to misunderstand that their province is encroached. On the other hand, if the whole situation be explained to them in a friendly way and the good part of their nature appealed to, they will surely look upon the present programme as helping them with practical instruction and demonstration in the management of their institutions. Carried on in this way for one or two years, the working of the society and the union, by reason of constant and timely attention from the inspecting official and the controlling and financing agencies is bound to improve. Incidentally the sense of duty and consciousness of self-respect on their part will be roused in rural leaders. If even after a fair length of time these institutions do not come up to a minimum standard of efficiency, they will only be furnishing proof of their utter uselessness and of the indispensable

need for their cancellation, Guided in this way, societies and unions are bound to grow in efficiency or must cease to exist.

Lastly :—Most important of all objections, and as one striking at the very root of the entire scheme of non-official inspection, is the very recent suggestion of the Registrar that “in future, banks and federations should dispense with separate inspection reports from their inspectors and supervisors and leave these men free to devote their whole time to rectification of defects,” as set forth in “a brief summary of the defects discovered in the society.” to be furnished by thy auditor and communicated by the Deputy Registrar. The object in view, namely, the rectification of defects is highly commendable and also very essential; but the question is whether its achievement will be secured by the course suggested. The suggestion, in its very nature, being of vital importance to the movement, cannot be suitably dealt with here and will accordingly form the subject of another memorandum.

19. Doubtless, co-operators will notice how the kind of inspection proposed, the form devised for the purpose, the instructions in the matter of holding the necessary investigations etc. are calculated to introduce substantial improvements in various directions over existing conditions. The inspection also possesses certain further merits which may advantageously be mentioned here.

One of them is that the inspection is directed largely towards administrative aspect, as contrasted to mechanical check of entries in accounts. This will be patent from the rather subordinate position assigned in the form to account-keeping (Section X-F). Thereby it is not meant however to minimise the importance of this aspect of inspection; but it is only meant to bring out the even greater need for improvements in the administrative aspect.

Another merit is that the proposed manner of inspection will bring into prominence the need for the introduction of certain very necessary reforms. Sections X-A and B of the form, when tabulated for a bank area at the end of a year, will show the qualifications and competency (or rather in many cases the want of them) on the part of men in charge of societies and on the part of their representatives in the union, bank and federation. It often happens that persons who have managed their particular societies in a manner by no means creditable to them, or even in a positively bad way, get into the

management of higher institutions which accordingly suffers. In a democratic movement like this, the composition of rural panchayats and boards of management of higher institutions is no doubt subject to the chances, nay the vagaries, of elections; but it is common knowledge that men not quite of the right kind get in to the exclusion of desirable men who either fail in election or do not even attempt. The composition of the boards of management of even some central banks does not appear to be above this reproach, as may be gathered from a few excerpts* from paragraph 340 of the Madras Provincial Banking Enquiry Committee's Report, Volume I, pages 162 and 163, quoted at foot of the previous page. Certainly, some reform calculated to avert such conditions is called for in the case of any institution and particularly so in the case of a central bank, in view of its direct responsibility to the initial lender (the depositor), a responsibility which the rural society rarely feels. The protection of the interests of the depositor is no mean thing. It is of such great importance that in the analysis of the subjects to be covered by the Banking Enquiry Committee, it is assigned the very first place, as being the means of increasing confidence in the banking system.

Lastly, I shall content myself with referring to one other matter. Intelligent rural co-operators, conscious of a due sense of duty and self-respect, question the necessity for the interminable round of inspections by various agencies mentioned in paragraph 1 of this memorandum—inspections to which societies are obliged to submit, after all without any substantial results flowing therefrom. Enduring results can only be achieved with the willing co-operation of rural leaders but their willing co-operation can hardly be expected so long as inspections fail to achieve their purpose. *It follows therefore that at least one of the several inspections now in vogue must be made complete and self-contained and also really effective.* The whole trend of the proposed inspection is directed towards this end. And if only, as is hoped, the present scheme succeeds, the number and kinds of inspections now in force may well be curtailed as well as simplified.

* The main direction in which their (the directors') weaknesses display themselves is in a tendency to give way to the demands of would be borrowers and to grant loans for larger periods than is safe.

The anxiety of directors to remain in the limelight and of office bearers to keep their offices result in electioneering devices and in the sacrifice of sound principles to personal ambitions.

Slackness in recovering loans is in some cases the condition on which presidents retain their offices.

20. It will be seen that, as observed in the concluding sentence of paragraph 1 supra, this memorandum has confined itself solely to the duty of inspection devolving on the non-official agency and that it does not deal with or even refer to audit, which also comes within the meaning of inspection in its broad sense but only devolves on the government staff. The two are not unconnected. The essence of the latter is the testing of the efficiency of management and supervision conducted by non-official institutions, while the aim of the former is to render such management and supervision as perfect as possible. In point of expansiveness, non-official inspection of the kind proposed and official audit as explained and enjoined by the MacLagan Committee cover the same ground, while in point of intensiveness, both go together up to a certain point where the auditor's duty terminates but the inspector's continues. This is where the latter has patiently to work and attend to several acts of rectification, improvement and consolidation. There is however an important distinction between the two. While inspection by non-official agency cannot be held as coming from an absolutely disinterested quarter, audit by government agency has the merit of coming from such a quarter, and therefore when efficiently conducted will possess a special value, all its own. If only non-official inspection be perfected on the lines chalked out in this memorandum—and need it be mentioned that non-official agencies are endeavouring towards the attainment of this end—it will call for a fresh adjustment of the business of audit devolving on the government staff, so that while the activities of the non-official and official agencies will form each a complete whole in its own way, both of them together will make a greater and more perfect whole.

21. Again, as observed in the concluding portion of paragraph 1 supra, this memorandum has confined itself solely to agricultural (rural) societies. It is not meant, however, that non-agricultural (urban) banks do not need inspection. More or less equally with rural societies, they also need inspection, but inspection of a different kind adapted to suit their distinguishing conditions. At present, they go without effective inspection, or even inspection of any kind. As regards the need for inspection in their case also, I shall simply quote from the recent report of the Provincial Banking Enquiry Committee. Paragraph 331 thereof contains the following observation:—"Theoretically they (the directors) are expected to grant loans only for useful purposes to be specified clearly

by the applicant and approved by the panchayat, but actually there is usually no close scrutiny of the purpose or application of the loan. In many cases the panchayatdars are too anxious to hold their posts to enquire so closely into the use and repayment of loans as to jeopardise their chance of re-election when their term of office comes to an end." No further proof is needed. The question of arrangements for the concurrent audit of these banks is hanging fire for long and calls for early solution. *And it is a question whether the kind of concurrent audit proposed will satisfy the needs of inspection demanded by the present situation.* The reason for referring to this subject here is the financial relation of these urban banks to the central bank, whose working is so largely and so intimately connected with the working of rural societies. Any scheme, like the present one in relation to rural societies, which has in view the assuring of the financial stability of the central bank, will be defective, if it does not provide for inspection of all kinds of societies financed by it, or at any rate indicate what action is called for in regard to any kind of societies which it does not bring within its direct scope. The form of the quarterly progress report recently prescribed by the Madras Central Urban Bank for central banks, it may be noted, makes provision for watching the timely fulfilment of the pecuniary obligations of urban banks to the central bank. This is poor consolation but is something.

V. PURPOSE.

22. We have now done with the scope as well as the design of inspection and it remains to deal with its purpose. The purpose is no other than rendering the inspection effective. The administrative section of the bank is intended to take charge of this aspect of the business. All central banks in the province, with however one solitary exception, have opened the administrative section. In several banks it has only been nominally opened. It requires to be duly organised almost everywhere. Its essential requirements are an efficient field staff, an efficient office staff and an efficient officer to guide, check and control both. On these and other allied matters, the Madras Central Urban Bank has given directions—vide resolution No. 6 of its board of management dated 18-4-30. Clauses I (a) and I (b), so far as the work of field staff is concerned, Clause III, so far as the work of union supervisors and honorary workers is concerned, and Clause

VIII so far as the requisite forms of report are concerned—the requirements of the resolution are satisfied in a general way by the instructions contained in respective places of this memorandum. *Detailed instructions are still called for.* Clause I (c) as regards the registers, reports etc., which the administrative section should maintain and Clause II as regards the check of diaries and tour programmes and certain other details—their requirements await to be complied with. It remains to be seen how far Clauses II and V relating to the administrative officer and his special training, as well as Clause IV relating to the special training of the field staff are fulfilled in several central banks. Information in these respects will be forthcoming when the quarterly progress reports prescribed with reference to Clause VII are received from central banks. Clause VI of the said resolution requires that the duties of the administrative officer should be clearly defined and Clause IX requires that the work of the administrative section should not only be regulated on right lines by the Madras Central Urban Bank but that it should also be periodically inspected by it. *Action on the lines is awaited. When full effect is given to the Board's resolution, the administrative section will naturally come into full working order and the fulfilment of the purpose of inspection duly ensured.*

In some areas where the federation is in sole charge of the rectification work, or is serving as the administrative section of the bank, these duties are presumably transacted by that body. In such cases, the bank, however, has to satisfy itself that it is kept in possession of full and correct information concerning the condition of societies and that such instructions as are issued by it are duly carried out by the federation.

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, MADRAS.

APPENDIX 1.

(Form proposed in paragraphs Nos. 13 and 15)

Co-operative Central Bank.

REPORT OF INSPECTION OF.....VISIT

to.....C. S. No.

for the year 193 —3 .

1. Date and duration of present visit.
2. Date or dates of Initial and other earlier visits.
Direct Action by Inspecting official.
3. Work due at Initial Inspection, but left undone prior to present visit.
4. Steps for rectification and consolidation, awaiting action as per Section XIV-B of Initial Inspection Report, and pending from prior to present visit.
5. Action due by the Panchayat.
6. Progress of work in other directions.
7. General Remarks.

Notes.—1. Against items 3 and 4, merely enter the Section or Sub-section Number or Letter relating to the work concerned. And, lower down, state action taken at the present visit, in respect of each of those items of business.

2. In respect of item 5, state also lower down what the Panchayat has done.

3. As regards item 6 also, do the same thing, describing progress as briefly as possible.

4. Under each of the items 3 to 6, follow as far as possible the order of subjects observed in the form of the Initial Inspection Report.

5. Furnish D. C. B. and certain other particulars in the form over-leaf.

REPORT.

(Commence on this page. Add blank sheets if required).

D. C. B. and certain other particulars.

	Arrears Rs.	Current Rs.	Total Rs.
1 Demand for the year ...			
	No. of Members.	Amount Rs.	
2 Amount payable upto date of present visit.			
3 „ collected towards col. 2 ...			
4 Other collections ...			
5 Total collections ...			
6 Balance still due ...			
	Date or Dates.	Amount Rs.	
7 Remitted to the Central Bank —			
(1) ...			
(2) ...			
(3) ...			
		Amount Rs.	
8 Cash balance at time of present visit ...			
9 Interest collected from members since 1st July ...			
10 Interest paid to central bank since 1st July.			
	No.	Amount.	
11 References and suits still pending disposal			
12 Decrees and awards sent up for execution and pending realization ...			
13 Decrees and awards lying idle on the hands of the panchayat ...			
14 No. of members who have defaulted for 6 months and more against whom no taken is taken ...			
15 No. of Panchayatdars in default—			
Name of Panchayatdar.		Amount.	
(1) ...			
(2) ...			
(3) ...			
(4) ...			
(5) ...			

APPENDIX 2.

(Form proposed in paragraphs Nos. 14 and 15)

Co-operative Central Bank.

INSPECTION BY HONORARY WORKERS

Report of visit to.....
 C. S. No.....affiliated to..... Union,
 by M. R. Ry..... governing body
 member, director of Union.....
 Bank Federation

N. B.—Enter opposite a brief account of the
 work undertaken by the Governing
 body member or Director.

Dear Sir,

Will you please be so good as to pay an early visit to
 C. S. No. and make a report on the matters indicated in col. 2
 of the subjoined statement.

2. Your reply may be entered in column 3.

3. You are doubtless welcome to report on any other matters con-
 cerning the society for which you may find it convenient to spare time
 and attention.

4. This form, it is requested, may be returned with your replies
 within a month.

To,

Yours faithfully,

M. R. Ry.,

Serial No.	Matter or matters on which report desired.	Reply of union governing body member or director.
1	2	3

APPENDIX 3

(Referred to in paragraphs 5 and 15)

Co-operative Central Bank.

STATEMENT OF INQUIRY INTO ECONOMIC
CONDITION OF MADRAS.

1. No. and Name of Society.
2. No. and Name of member.
3. Name of father.
4. Share capital Paid up Rs. Balance overdue pay Rs.
5. Loans taken and now outstanding.

No. of Loan.	Date of Loan.	Amount of Loan.	Mortgage or surety.	Purpose.	Amount now out- standing.	Principal Overdue on 30th June last.	Interest Overdue on 30th June last.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)							
(2)							
(3)							
(4)							
Total...							

Principal Rs. Interest Rs.

6. Instalments falling due in current year

7. Total payable before 30th June next...

Month or months
in which
promised
to pay.Amount
Rs.

8. Details of undertakings by the member...

Wet. Extent. Assessment. Present
value.9. Property owned cultiv-
able land (S. Nos. to be given as
far as possible) ...No. of
houses.Present
value.

House property ...

(a) Agriculture. (b) Other sources.

10. Gross annual income from...

(a) Agriculture. (b) Domestic
expenses.

11. Annual expenses for ...

12. Net annual savings ...

13. Full Particulars as to indeb-
tedness outside the society ...13. Any further particulars that
may be deemed necessary ...

Inspecting Official's Signature.

316

Member's Signature.

Studies in Co-operative Law and Practice

BY E. S. SUNDA, B.A., B.L.,

Sec. 29: of the Co-operative Societies Act,

Society shall not make a loan to any person other than a member.

- Can a money paid on a loan to a non-member be recovered?

Skemp J. in *Nabi Baksh and others V. Mahamamadi and others* (1929 Lah 330=39 Punjab and R. 146, 116. L.C. 552.) Writes "If the object of the contract (between the plaintiff and the defendant) is opposed to public policy or contrary to statute, then money paid cannot be recovered but in cases I am following several of which deal with loans made by friendly societies or banks in excess of their authority or contrary to law the illegality was over and done with when the loan was made. So it is with this case and I would hold that the bank or its president or managing committee can recover on the principle that the defendant Muhammadali at the time of taking the money made an implied promise to repay. There is nothing illegal in that." Shadilal J. also agreed.

The whole case was decided on considering it from two distinct aspects. (i) The advance of money which was illegal, (ii) the repayment of the money advanced which is perfectly legal. Regarding the first portion nothing can be said as a palliative. But regarding the second point it has been held that monies paid contrary to the statute or character of societies could be recovered. Jessal M.R. said at P 69 in *Coatman v. Coatman* 45 L. T. 392=51 L. J. Ch. 3=188 219 Ch. D. 64=30 W.R. 342, "I am not satisfied that an express provision in the Act of Parliament that the trustees should not lend money upon personal security would have made any difference. The loan would have been wrong if it would have been an appropriation of the societies' money to their own use but that would not have any such illegality in the transaction as would preclude the trustees from recovering the money lent." Similarly money lent contrary to bye-laws by a bank was held entitled to be recovered in *Ayres v. South Australian Banking Co.*, 1971 3 P.C. 513.

The American view of the point takes us to a different aspect of a claim based on equity and justice outside the domain of contracts. It is not as a repayment of the money lent, but paying back a similar amount as compensation. That is also relied on by

Justice Kemp. "It was held that though restitution of property obtained under a contract which was illegal contract, yet *as the obligation to do Justice rests upon all persons natural and artificial, if one obtains the money or property of others without authority the law independently of any express contract will compell restitution of compensation.* (*Rankin V Emigh*) 1910 218 V. S. 27 at 35). Indian case law also follows the English and American view. *Turner V Bank of Bombay* (25 Bom. 52=2 Bom. L. R. 803) follows *Coatman V. Coatman and Ayers V. S. A. Banking Co.* The Calcutta High Court in *Mathura Mohan Saha. V. Ramakumar Saha.* 43. C. 790=23 C. L. J. 26=20 C.W.N. 370 ordered the District Board to repay a sum of money, it obtained under an illegal contract. But the Madras view is rather stricter. It differentiates between (i) illegal contracts pure and simple e.g. contrary to law or in excess of their authority and (ii) contracts opposed to public policy. Devadoss J. in *Janu Sait V. Ramaswamy Iyengar.* 1923 M. 626 at 633 after considering all the previous Indian decisions *Nathu Khan V. Sewat Kori* 15 C.W.N. 408, 9. 1. *Javeerbhai V. Jorabhai* 39 Bom. 358=17 Bom. L. R. 259 *Mathura Mohan Sata V. Ramkumar Sata* 43C. 790 20 C.W.N. 370=23 C. L. J. 26, *Srinivasa V. Sesha* 41m 197=34m L. J. 282=6 L. W. 42=421C. 7 and 3. *Bhikan Bhai V. Hiralal.* 24 Bom. 622=2 Bom. L. R. 483 stated as follows. The rice control (case related to supply of rice during war times.) was for the benefit of the public and any violation of the rule is opposed to public policy. It is unnecessary to notice all the cases relied upon by the parties as it is quite clear that the court should not render aid for the purpose of helping the plaintiff to get back the money which he paid under a contract which was opposed to public policy and therefore void". Will it be too much to imagine or stretch the argument that moneys intended for the members of a co-operative society (which are working under certain statutory concessions and privileges), if given to non-members who are not entitled to such concessions, is an act against public policy and against the original intention of the Government which gave the societies such privileges? Defining public policy is rather difficult. Suppose a mass of co-operative societies lend to non-members in spite of the prohibition. Will it not lead to a subversion of the co-operative principles and the policy of the Government and public who want to live under a certain atmosphere? It will be rather hard to deny the right of a society to recover monies under such conditions but a lapse and then a legal protection under a case law should not

it is urged, be made the basis of fresh lapses or a shelter for others of similar propensities. It is rather far better to assume the strict rule of Devadoss J. rather than allow a lapse and then try to have it condoned.

It still remains of question whether the learned Judges who tried *Nabi Baksh v. Mahammadi* would not have come to a different conclusion—may the opposite of it, if they had considered the implications of the Act as a whole. The Act provides for certain activities of the Co-operative Society. It is given full autonomy both in its transactions and also in cases of disputes where judicial help is necessary. Sec. 43, 2-(1) gives a forum. But that can decide disputes touching the business of a society between members or past members of the society or *persons claiming through a member or a past member or between a member or past member or persons so claiming and the Committee or any officer.*" So the only dealing contemplated with a non-member comes in this section barring one in section 29 (with other societies) and that too restricts it to the fact of a non-member claiming through a member.

The letter and spirit of the Act is positively against non-members. The cases relied on for support no doubt relate to such instances which were not authorised by statute or charter. One doubts whether they want to go behind the wording of the statute and try to interpret the same with the motives that were responsible for the statutory prohibition. A co-operative jurist will take and is bound to respectfully differ from their Lordships Skemp and Shadilal. Once it is conceded that a contract is enforceable in a way in a court outside the forum given under the Act—it is not difficult to imagine a possibility where dealings with non-members may increase and the silent and diligent work of co-operative concerns will have to be wasted before the civil courts, subjecting themselves to the penalties and the difficulties of ordinary civil litigation—money, waste of time loss of work etc. and foregoing the handy remedy under the Act.

Besides if a dealing with non-member is enforceable, what is the difference between a co-operative Bank and a Joint stock bank which deals with non-members; concerning dealings with non-members is a negation of co-operation.

It is not hard to imagine possibilities where as as equal to the contracts with non-members, the latter may have occasions to proceed against societies. A co-operative jurist will feel rather hard put to interpret the section 29 though the first inclination will be

and rightly too that the society should not be melted with liability for the acts illegally entered into by the Directorate or the executive with non-members as relating to the business of the society. Co-operative Societies are not expected to figure before ordinary civil courts in any litigation and that is best safeguarded if dealings are restricted to members which provide a forum within, cheap and handy. An emphatic statement of the view will be seen in *The Zamindar Bank Sherpurkalan V. Subra* 71 I. C. 722 (1923) (Abdul Raof and Moti Sagar J.J.); *Gopinath V. Ramnath* 1925 A 356, *In the matter of Mahamandal Sastitra Prakashah Samity K.D., Benares* 39A. 334=391C 570=15 A. L. V. 193. Before we conclude this subject, it should be stated that a sale of goods to non-members by a co-operative stores stands on a different principle in fact there is no statutory prohibition. *Hanumanta Rao V. Vasudeva* 1926 Nagpur 463=96 I. C. 351 (2).

RURAL RECONSTRUCTION IN ALAMURU

IN ENGLISH AND TAMIL

BY

MR. V. VENKATASUBBIAH, B.A.,

(Joint Secretary and Convener, Rural Reconstruction Sub-Committee,
The Madras Provincial Co-operative Union.)

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Building Societies and Audit Fees.

By MR. S. SRINIVASA AIYAR, B.A., L.T., M.R.A.S.,

(Secretary, Nallampettai Co-operative Building Society, Ltd., Vellore.)

The Registrar of Co-operative Societies in his notification dated 6th September 1930 has fixed the scale of fees payable by Building Societies for the audit of their accounts done by Government from the year 1930—31. Building societies are yet in an infant stage and to levy audit fees at this stage of their development would cause great hardship to their progress.

Further the scale of fees fixed is neither equitable nor just. The Registrar notifies that the scale of audit fees for a building society is the same as that for a credit society. The work involved in auditing the two types of societies, is entirely different, it being much less in the case of a building society. Let us take as an illustration a building society and a credit society with a working capital of Rs. 50,000. In a building society, this amount will be covered by 20 loans at the utmost whereas, in the case of the credit society it will be spread through at least 200 loans. The loans in a building society are for a long term of 20 years and consequently there would be very few loans issued or closed for the same working capital during the year; but in a credit society most of the loans would be closed and fresh ones issued in the course of the year. Thus it will be seen that the work involved in auditing a building society is not even one-twentieth of the work required to audit a credit society of the same working capital.

Lastly, building societies work at a small margin of profit, generally half—a per cent or one per cent; credit societies work at a profit of two to three per cent. Hence building societies would not possess sufficient resources to pay the heavy scale of audit fees.

It is earnestly hoped that the Government and the Registrar of Co-operative Societies would look into this matter again and lighten the scale of fees for auditing building societies if the entire fees could not be abrogated.

The Provincial Co-operative Union would be doing a real service to the cause of building societies in this presidency, if it could take up this subject and agitate for redressing this iniquitous taxation on building societies.

Elimination of pies in Audit figures—A similar procedure in the Accounts of Societies

A SUGGESTION.

BY S. GOPALAN, (Supervisor Ettayapuram.)

The elimination of pies in the drawing up of the statements of the Audit Notes and Annual Statements of all Co-operative Societies has been found in experience to facilitate the tallying of figures between many statements. For purposes of division of a figure like the profits for distribution to various heads again, the system is found to be of much help. The question now arises why a similar procedure should not be adopted in the very original accounts of societies themselves and thereby avoid the rounding up of figures at later stages now left for the auditors.

Generally the figures in pies turn up in the calculation of interest on deposits and loans payable by societies and members. If Societies were to round them up and make their demands in half annas there will never be a chance for the entries of pies in the accounts and consequently for errors in omissions, calculations or totalling up of a number of pies items. As at present, Auditors are required to manipulate the figures of various items and round their pies after arriving at definite figures. If instead of that, there were to be no entry of pies at all in society accounts the question of rounding up does not arise at all.

For practical purposes a definite method may be framed by all societies to the effect that the interest payable on loans from and to societies shall represent so many Rupees, annas and half annas only. Any amount that has a sum less than one half anna in calculation may be omitted in favour of the member and vice versa.

I believe that this system would be found to be very practicable and useful and also to the advantage of Societies in writing up of totalling and presentation of neat figures. The checking authorities may find their task easier and will love the work too. Above all, the amounts so rounded up are done so before a credit or debit entry is made and therefore no body will be a gainer or loser thereby.

A uniform procedure may be adopted in my humble opinion by all Co-operative Institutions. If, however, it is deemed that a trial is necessary, all Urban Societies at least may try the experiment after framing an amendment to by-law 43 as follows.

add to by-law 43 :—“as also every fraction of an anna in the interest calculated shall be converted into one half half anna if it is found to be less or into one anna if it is greater than one half anna.”

Recent Utterances

THE ANANTAPUR DISTRICT CO-OPERATIVE
FEDERATION Ltd, ANANTAPUR.

LAYING OF THE FOUNDATION STONE OF THE
NEW BUILDING

PRESIDENTIAL ADDRESS.

BY

M.R.Ry. DR. C. NARAYANA RAO GARU, M.A. L.T. P.H.D.

Gentlemen,

I thank the Federation for its kindness to ask me to preside on this occasion, I feel this task had been laid on the shoulders of more competent people, real, practical co-operators who know the ins and outs of the co-operative movement than on me who as a layman, cannot be expected to speak authoritatively on matters which must necessarily invoke technical and administrative difficulties in the various details of the actual working of the co-operative machine.

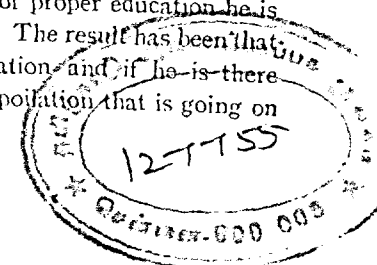
We are gathered here to perform the “SANKU STAPANAM” ceremony of the building of the District Co-operative Federation, Anantapur. This building will be raised on the site kindly presented by the District Bank Anantapur. The Federation should indeed be grateful to the District Bank for what it considers to be an act of charity or grace. Still, I hope the District Bank will not forget that the Federation exists to safe-guard the financial interests of itself as against the primary societies to which it has advanced moneys. In return for this gift therefore, the District Bank expects the Federation to discharge its self imposed functions properly in the best interests of all concerns in the co-operative scheme. I hear the Anantapur co-operative union will also be an accommodation in the building that is going to be raised and perhaps, the Union will express its gratitude to the Federation in its turn for this kind solicitude. I fear again that the Federation is showing this act of grace towards the Union that it may have a closer eye on the working of the Union.

I beg to be excused for this sort of innuendo in a matter where goodwill ought to form the basis of any system of co-operative organisation. Yet practical experience I hear exhibits this sort of mutual suspicion all round between the primary societies and the Union, between the Union and the Federation, and between the financing Bank on the one hand and the primary society, the Union and the Federation combined on the other. This takes us to the very root of the co-operative movement in this country. As every body knows the financier is the Bank and the debtor is the primary society

with limited or unlimited liability. As such, it is a matter lying entirely between the bank and the primary societies. As the District Bank situated at the head quarters of the District, away from the primary societies it cannot have intimate knowledge of them, it takes the services of the Union and the Federation to adjudge the credit of the primary societies and the members so that it may not end in any crash and to propogate the principles of co-operation so that a larger number of people may be attracted to enjoy the benefits of co-operation. Thus they serve as intermediaries between the bank and the primary societies. It may be asked what is the necessity for this dual organisation to discharge one and the same function. The reply generally given is that circumstances out here require this dual control. The Union functions within manageable limits and is expected to have an intimate, first hand knowledge of the affairs of the primary societies. The Federation is a district organisation and serves to co-ordinate the activities of the different Unions and functions through the Unions. Its control over the Primary Societies is only remote and its activity naturally must be confined to the general educative side of the movement, and to interference with the Primary Societies only where the Unions do not function properly.

This sound to the very good theory and in practice also, if worked in the spirit in which these two intermediary bodies have been created must bring about considerable good. For experience does not lend support to such a hope. There are defects in the system which are taken advantage of by the self seeker. Co-operation is primarily intended for the economically weak, the movement, however, has been allowed to pass into the hands of the well to-do, the private banker and the land holder whose interests are jeopardized by the progress of this movement. Co-operation is expected to grow out of an innate desire of the poor people to rise from their downfallen and downtrodden condition by combined action. There is, however, no such desire expressed by the poor owing to the depth of ignorance and illiteracy in which they are immersed. No system of extensive mass education useful to the poor has been thought of till now except instructions in the three "Rs." even which is but perfunctorily and most inadequately given. The Census operations will begin within a few months and we need not be disappointed if they do not show any appreciable rise in literacy. But the co-operative movement has succeeded in foreign countries and the whole system, it was thought would automatically produce the same wonderful results, here also, only it required to be carried in ships down here and societies thrust into that scheme. It did not matter whether the society could fit itself in it or not. In co-operation however, as in all similar things of exotic growth Indian society could not adjust itself to this imported dress, it proved either too loose or too tight. The result has been disaster. The rich man, the influential man, the intelligence have huddled out the poor man out of the co-operative field and have always occupied the vantage ground from which they could keep the really needy down in the depth below. This is not loose imaginative talk. The facts are there in all their horrid reality.

The primary society is generally managed by directors who are the Jabardasti, vocal elements in the village. It is from out of the directors again that the representatives of the primary societies are returned into the Unions. It is again from the Unions that the majority of the members of the Federation are chosen. As you know, the federation is composed of (1) two delegates from each of the local supervising or audit Unions (2) two elected by all the limited liability primary societies (3) two elected by all the unlimited liability primary societies and (4) five delegates from the district bank. The four elected members from the primary societies, again are drawn from among the directors so that the District Bank is left with a representative of only five in a body in which at the minimum estimate, it necessarily occupies a minority position and at the maximum estimate, it is swamped and almost swept out of existence. There would not have been such a fear for the District Bank if things went on well in practice. Experience shows however, that it is not well with the primary societies as shown by the terribly increasing amount of arrears of the primary societies' dues to the financing bank, year after year. What is at the bottom of these arrears? The poor man, the needy cultivator, has been and is a trustworthy individual and is particular about his honour. He is truthful and honest in every inch of his being. It would be a libel on the real basis of Indian society to suggest the contrary, if statistical evidence cannot be produced in support of this suggestion. We know of cases of fifty years ago where money lender was satisfied with the tulasi plant, or the sun or the moon or the sky or the mother earth as sufficient witnesses for the transaction with the cultivator. The worker on the soil, the man who by the sweat of his brow is feeding the millions of this and other countries while he himself is tottering on the verge of starvation, is not yet touched by the evils of so called civilized life. If this much-adumbrated co-operative movement had afforded some room for him it would not have been exposed to such blame. Mind you, the co-operative movement is not new to this country. It permeated the whole frame of Indian society. Indian society would have been shattered long ago but for this deep and well laid co-operative basis. The religions, social, moral and economic concerns of the Indian sanghas, the santis were premeated through and through with the co-operative spirit. The srenis, sanghas, samities, the kulas, were nothing if not parts of an inter-related co-operative machinery. But suddenly the glamour of an alien civilization and life has taken hold of the directing power of the Indian society and a gap has been created between the intelligentsia which has quickly learnt to be self-seeking and the masses who could not keep up pace with them for various reasons. Before this, the Indian cultivator was certainly not ignorant: whether he was illiterate we have not sufficient data to prove. Losing touch with the intellegentia and deprived of proper education he is now reduced to both ignorant and illiterate position. The result has been that he is jostled out of the modern co-operative organisation and if he is there at all, it is only to remain a dumb spectator of the spoilation that is going on



all round and to serve as an instrument in his own spoilation. You know what I am driving at. I do not fear to suggest that the arrears in the primary societies are due to the well-to-do vocal directors, who, I am reliably informed share the money advanced by the Bank among themselves personally and openly and when such a course has not been possible, resort to benami transactions. This rotten state of affairs was clearly revealed in recent years in all the reports of the committees on co-operation in Madras, the United Provinces, the Central Provinces and Burma and these are the only committees which submitted their reports after the findings of the MacLagan committee in 1915.

We now understand why the co-operative movement has been considered to be a failure in this country at least by the Non-Official in spite of the volume of work shown as turned out in Official Blue-Books. The Unions have no responsibilities. They are assigned certain duties which they may neglect with impunity. They are not even guaranteeing Unions in this Presidency as in some other provinces even where they have been considered to be failures for the very reason that our Unions are failures. The bank is deceived by false estimates of the credit of the primary societies, such being the case with the Unions. The Federation also cannot safe-guard the interests of the financing bank by the very nature of its organisation. The tendency with us is that we are loth to dispense with an institution when once it comes into existence even though the members thereof know in their heart of hearts that they are playing a sham on society. Why not some people be benefited by battas and travelling allowances and at least sitting fees is the argument advanced in support of the retention of useless and sometimes positively harmful institutions. The general good of the society is lost sight of and selfseeking takes its place.

What then is the remedy? Most people who are disgusted with the existing state of affairs rush to the suggestion that the whole thing should be brought under the official control. This I beg to state, is a counsel of despair. It cuts at the root of the very idea of co-operation. If co-operation meant only the advance of money and a stringent recovery of the same with interest at the stipulated time by the Government which advances the money officialisation is certainly the best means of achieving that end. But co-operation is as wide and extensive and varied as life itself, and a Government, however national and benign it might be, cannot cope with the many sided co-operative activities and even if it could, it can only be mechanical, a wooden and red pish to the detriment of the human elements in life. The direction of the movement, therefore, should be towards progressive non-official organisation. The organisation must, however, be completely overhauled. I should like to make a few suggestions with regard to this.

(1) No primary society should be registered unless it has a preponderant element of really needy people who wish to utilise the credit advanced

to them for some useful, productive, purpose. No one should be admitted as a member for the simple reason that he pays the share money. The Federation may be empowered to nominate at least a few directors from among the four on the directorate of the primary societies. All benami transactions must be heavily penalised by law.

(2) The Unions must be abolished and the Union supervisors must be placed under the inspectors both of whom should be responsible to the District Federation and controlled by it.

(3) Supervisors should be appointed from among the applicants acquainted with the area placed under their jurisdiction and should submit their reports through their inspectors, one to the Federation, and duplicate to the District Bank.

(4) The federation which may be called the central committee since it is no longer a federation must be composed of equal members of important non-officials not connected with the District Bank or the primary societies and of co-operators elected by the General Body of the District Bank from among themselves, such members not being the directors of the Bank. The Federation must be given wide discretionary powers with regard to

(i) appointment and removal of paid officers subject to the appeal of the District Bank,

(ii) Liquidation of bad societies,

(iii) Propagating co-operative education and so on.

(5) The formation of the societies for particular crafts and trades in each village must be encouraged even though this may entail multiplication of societies and heavy supervision so that co-operation within small groups for the advance of activity among people who know each other at close quarters will be encouraged.

(6) Preference with regard to the advance of credit should be given to productive societies and purely credit societies should be discouraged and in course of time abolished or limited to the advance of very small sums.

This seems to me to be a scheme which does not possess many of the defects now existing in the co-operative movement. But above all these the basic defect of ignorance and illiteracy must be removed at all cost. All efforts in this direction have been either half-hearted or carried on by idealists who have faced themselves for the uplift of masses but who have left this task in sheer despair for want of adequate encouragement in any direction.

The system of mass education must hence forward not be half hazarded as at present. Every village must have a school under the control of the Village Panchayat and a proper scheme of rural education of a practical type really useful for the progress and prosperity of the village must be framed and prescribed for the guidance of the rural teacher.

All this seems to be an uphill task fraught with great difficulties. Sloth, indifference and self-interest must give place to activities, perseverance and a spirit of altruism. It is only then that the foundation for the co-operative movement can be said to be well and truly laid. Let us all join in prayer to God, that the laying of the foundation stone of the building for the District Federation may really prove to be the foundation stone for the uprising of a firm, stable, all-embracing co-operative edifice in Royalaseema.

G. NARAYANA RAO.

Special Types of Societies.*

AUDIT CERTIFICATE

BY M. R. RY., RAO SAHIB N. RANGANATHA ACHARYA AVL., B.A., B.L.,

Deputy Registrar of Co-operative Societies, Bezwada, on the accounts of the Vaddlamannadu Co-operative Land Mortgage

Bank Ltd. No.—950 for the year 1929-1930.

The accounts of the Vaddlamannadu Co-operative Land Mortgage Bank Ltd. No. H. 950 in the Krishna District for the Co-operative year ending 30th June 1930 as audited by M.R.Ry., Prakasarao, Sub Deputy Registrar of Co-operative Societies, Bezwada are passed.

Statements of (1) Receipts and Disbursements (2) Profit and Loss and (3) Assets and Liabilities as furnished by him are appended to this Certificate.

2. The authorised share capitl of the Bank is Rs. 30,000 divided into 3,000 shares of Rs. 10 each payable in full on allotment. The amount of share capital on the last day of the year amounted to Rs. 12,820 involving 1282 shares as against Rs. 7,910 involving 791 shares in the previous year. The number of members rose from 101 at the beginning of the year to 229 at its end.

3. The Bank raised debenture money during the year to the extent of Rs. 46, 500 out of which debentures have been actually issued by the bank for Rs. 20,000. The total borrowings at the end of the year amounted to Rs. 91,000 as against Rs. 44,500 at the begining of the year. Out of these borrowings the bank issued debentures of which Rs. 10,000 worth of debentures were taken up by Government and Rs. 54,500 worth were taken up by the Public. The bank has yet to issue debentures for the balance of Rs. 25,000 and has to obtain sanction of the Registrar for issuing debentures worth Rs. 1500.

4. 34 loans amounting to Rs. 49,900 were disbursed to members during the year. The repayment by members during the year amounted to Rs. 4,110. The amount outstanding against members at the end of the year was Rs. 95,390 involving 68 loans as against Rs. 49,600 involving 34 loans at the end of the previous year. It is regrettable to note that the bank was unable to collect dues both under principal and interest in one loan and consequently there were arrears of Rs. 100 and Rs. 164-8-0 under principal and interest respectively at the end of the year. This arrear has however been collected a few days after the close of the year.

5. The Bank worked at a net profit of Rs. 258-3-0 during the year. As per by-law 64 of the bank one-fourth of this i.e., Rs. 64-8-9 shall be carried to reserve fund and the balance of Rs. 193-10-3 may be distributed

*Extracts from Audit Certificates.

among members as dividend at a rate not exceeding 8 per cent per annum on the paid up share capital and according to the other provisions of the same by-law as may be decided by the general body. The Bank is requested to remit Rs. 64-8-9 to the Central Co-operative Land Mortgage Bank Ltd., Madras towards reserve fund. All undistributable and indivisible profits should be carried to reserve fund.

II

Audit Review on the working of the Andhra Co-operative Institute Ltd. No. H. 980, Bezwada, for the Co-operative year ending 30th June 1930 by M. R. Ry., Rao Sahib N. Ranganatha Acharya AVL., B.A., B.L., Deputy Registrar of Co-operative Societies, Bezwada.

The accounts of the Andhra Co-operative Institute Ltd., Bezwada for the year 1929-30 as audited by the Acting Senior Inspector M. R. Ry., K. L. Narasimham B. A., are passed. The statements of (1) Receipts and Disbursements and (2) Funds available and obligations to be fulfilled as on 30th June are appended.

The Institute was informally working from March 1928 and was registered as a Co-operative Society under Act II of 1912 (India) on 10-6-29 and started on its work on 11-8-1929. 18 members were admitted during the year 11 of them being individuals, 2 District Federations and 5 Central Banks. Consequent on the registration of another Institute at Rajahmundry the Andhra Districts to the North and inclusive of the West Godavari District were excluded from the area of operations of this Institute leaving the districts of Nellore, Guntur and Kistna for it to serve. The Ellore and Vizianagaram Central Banks were accordingly disaffiliated during the year leaving the membership of the Institute on 30-6-30 at 16 comprising of 11 individuals, 2 District Federations and 3 Central Banks. The Kistna District Federation and the Guntur District Co-operative Central Bank lying within the area of operations of the Institute have not become its members yet. Steps may be taken to affiliate them also.

The Institute had so far conducted 5 sessions. It has during 1929-30 conducted 2 sessions (the fourth and the fifth) from 1-7-29 to 20-11-29 and from 2-12-29 to 16-4-30. The sixth session was commenced on 2-6-30 and is now running.

The funds available and obligations to be fulfilled as on 30th June 1930 are respectively Rs. 2,864-11-0 and Rs. 324. The amount of subsidy received from Government was mainly utilised for the payment of salary to the two lecturers including pensionary contribution and for house rent etc. for the Institute throughout the year while the income from school fees was spent in the purchase of furniture and books for the library and for contingent charges.

Besides the Superintendent, who is a Sub Deputy Registrar of the Co-operative Department and whose services have been placed by Government at the disposal of the Institute there are two lecturers paid from the funds of the Institute. Besides the Government have sanctioned a clerk on Rs. 35-60 and two peons on Rs. 12-18 to the Sub Deputy Registrar.

The members of the Board of Management met four times and the General Body of Management had to be adjourned for want of quorum.

The working of the Institute continues to be uniformly satisfactory and reflects credit on the management and the staff.

III

THE SALEM WEAVERS' CO-OPERATIVE SOCIETIES Ltd. No. S. 362

With the objects stated in the enclosed appeal, *ie.* to ameliorate the condition of Salem weavers who have hitherto been weaving artificial silk etc., and have been thrown out of employment as those commodities do not now find a market, the Salem Weavers' Co-operative Society has been organised at the instance of the Salem Weavers' Relief Committee.

The society has been registered under the Co-operative Societies Act and has started work on 20-8-30. The Registrar of Co-operative Societies has been pleased to depute one of his Senior Inspectors as manager of the Society. Cheap sarees and dhothies made of yarn ranging from 28s to 60s and costing between Rs. 3 and 6 are manufactured by the poor members on a large scale under expert supervision. We can also make goods to order according to the patterns supplied. Our prices are the most favourable as raw materials are purchased wholesale by the society, issued to members and the finished products of standard quality and uniformity are got from the members direct without the medium of any middlemen.

Genuine Indian yarn is used and the sarees, dhothies etc., are made by the member weavers in their hand looms at their cottages. The colours are guaranteed fast. The profits of the society after the statutory contribution to Reserve Fund and the declaration of dividends, go to the working members as bonus. The public, wholesale merchants and co-operative societies are requested to encourage this concern by placing the orders with this society only as by doing so both the consumer and the producer are blessed in the act. Co-operative societies are requested to arrange for the joint purchase of sarees and dhoties for distribution to members during Deepavali. Our prices are fixed and commission is allowed on wholesale orders.

THE APPEAL.

"It has been resolved to start in Salem Town a Weavers' Co-operative Society on the basis of limited liability to relieve the distress at present

existing among the weaving population of the town owing to their unemployment due to the existing situation in the country. The objects of the Society will be to encourage our home industry of hand-loom weaving with home-spun and Indian mill-made yarn. The Society will consist of members who are termed as A and B Class shareholders. The former will consist of all sympathisers with the movement and the latter will be the actual weavers for whom the relief is intended. A Class shares will be Rs. 25 each together with an entrance fee of As. 8 per share subject to a maximum of Rs. 5. B Class shares will be Rs. 5 each with an entrance fee of 1 anna. The A Class shares will be fully paid up at once while the B Class shares will be payable in instalments. Each individual is eligible to take up 40 A Class shares. The dividend payable to the shareholders will be subject to a maximum of 9 per cent.

2. The Committee earnestly appeals to the public of the Salem District to help the objects of the Society by taking up as large a number of shares as possible and thus help the poor suffering weavers and their families.

BARBARA TODD,

IV

ANNUAL REPORT ON THE WORKING OF THE ANANTAPUR Dt. CO-OPERATIVE FEDERATION LTD.

For the period from 1st July 1929 to 30th June 1930.

The report on the working of the Federation up to 30th June 29 was presented to the General Body at its Meeting on 23rd November '29. The present report covers the period from 1st July '29 to 30th June '30. This is the fifth year of the working of the Federation. At the beginning as at the end of the year under report, there are 15 Local Co-operative Unions and one Central Bank affiliated to the Federation.

OFFICE BEARERS AND MANAGEMENT.

The management of the Federation is vested in a Board of Directors consisting of 17 members of whom 15 are representatives of the Unions and two of the Central Bank. For the efficient and prompt disposal of the normal business of the Federation an Executive Committee consisting of the President, Secretary, and three other Directors elected from the Board of Management has been formed. The ultimate authority in all matters relating to the administration of the Federation is the General Body consisting of two representatives from each of the affiliated Unions and five from the District Co-operative Central Bank.

THE GENERAL BODY AND THE BOARD OF MANAGEMENT.

During the year the General Body of the Federation met once on the 23rd November '29 to consider the annual report and to approve the audit

certificate and amendments to By-laws. The Board of Management met thrice, on 1-7-'29, 14-7-'29 and 23-3-'30 to consider the adoption of the system of pooling of Supervision Fund, the appointment of the Executive Officer, Budgets of the Federation and the Unions and the election of the President, the Secretary and the Executive Committee.

THE EXECUTIVE COMMITTEE AND OTHER COMMITTEES.

The Executive Committee met on 6 different occasions during the period under report. The Proceedings of those Meetings have been sent to the Unions, the Bank and the Departmental Officers. The Resolution to appoint a paid Executive Officer passed on 1-7-'29 was ultimately given effect to on 17-8-'29 and the scheme of centralisation of Supervision Fund of Unions has been put into force from 1-9-'29. Besides there were two Committees, the Consolidation and Rectification Sub-Committee and the Building Committee. The Consolidation and Rectification Committee met once to draft the scheme of Consolidation and Rectification work and chalked out the programme of work for the staff appointed for the purpose. The Building Sub-Committee met twice to fix up plans and estimates and to undertake the construction of the building for the Federation with a view to house the Federation, Local Union and the Town Bank. The Committee has thankfully accepted the gift of a site measuring 50 cents by the District Bank. The Committee has made preliminary arrangements including the collection of materials and the work is soon to commence. We hope to conduct the next General Body Meeting in our own Buildings.

THE ACTIVITIES OF THE FEDERATION.

The chief activities of the Federation during the period under report were as follows :—

(a) *Conference.* The 10th session of the Anantapur District Co-operative Conference was held at Anantapur on 24th November 1929 under the Presidency of M. R. Ry. C. Doraswami Iyengar Avargal, B.A., B.L., M.L.A. The Proceedings of the Conference were circulated to all Unions and societies and published in local Sadhana paper and the Madras Journal of Co-operation. Necessary action to the extent possible has also been taken on the Resolutions of the Conference. The most important Resolution passed in the Conference was that dealing with the institution of the Land Mortgage Bank in the District as a result of which the Dharmavaram Local Co-operative Union has sent in proposals for the starting of the Land Mortgage Bank at Dharmavaram. The proposals seem to be pending with the Deputy Registrar in charge of Land Mortgage Bank, Madras.

(b) *Panchayat Training Classes.* The Federation arranged for four Panchayat Training Classes at Tadpatri, Singanamala, Brahmanayaleru and Lepakshi. The Sub-Deputy Registrar of Co-operative societies, the

Superintendent of the Co-operative Training Classes with his instructors, the Senior Inspector and the Executive officer of the District Co-operative Federation and the President and a few other Directors took part in conducting these Training Classes and delivered lectures in co-operative principles and practice, by-laws, audit, consolidation and rectification of bad societies and preparation of loan applications and annual statements. The general attendance in these classes is fair. The Federation feels highly grateful to the Departmental staff for co-operating and rendering necessary assistance in the conduct of these classes. The Federation intends to appoint a whole-timed propagandist this year to carry on an intensive propaganda in imparting necessary instructions to rural Panchayatdars.

(c) *Library.* Many new books have been added to the Federation during the year under report, with the assistance of the Government grant of Rs. 400, the Federation contributing an equal sum and thus a sufficient Library has been gathered for the use of District Co-operators and others interested in co-operation. A catalogue of books in the Library has been prepared and maintained.

(d) *Consolidation and Rectification.* The Federation took this important item of work from 1-9-'29. A special staff of 5 consolidation inspectors was appointed from 1-9-'29 and a list of bad societies was given with the consultation of the financing Bank and the Unions. The Executive Officer of the Federation was placed in charge of this work and he has been regulating and supervising the work of the staff. About 80 bad societies were inspected by the Consolidation staff. In all these societies a thorough investigation of all loans was made. Attempts have also been made to secure all loans in a large number of cases. About 10 societies which were completely moribund were recommended for enquiry under section 35 to the Department and the District Bank was requested to file suits and enforce unlimited liability. The other societies are being rectified and loan applications have been sent to the Bank in respect of 20 societies. Collection work to the extent of Rs. 40,000 was done by the Consolidation staff. The District Bank has been pleased to contribute a sum of Rs. 1,800 and to place the two Bank Inspectors under the control of the Federation. With the acquired experience and greater funds and other contributions from the Bank the Federation hopes to push on and do intensive work during the coming year. The Madras Central Urban Bank and the District Bank are requested to render substantial financial assistance.

(e) *Propaganda and Inspection Tours.* The President and a few other Directors toured in some Union areas and visited the societies on propaganda and inspection work. The Executive Officer of the Federation has toured during the year and inspected almost all the Unions and about 30 bad societies in the District.

(f) The Federation assisted the Local Co-operative Unions in the matter of finance and arranged for the supervision of bad societies and deputed

Supervisors for collection work in some of the Unions. A few Unions were reconstituted and set in good working order. All the Unions have been sufficiently equipped and they have to be thanked and congratulated for their hearty co-operation with the Federation in all its activities. The Federation also issued Circulars on important subjects such as the preparation of the property statements, encouragement of short term loans on forecast system, maintenance of account books in rural co-operative societies.

(g) *District Co-operative service.* The service rules have been revised from 1—7—'29 and the Supervisors have been put in District Cadre and their scales of pay have been standardised. Provident fund system has been introduced and the Supervisors are thus assured a status and fixity of tenure. They are thus enabled to work with greater zeal and vigour.

(h) *Rural reconstruction work.* The rural reconstruction work has been progressing in a few societies of the Lepakshi Union and the Supervisor of the Rural reconstruction work has been provided with a Magic Lantern to facilitate his work. The Federation feels highly obliged to the District Bank for having provided the necessary funds for the purchase of Magic Lantern.

VI. ESTABLISHMENT.

The Federation maintains a paid Executive Officer and five consolidation inspectors directly under its control during the year under report. Those were chiefly employed in the consolidation and rectification of bad societies and collection work. The Executive Office regulated and systematised the work of the Consolidation Inspectors and assisted the Unions in regulating the work of the Supervisors. He also attended to the rectification and collection work in a few societies. The Federation also maintains an Office staff consisting of two clerks and an attender.

VII. FINANCE AND ACCOUNTS.

The District Supervision Fund has been centralised as a result of the adoption of the pooling of the supervision fund and the District Federation got a rebate of Rs. 9,868-0-6 and Rs. 2,350 as contribution for consolidation and rectification work. Out of the total demand of Rs. 17,298-2-3 towards supervision fund, a sum of Rs. 10,412-3-4 has been collected and the balance of Rs. 6,885-14-11 has yet to be realised. The District Co-operative Central Bank has been requested to deduct the arrear of supervision fund within the ensuing quarter. As a result of the pooling system and as a result of the general financial help rendered by the District Bank, the Federation has been able to stabilise itself and strengthen the Unions with adequate staff and with greater funds the Federation intends to do better work during the coming year. The Federation has maintained all the accounts prescribed by the Department.

VIII. The relation of the Central Bank, and the Federation.

Absolute harmony and cordial relations prevail between these bodies. The District Bank has been pleased to render considerable help both in money and advise. The Secretary issued circulars now and then as to the nature of work to be done in societies. The Bank issued periodical statements of outstandings and collections and other periodicals received by it. It left the work of rectification of bad societies to be pulled up by the special staff for which it has allotted about Rs. 2,500 this year. The conference of the Supervisors was availed of by the District Bank's Secretary and the Vice-President to issue instructions for the work to be done by them. The District Bank is heartily to be thanked for rendering the above assistance to the Federation. The Unions also are to be thanked for their hearty co-operation in the smooth and efficient work of the Federation.

IX. *Record of work.* By the working of the Federation the Central Bank is in a position to know the exact state of the societies and a definite record of the receipt of the property statements is kept in the Office. The Central Bank received property statements from about 263 societies in the District. The Federation has also regulated the receipts of the statements of the signatures of the Panchayatdars and acknowledgements of debts. It has also regulated the receipt of the inspection reports of the societies and the diaries of the Supervisors. Monthly review on the progress of property statements, liability statements, consolidation and rectification work and collection work were issued during the year under report.

X. *Overdues.* The question of the reduction of the overdues in the District has become a difficult problem. Various causes have contributed to their increase, viz., the indiscriminate way of granting loans to societies without reference to their repaying capacity and from societies to members, the indifference of the Panchayat, the lack of proper supervision in some areas in the past and above all the successive failure of season. The season has been very bad this year too and despite strenuous attempts by the Unions, Supervisors and the consolidation staff, the Federation could not show better collections. Organised efforts in this direction was begun this year and the Federation hopes with better equipment available and with the hearty co-operation of the Unions and the Department to reduce the overdues considerably in the coming year. It is gratifying to note that in spite of bad season and complete failure of crops Tadpatri Union has fared best in collections.

XI. FUTURE PROGRAMME.

The Federation has so far been able to tackle with the rural societies and co-ordinate the work of the Unions. Arrangements are in progress for the audit of the Limited Liability Societies by a qualified inspector. It has in view the re-grouping of the Union areas to make proper distribution of work among the supervisors so that better results may be obtained by more

intensive work. It has also in view to increase the Consolidation staff at the rate of one per Taluk area to rectify the bad societies and co-ordinate and assist the Unions. It also intends to appoint a Propagandist for the Training of the rural Panchayatdars. It has also undertaken the compilation of the annual statistics and the preparation of the District Administration Report.

XII. GENERAL.

The Members of the Committee and the Board who are representatives of the component Unions and the Central Bank have worked together wholeheartedly and in good spirit. The Office of the Federation is housed very near the Central Bank. All the work of the Federation has been achieved with the close co-operation of the Unions, the Bank and the Department. The Federation has become a harmonising Institution being the recognised exponent of co-operative non-official opinion in the District.

(SD.) K. S. RAGHAVA CHARLU,

President.

RURAL INDIA.

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Reviews.

1. TRAVANCORE.

The Administration report of the Co-operative Department of Travancore for the Malabar year 1104 corresponding to the year ending 30th June '29 is a record, as usual, of all round expansion of activities. The statement showing the general progress of the movement under various main headings during the past quinquennium appears on page 15 of the report, and a glance will show that there has been a steady increase under all the headings, such as, number of societies, working capital, reserve fund etc. We want to lay special emphasis here on some of the salient features.

In our review of the report for the previous year, we suggested the desirability of the Registrar being provided with at least three assistants to be in charge of the three revenue divisions of the State. We notice that the scheme of re-organisation recommended by the Registrar is still pending consideration by the Government.

Communalism has been the bane of the movement in this progressive State. Co-operative societies at least ought to encourage all steps for the weakening of this influence upon the people. We are surprised to find in page 8 of the report 26 sub-sections of various castes and creeds who have got communal societies amounting to 746 out of a total of 1738. The sooner these are obliterated and merged into societies started for particular areas, or professions, the better.

From the beginning the Department has been encouraging the grant of short-term loans only and therefore the question of uncollected arrears has not become a serious one. But the disparity between the arrears of societies to the Central Bank and the arrears of members to the societies is not a healthy sign and deserves to be looked into with greater care.

Chittis are being conducted by co-operative societies and the Registrar himself remarks that it would be interesting to know how far these *chittis* do really help the members to make savings. If the maximum rate of discount be fixed by rules and if there is no competition amongst bidders, then we may not be wrong, if we infer, that *chittis* are looked upon as instruments for saving. If, on the other hand, there be ruinous competition amongst members and if bidding be allowed at high discounts, it is a sure indication that indiscriminate borrowing is being helped by *chittis* and not saving.

The Registrar mentions only one House Building Society as having done some work. In the present social and economic condition of Travancore, there is a great need for more House Building Societies. Ever since partition was allowed in Nayar Tarwad each individual member who originally had a right of getting boarding and lodging in the family house is made to shift for himself and there is great need at least amongst Nayers for more

houses. Co-operative House Building Societies financed by the State would be a great boon to many of the middle class people.

The report gives only a consolidated and brief account of consumers' societies in the State. In consideration of the fact that the Consumers' Movement is on its trial in India, it would have been better if a fuller report about the working of this interesting class of societies had been given. One would like to know how many of these worked at a loss, how many were able to make some gain out of their transactions.

There is ample scope for expansion of particular types of societies, like Employees' Societies and Urban Banks.

From the report of the working of the Central Co-operative Bank and Taluk Banks we get the impression that the ideal of financial structure has not been well thought out and rushed upto. There are certain Urban Banks that are Taluk Banks in reality claiming membership from persons all over the taluk. The Central Bank, the apex bank for the State, serves as Urban Bank for the town of Trivandrum. It is time that the ideal of financial structure be visualised and definite steps be taken every year for reaching that goal. The apex bank should have dealings only with the Taluk Banks and they should in their turn, finance primary societies in their areas. There should be a separate urban bank for the town of Trivandrum and even in those places where there are Taluk Banks, there should be separate urban banks for the town areas. If taluk banks in their present stage of development are incapable of inspiring confidence and attracting deposits from the investing public, and not able to stand on their own legs, the Central Bank may try the alternative scheme of starting its branches as. Bombay has done in backward taluks. But the mixing of financing functions between urban banks, taluk and central banks is to be avoided.

The machinery for the exercise of supervision over the existing societies has not yet been fully evolved, the chief obstacle therefor being lack of finance. We are glad to see however that the societies realised the importance and have parted with more money for supervision this year than in previous years. In the early stages the Government will do well to grant sufficient subsidy to the Supervising Unions through the apex institute, withdrawing it by stages as and when societies and the financing banks are able to support the machinery.

In the matter of special type of societies, Travancore offers a bewildering variety next only to the Punjab. There are societies for Arbitration, for running schools and hospitals, for taking agricultural land on lease, labour societies doing contract work, weaving societies, industrial societies etc.

The formation of Land Mortgage Banks for the supply of long-term credit to agriculturists has been long pending and it is hoped that ere long it will be accomplished. The State has appointed its own Banking Enquiry Committee, and one of the recommendations of the Committee will, it is hoped, be for the starting of Land Mortgage Bank.

The Registrar will do well to have a definite programme chalked out for every year as the Registrars of Bombay and Mysore do and see at the end of the year how much of success has been accomplished under each heading. That will be a more definite way of testing the annual progress.

On the whole the year 1104 was a year of good co-operative record and the officials and non-officials of Travancore deserve to be congratulated on the success achieved.

S. K. Y.

2. COCHIN STATE.

The report on the administration of the Co-operative Department in the Cochin State for the year 1104 is an equally good record of all round progress. The number of societies, number of members, working capital, total transactions, reserves fund, etc., showed increase.

We hope the unpleasant situation described in a very restrained manner by the Registrar under the heading General Remarks is now over and that the movement has settled down to normal work. It would be a pity if such an enlightened State like Cochin which in the point of literacy stands almost the first among the units of administration of the Indian Empire, should not be able to settle its own matters amicably.

The State also has a number of interesting variety of societies other than those merely intended for lending purposes and many of them seemed to have worked well. We are glad to be told that Students' Stationery Societies are becoming more and more popular. It is very gratifying to note that the Director of Public Instruction and the staff of his department evince great interest and take great pains "in working the movement for the benefit of the student folk."

The State being a small one there is no separate supervising agency, the work being attended to by members of the Board of Management of the Central Bank and honorary supervisors selected from among the educated and the influential section of the societies. The Central Institute, it is hoped, will play a more important part in co-operative education, organisation and supervision.

We hope the report of the year 1105 would show a record of good work carried on in team spirit and not of petty squabbles and small rivalries, which ultimately weaken all the parties.

S. K. Y.

Extracts.

CO-OPERATIVE INSURANCE.*

India is very backward in the matter of Life Insurance in comparison with most of the European and American countries. This is due, in some measure, to our economic condition, but mainly to general ignorance, widespread illiteracy, our peculiar social system, and the conservatism of the people who look askance at anything new, however useful or beneficial.

The inauguration of a society for small insurance on co-operative lines is specially difficult in the province of Bengal, which has got a high rate of mortality. A scheme of small insurance cannot afford the high cost of medical examination of proponants and special safeguards have to be devised against "under average" lives coming in; suitable plans of insurance, in which the mortality risk does not influence the premium rate to any appreciable extent, have to be worked out to guard against unhealthiness and a lower expectation of life; a special organisation has to be set up to minimise the cost of collection and office expenses, which are much higher in small insurance business involving a larger number of very small accounts; and, lastly, there is the financial difficulty—plenty of funds must be raised to meet the very high initial expenses, on account of propaganda and other necessary items, of an insurance society, and co-operative machinery is not adapted to this kind of business. Happily, through the agency of the Bengal Co-operative Organisation Society and the whole hearted sympathy and active support of its President, Mr. J. M. Mitra, who is also the Registrar of Co-operative Societies, Bengal and Mr. S. K. Lahiri, its Honorary Secretary, all these difficulties have been overcome and an Insurance Society on co-operative principles has been registered with a strong and influential Board representative of the co-operative movement of the whole province of Bengal. The preliminary arrangements are very nearly complete, and proposals for insurance will be received shortly. An outline of the proposed scheme of working of the Insurance Society may be of interest to co-operators.

The Society is registered with share-capital of Rs. 10 lakhs; divided into 10 lakhs shares of Re. 1 each. The membership is open to all co-operative societies of Bengal. The maximum holding of shares by a single person is Rs. 1,000. A policyholder must be shareholder by subscribing at least one share of the society. All shares must be fully paid up. To meet the high preliminary expenses of the Society, an admission fee of annas two per share will be levied from all members. On the maturity of a policy by death or otherwise the value of the share or shares will be returned and the share or shares will be re-allotted to new policyholders.

*Extracted from the Bengal Co-operative Journal, Vol. XV No. 2, Oct.—Dec. 1929.

The Central Co-operative Banks will be the backbone of the Insurance Society. A Central Bank, on subscribing at least 250 shares, will have the privilege of receiving deposits of insurance money at special rates, besides others, detailed below. As soon as a Central Bank has subscribed 250 shares, a Local Board of the Insurance Society will be constituted in the area of the Bank. The members of the first Local Board will be nominated while those of subsequent ones will be elected. The Board will have two representatives of the Central Bank and three of the shareholders (policyholders) of the Society, one of them being a registered medical practitioner, if available. The Board will choose agents for insurance from among the supervisors of the Bank and secretaries of co-operative societies within the jurisdiction of the Bank. These agents will get commissions of recurring cases at a fixed rate for the first three years, while 5 per cent of the premium collection but not less than Rs. 25 or more than Rs. 150 per month will be made over to the Local Board for office expenses, collecting premiums and acting as the agents of the Insurance society. The members of the Local Board will get a small sitting fee, while all necessary forms and books will be supplied by the Head Office. There will be organisers in the mofussil to help the Local Boards in the management of their business, and in securing new business, enquiring into claims for payment and other necessary matters.

As soon as a Central Co-operative Bank has subscribed 250 shares of the Insurance Society, the Head Office will communicate to the Secretary the names of the five gentlemen who will constitute the First Local Board and will confirm their appointment. Copies of the prospectus, proposal form, agency application form and other forms and books will be sent with instructions, and a representative will also be deputed for giving necessary instructions. When a person has applied for insurance through an agent and sent in the necessary form duly filled up, he will be requested to meet two members of the Local Board on a given date. The Local Board will send the proposal together with their recommendations to the Head Office. On acceptance of the proposal by the Head Office, the proponant will be requested to pay his first premium together with the value of at least one share within a fortnight. On payment of the first premium by the proponant a first premium receipt carrying risk will be issued and a policy and a share certificate will be prepared and made over to the policyholder at an early date. In regard to subsequent premiums, the Society will issue a list of all premiums due on a certain date to its agents for the information of policyholders. For the convenience of policyholders, it has been decided that all subsequent premiums shall be due on the first day of an English or a Bengal month, with a grace period of 30 days. All premiums, other than the first, will be received by the Local Board attached to the Central Banks which will give receipts for the same on behalf of the Society. An account will be opened at the Central Bank in the name of the Insurance Society and all

money received by the Local Board will be credited to this account. Ordinary whole Life Assurances and Endowment Assurances for longer periods have not been introduced at the beginning for want of correct data as regards mortality among the poorer people. So, the Society, on expert advice, will issue policies for whole life, limited to 10 years' and 15 years' payment, double endowment policies, and 20 and 25 years' endowment combined with whole life assurance, commonly known as guaranteed benefit assurance, but without option. The age of intending policyholders may range from 18 to 45 years, and in no case payment of the last premium will go beyond the 60th year of the life of the assured.

To guard against "under average" lives coming in through there being no medical examination, it has been decided that there will be restriction of claims in the case of death of a policyholder during the first three years of the currency of the policy, except in cases of accidental deaths. If death occurs in the first year, the amount of premium actually paid increased by one-half, in the second year, twice the amount of premium paid, and in the third year, half the policy amount, will be paid. From the fourth year, the full amount of policy will be paid.

In case of lapse of a policy, the period of re-instatement, on self-certificate of health, is one year, but in case of death occurring within 90 (ninety) days of re-instatement, the Society will not be bound to admit the claim. This healthy check has been borrowed from the rupee policy schemes with a view to preventing re-instatement by persons at the point of death.

Bengal has earned the proud distinction of being the first province in India to launch an insurance society on co-operative lines, and it is the duty of co-operators, whether official, or non-official to help to make a glorious success of this pioneer venture. There are great difficulties in its way, but there is no reason why, with the help of the members of the co-operative societies and the active sympathy of officers of the Co-operative Department, Bengal will not successfully tackle the problem of insurance for men of small means and set an example to the other provinces of India.

S. C. Roy.

(Bengal Co-operative Journal Vol. XV No. 2 Oct. December '29.)

AGRICULTURAL POLICY.*

In view of the depression which exists in certain branches of the agricultural industry, and the urgent need for reform in methods both of marketing and production in order to take advantage of our valuable home market, the Government have given anxious consideration to the

*Extracts from the "Journal of the Ministry of Agriculture" Vol. XXXVII No. 6 for Sep '30.

agricultural problem with especial regard to the desirability of increasing employment on the land with good standards of living recognising that this can only be assured through prosperity in the industry.

(2) *Holdings for Small Cultivators*:—Proposals will be submitted for making land more freely available for small cultivators and affording them adequate security of tenure.

Local authorities will be stimulated to meet the large and unsatisfied demand for small holdings, cottage holdings and allotments. In addition, the Minister of Agriculture will be given powers to acquire and manage land for these purposes, so as to supplement but *in no way to supplant* Local Authorities that are active. Powers to provide cottage holdings will be extended to County Borough Councils, and these holdings will be made available for letting as well as sale, and for a wider class of applicants.

Unemployment Scheme:—A scheme will be undertaken whereby a contribution may be made to the mitigation of unemployment by the creation of a special class of allotments and of market, garden and poultry holdings up to 5 acres for suitable unemployed workers.

(3) *Large-Scale Farming and Demonstration Farms*:—An Agricultural Land Utilization Corporation will be established to conduct, on the one hand, large-scale farming, managed on business principles with the utmost possible application of improved methods and the best machinery, with the particular object of affording to agriculturists a practical training in business management: and on the other hand, additional Demonstration Farms of various types in different parts of country, designed to secure the quicker and more general adoption of every agricultural improvement.

(4) *Scotland*:—In Scotland, the Department of Agriculture will make every effort to increase the number of small holdings available. At the same time investigation will be set on foot for improving certain large tracts of barren and moss land and for reclamation works. Arrangements are under consideration for the extension of the Agricultural Credits Act 1928, to Scotland.

(5) *Cereals*:—The critical position of cereal farmers demands the earliest possible attention. The question of the condition of this class of agriculturists in different parts of the Empire will be discussed at the forthcoming Imperial Conference with special reference to Bulk Purchase, Import Boards and Stabilization of Prices. In view of this, and of the possibility that the conclusions of the Conference on this matter may materially change the practical problem of dealing with cereal farming, the Government is not in a position at present to formulate comprehensive proposals for this part of the agricultural situation beyond the plans outlined in this statement for improved methods of cultivation, the

better organization and marketing of produce, education and research and improve credit facilities. But as soon as the conclusions of the Imperial Conference are known the Government will undertake whatever practicable steps can be devised to put cereal growing in this country on an economic foundation.

(6) *Agricultural Marketing Bill* :—It is an urgent necessity to give our home producers opportunities of orderly and better marketing in our industrial market.

A Bill is being introduced forthwith for purposes of criticism and comment, which offers certain powers to large scale commodity organisations initiated by producers themselves for the marketing of home-produced agricultural products, and protects such organisations from the disruptive action of minorities. There are precedents for legislation of a similar kind in overseas parts of the Empire.

The Bill contemplates organisations of two distinct types, though combinations of both are possible. First, there is the older and better-known pool type which is well adopted for products in respect of which we are largely self-supporting and of which the market may be disturbed by recurring surpluses. The Bill also provides for organisations of the regulatory type which are concerned more with the craft of marketing than with the physical control and handling of the product, and which, after the manner of a board of directors would formulate a coherent marketing policy for the home product and carry it into effect.

Financial assistance by way of both long and short term loans will be available for these commodity marketing boards.

Care has been taken to provide safeguards for the great body of consumers and for other affected interests.

(7) *Abattoirs* :—The erection of publicly-owned abattoirs by Local Authorities for the centralised slaughtering of live stock will be encouraged.

(8) *Education and Research* :—The development of agricultural education will also form an important part of our policy. An Agricultural Research Council is being constituted to secure improved co-ordination and extension of agricultural research throughout the United Kingdom. In view of the great losses incurred through disease, among the first subjects to receive attention will be contagious abortion, tuberculosis and swine fever.

(9) *Scrub Bulls* :—Legislation will be introduced to regulate the use and import of bulls, with a view to improving the standard of our livestock.

(10) *The Agricultural Worker* :—Apart from the increased provision for access to land for their own cultivation that the policy affords to suitable workers, it is important that agricultural workers should share

in any added prosperity which may accrue to the industry, and the working of the existing machinery for regulating wages will be carefully watched with this object in view.

(11) *Housing* :—The present Housing Bill contains provisions which should mitigate the evil of the tied cottage to which we attach great importance, and it is the intention of the Government to take special steps to stimulate the provision of improved housing in rural areas under the powers therein provided.

Further, a Committee which is to be appointed to consider the Rent Restriction Act will include within its purview the special position of the "tied cottage" with a view to providing a remedy against any unfair use of this system.

(12) *Conclusion* :—The Government is convinced that by a sustained and well-directed effort designed to evoke the co-operation of the industry itself it should be possible to arrest the decline of employment on the land, and to foster, by taking advantage of modern developments and facilities, specialised and improved methods of production which should result in a great increase in our home-produced food supplies and bring back prosperity to our countryside. It is believed that these proposals will have the effect of inspiring in all sections of the farming community that confidence which is so essential to its progress and welfare, and will promote the sound development of the great agricultural industry.

MUST BE SOMETHING WRONG.

When earth produces free and fair
The golden, waving corn,
When fragrant fruits perfume the air
And fleecy flocks are shorn,
While thousands move with aching head,
And sing this ceaseless song :
"We starve, we die, oh, give us bread—"
There must be something wrong.
When wealth is wrought as seasons roll,
From off the fruitful soil;
When luxury, from pole to pole,
Reaps fruit of human toil;
When from a thousand one alone
In plenty rolls along,
While others only gnaw the bone—
There must be something wrong.
And when production never ends,
The earth is yielding ever;
A copious harvest oft begins,
But distribution never.
When toiling millions work to fill
The wealthy coffers strong,
When those are crushed who work and till—
There must be something wrong.

(The Co-operative Pyramid Builder August '30).

THE STORY OF THE AGES.

To make men pull together—that was the aim which civilization set before itself.

And first slavery showed the way, Men pulled together at the word of command. The Pyramids rose. Rome swallowed the earth-men worked long wearily and without a doubt that here was the finality of things.

Their dreamers, sages and saints could picture a golden age without slaves.

And the strong arm of the law made them toil.

But men grew and thought and asked why—and slavery shivered and died.

And still the object was to make men pull together.

And the wage system showed the way to better things.

Men pulled together with hope and longing,

Factories sprang up, railways circled the earth-men labored long and eagerly, and without doubt that here was the finality of things.

But there is a new way to make men pull together.

Love, free co-operation, equal service, true honor and honesty—the certain rewards of industry and productiveness. Have you ever thought of these things.

Let us dream better than the old dreamers—and pull together.

Exchange.

(Co-operation & Market News, Canada dated, 22-8-1930.)

AGENTS WANTED.

It is hereby notified for the information of the public that the little Flower Donation Bond is opened at Rs. 10 per certificate. Yearly two drawings. Prizes vary from Rs. 5,000 to Rs. 20 Benefit Rs. 500 granted to deaths. Decent sums are set apart for charitable purposes such as hospitals, inns and schools etc. Prominence is given to secretaries of Co-operative Societies.

For further particulars and Prospectus please apply to:—

THE MANAGING DIRECTOR,

Cherupushpa Vilas Bank Ltd.,

Tiruppunithura, (Cochin State)

Correspondence.

REDUCTION OF MAXIMUM OF BORROWING POWER.

Sir,

Will you or any of your numerous readers kindly inform through the columns of your valued journal:—

(i) Whether any procedure is prescribed by the Registrar to reduce the Maximum Borrowing power of a rural society under model by-law No. 18 and if so what?

(ii) How is the initiative to be taken in the matter, whether it is done on the strength of the revised property statement of the society, or on the recommendation of the Inspector auditing the society or on the Registrar's own knowledge or otherwise.

(iii) Whether the maximum borrowing power could be reduced without consulting any or all of the creditors.

(iv) Whether it could be done without giving notice to the concerned society to show cause why it should not be so reduced.

(v) Whether any right of appeal is open to the society to anybody which has any just grievance against such action of the Registrar for good reasons.

(vi) What would be the proper reasons to justify such action and whether it is enough to state 'some reasons'.

(vii) Whether it is advisable to entrust this power with the Registrar who nowadays has nothing to do with the financing of the societies, the function being done purely the Central Banks.

(Pro bono Publico).

To

M. R. Ry. RAO SAHIB T. SREENIVASA RAO GARU,

Vice President,

THE MADRAS CENTRAL URBAN BANK LTD.,

Luz, Mylapore, Madras.

Dated 6th October 1930.

Sir

My attention has been drawn to the last para on pages 39 and 40 of your second memorandum on the grant of subvention to central banks for rectification and consolidation, published in the September issue of the Madras Journal of Co-operation, and I feel called upon to clear the misconception caused thereby in the minds of Co-operators so far as it relates to this District.

I am at a loss to understand on what data you base your observation that there is not much of co-operation between the Bank and the Federation. In fact there is not the slightest hitch or divergence of views between these two institutions, and on the contrary, during the whole of last year the Federation did work in complete co-ordination with the Bank. The Executive Officer of the Federation was continuously in touch with the Secretary of the Bank by personal consultations, thereby stimulating collections in areas wherefrom they were slow in coming. The Bank was also consulted and information obtained about the names of bad societies that required direct action by the Federation staff and all such cases were directly handled by the Federation. Judging from the results achieved by the Federation during the last year, I do not see any reasonable ground for the Bank or any other authority to complain against the Federation for want of co-ordination, or the so-called diarchy of functions. I am not also able to see how a diarchy of functions has come to stay now in the Bank by the existence of the Federation thereby increasing expenditure. The Bank has therefore a definite purpose with clear cut objections while the Federation exists among others to co-ordinate the activities of the Unions and to control the work of the paid supervising staff in the District.

In fact we have always felt that the Federation is more or less the administrative side of the Bank, functioning to safe-guard the financial interests of the same. Much weight cannot be attached to the statement that the Federation is a supernumerary agency in as much as it is discharging the functions entrusted to it, without fear or favour. I just wish to add a few words about the supposed curtailing of expenditure which the abolition of the Federation is expected to bring about.

If the Federation is to go, then I think the Bank will have to take over the work now being done by the Federation. This will necessitate the opening of an administrative section in the Central Bank with an adequate office and field staff, if anything worth the name is expected to be achieved thereby. As it is, the Federation employs in their office 2 clerks, each on Rs. 25 per mensem, and Executive Officer on Rs. 75 per mensem plus Travelling allowance not exceeding Rs. 30 per mensem, one peon on Rs. 12 per mensem, 3 supervisors on Rs. 30 plus not exceeding Rs. 20 per mensem each towards Travelling allowance and an office boy on Rs. 6 per mensem.

On the other hand there are two inspectors for field work and one clerk in the office comprising the administrative section of the Bank.

I am sure it will be conceded that with the opening of an administrative section on a bigger scale in the Central Bank consequent on the abolition of the Federation, both the office and the field staff of that section in the Central Bank will have to be strengthened. The administrative section will have to be properly manned and not left to the Secretary who will

have enough to attend to with regard to the regular banking business. Further, it is nowhere contemplated that the Secretary, even if he be a paid officer should tour round the District inspecting and regulating the work of the Field staff. If this be also attempted, then the regular banking business is bound to suffer. Hence there must be a well paid officer in charge of the administrative section who should also go out on inspection at least for a fortnight in every month. If the above is roughly the scheme regarding the formation and working of the administrative section of the Bank, the entire staff of the Federation will have to be merged in the Bank. I do not therefore see how there can be any appreciable reduction in expenditure by abolishing the Federation. Perhaps the Travelling allowance to directors, office rent, postage and such other sundry items may be saved to a certain extent. But even this may not be feasible in actual practice as there must be a separate executive body in the Bank to meet from time to time to decide questions of policy and procedure of that section. This must be a separate body from that which meets to transact the business of the Bank as one-body cannot reasonably be expected to satisfactorily look to the fulfilment of both the functions. That being so, there can be no question of effecting any economy under travelling allowances to directors. The other items relate to sundry charges and in all may not amount to any appreciable figure.

I have stated so much just to illustrate the fallacy of the contention that by the abolition of the Federation, much of expenditure can be curtailed.

The Federation is quite a necessary unit in the chain of co-operative institutions, if the unions are to be now and then awakened to a sense of their due responsibility. There is not much use of making capital out of a casual observance by the Registrar that the Federation is a fifth wheel in the coach provided the unions function properly. That is a serious proviso, and in the light of past experience it is clear that unions have in the whole with exceptions here and there, not attained to reasonable expectations formed of them.

I therefore request you to kindly clear the misconception caused by the statement in the memorandum to the Madras Central Urban Bank in view of the foregoing explanation. I am also sending a copy of this note to the editor of the journal for favour of publication in the next issue.

K. GUNDU RAO,
Secretary.

DISTRICT CO-OPERATIVE FEDERATION LTD., CUDDAPAH.

To

THE SECRETARY,

THE DISTRICT CO-OPERATIVE FEDERATION,

Cuddapah.

Sir,

In your letter of the 6th instant you take exception to the observation that there is not much of co-ordination between the activities of the Bank and the Federation. This observation was based on certain facts reported by your Central Bank and set forth in the earlier portion of the paragraph referred to by you.

2. The present state of societies in your district, as described in the Bank's letter, evidently makes out that no distinction (as has been done in your district) can profitably be drawn between the work to be transacted in the name of Rectification and Consolidation, which your Bank has undertaken to do, and intensive collection work which your Federation proposes to look after. When work of the same kind, that is, the betterment of societies, thus happens to be in charge of two separate co-ordinate agencies (neither being subordinate to nor controllable by the other) and is conducted by two different sets of establishment, the necessary uniformity in regulation or transaction of business may not generally be possible. Nor could time and cost be economised by such an arrangement. And especially so in a district like yours where the local resources available for entertainment of staff are slender a fact by reason of which your Bank asks for special help from the Madras Central Urban Bank, over and above the usual subsidy which is limited to one half of the estimated expenditure.

3. Your letter itself is not without a clue which has a bearing in this connection. You say you have always felt that the Federation is more or less the administrative side of the Bank, functioning to safeguard its financial interests. If so, it is not understood why a joint meeting of the members of the Executive Committees of the Bank and Federation held on 13th July 1930 came to resolve that the Central Bank do take up the work of rectification and consolidation under the scheme laid down by the Madras Central Urban Bank instead of resolving to leave that work, along with that of intensive collection, in the hands of the Federation itself. If this had been done, the matter would have been different; and the work of rectification would have remained in sole charge of a single institution.

4. If these facts and the occasion on which they come under review are not deemed enough to justify the observation objected to, I fail to see what else will.

5. You say that neither the Bank nor any other authority has any reasonable ground to complain against the Federation for want of co-ordination or the so-called diarchy of functions. The Bank's letter contains no complaint against the Federation; nor do the observations of the Madras Central Urban Bank suggest it. Assuming the inferences as to want of co-ordination and (in the circumstances further explained above) as to presence of diarchy are justified by existing facts, for those conditions, either the Bank may be solely responsible or the Federation may be solely responsible, or both the Bank and the Federation may be jointly responsible. That being so, it passes one's comprehension why you should imagine that somebody is holding up the Federation as responsible for it.

6. If you think that the inferences in question are not justified by given facts which are not disputed, we may well agree to differ in our opinions.

7. The abolition of your Federation has nowhere been suggested in the memorandum and I do not propose to enter into a discussion with you of the question as to how the existence or non-existence of the Federation will be helpful or prove otherwise in the best interests of the movement. It is too big a question for discussion here. The pages of the Journal of Co-operation are open to discussion and as you will find from the October 1930 number and a few earlier issues of the Journal, a number of conflicting views are expressed therein over this vexed question. And I daresay that irrespective of the views of individuals, the question will solve of itself in due course. We need not worry ourselves about it.

8. Engaged, as the Madras Central Urban Bank at present is, in regulating the work of rectification and consolidation all over the presidency and making grants to Central Banks on that account to the huge extent of sixty or seventy thousands, with a view to ensure the financial stability of the movement, that bank may justifiably claim to enquire whether there is economy in the utilisation of the local resources available in an area in respect of which an application for subsidy is received, and whether arrangements for work there are such as to ensure its due fulfilment.

Yours faithfully,
T. SRINIVASA RAO,
Vice President, M.C.U.B.

PROCEEDINGS OF THE EXECUTIVE COMMITTEE OF THE P. C. U.

(held at 12 noon on Saturday the 11th October, 1930).

PRESENT :—

- Messrs. 1. V. Ramadas Pantulu (In the Chair)
2. A. Ranganadha Mudaliar
3. A. Rajabadar Mudaliar
4. N. Satyanarayana
5. V. Venkatasubbaiya
6. K. L. Narasimha Rao
7. A. Sankunni Menon
8. G. Venugopala Rao
9. M. K. Pattabhiram
10. G. Sriram Babu Naidu
and 11. C. Subba Rao.

RESOLUTIONS.

1. Arrangements for publishing the Village Panchayat Journal and the financial arrangements connected herewith.

Resolved :—

- (a) That the P. C. U. do take up the publication of the Village Panchayat Journal from October '30 and that the deficit if any, be met from the general funds of the P. C. U. and that the matter be brought up again after 6 months before the Executive Committee.
- (b) That the services of Mr. G. Harisarvothama Rao, M.A., as Editor be engaged for 6 months (October 1930 to March 1931) on an honorarium of Rs. 100 per month. He is to give full time services to the Union for 15 days in each month; he will not be entitled to any travelling allowance for the usual duty.
- (c) That for the first issue, 750 English copies, 1,000 Tamil copies and 500 Telugu copies be published.
- (d) that Mr. V. Venkatasubbaiya, Joint Secretary of the P. C. U., be the printer and publisher of the journal.
- (e) That a competent assistant on a salary not exceeding Rs. 50 per month be employed to assist the Editor of the Village Panchayat Journal and the Journal of Co-operation.
- (f) That the Government be requested to make a half grant to the P. C. U. towards the cost of the publication of the Village Panchayat.

- (g) That an Editorial Committee be constituted consisting of Mr. V. Ramadas Pantulu, the President, Mr. V. Venkatasubbaiya the Publisher, and Mr. G. Harisarvothama Rao, the Editor.

II. Proposals to be placed before the Central Committee of the Institutes regarding the conduct of the Training Classes.

Resolved that the following proposals be placed before the Central Committee of the Institutes.

- (a) The extended courses be started from July 1931.
- (b) The revised syllabuses prepared by Messrs. K. C. Ramakrishnan and Dr. P. J. Thomas be approved.
- (c) The Committee is not in favour of the recommendations of the Madras Provincial Banking Enquiry Committee contained in para 208 of their Report.

Note. With regard to (c) Mr. V. Ramadas Pantulu dissented from the rest of the Committee.

- (d) G. O. No. 1792 Mis. Development Dated 25-9-1930 withdrawing Government subsidy to the Andhra and Vellore Institutes.

Resolved that the question be referred to the Central Committee.

III. Letter No. D. 100 dated 6-8-1930 from the President of the Nilgiris Public Servants' Co-operative Society Ltd., Ootacamund regarding the eligibility of a government servant to stand as surety to another.

Resolved that the President of the Society be informed that the Executive Committee of the P. C. U. regrets its inability to interfere in the matter.

IV. Letter dated 5-8-1930 from Mr. V. Muthiah Pillai, Secretary of the Villatikulam Co-operative Union, regarding the election to the Board of Management of the P. C. U. of Mr. N. Venkataswamy Naidu, from the constituency of the District Federation and Local Unions in the Tinnevelly District.

Resolved to inform the Secretary of the Villatikulam Co-operative Union that the Executive Committee of the P.C.U. finds from the records of the Union that Mr. N. Venkataswamy Naidu was duly elected and that therefore it regrets its inability to reopen the matter.

V. Proposal of the Secretary regarding the Propaganda arrangements of the P. C. U.

"Propaganda Arrangements. At their last meeting of the Executive Committee had appointed certain members to undertake propaganda

tours, allotting to each member certain districts. It was also laid down that the members should arrange their propaganda tours in such a way that the dates of their tour synchronise with the meetings of the General Body or Board of Management of Central Banks and Federations. The members were also requested to pay special attention during their tours to the question of reduction of overdues and to the question of rectification and consolidation. The Central Banks and Federations were also informed of the above arrangements. In accordance with the above proposals Messrs. V. Venkatasubbaiya A. Rajabadar Mudaliar, K. L. Narasimha Rao, S. K. Yegnanarayana Iyer, M. K. Pattabhiram. A. Sankunni Menon and Rao Sahib T. Srinivasa Rao have carried on propaganda in the districts of Anantapur, Nellore, East Godavari, Chittoor, Cuddapah, Guntur, S. Kanara, Malabar, North Arcot and Chingleput Districts.

Now that the Panchayat journal is published by the P. C. U. the members undertaking propaganda tours may also be requested to study the working of the Village Panchayats in the areas they visit and also to enlist subscribers to the journal."

Resolution "Recorded" The last para of the proposals be communicated to the members appointed to undertake propaganda and they be requested to give effect to the proposals contained therein.

VI. (a) Starting a Rural Reconstruction Centre in Guntur District.

Resolved that steps be taken to open a centre in the Guntur District on receiving a reply to the communication of the President enquiring whether there are enough workers in the district to run the centre apart from those engaged in the Civil Disobedience Movement.

VI. (b) Secretary's Proposals regarding the arrangements taken for co-ordinating the working of the various centres.

"With a view to co-ordinate the practical working of the centres Mr. Venkatasubbaiya was requested at the last Executive Committee Meeting to frame a set of instruction and hints to the Rural Reconstruction Supervisors and workers and the set of rules so framed by him have been circularised to all the centres."

"Recorded"

VII. Statements of Receipts and Charges of the P.C.U. for the year 1929-30 and from July to September 1930.

"Passed and Recorded".

V. RAMADAS PANTULU,
Chairman.

PROCEEDINGS OF THE MEETING OF THE CENTRAL COMMITTEE OF THE INSTITUTES

(held at the P.C.U. premises at 3 p.m. on Saturday the 11th Oct. 1930).

PRESENT :—

- | | | |
|------------------------------|---------|--|
| | Messrs. | (1. V. Ramadas Pantulu, President, P. C. U.
(in the Chair). |
| Ex-officio Members.— | 2. | D. N. Strathie Esq., I. C. S., Registrar of Co-operative Societies. |
| Institutes Representatives.— | 3. | J. C. Ryan—Coimbatore Training Institute. |
| | 4. | C. Rajagopalachariar—Andhra Co-operative Training Institute. |
| | 5. | M. Narayana Rau—The Royalseema Co-operative Institute, Anantapur. |
| | 6. | Dr. P. Guruswamy—The Ramadas Co-operative Training Institute, Rajahmundry. |
| Co-opted member.— | 7. | K. C. Ramakrishnan. |

Besides the above members of the Central Committee, the following members of the Executive Committee and the Education Committee of the P. C. U. were also present—

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|------------------------------|---------|---|
| | Messrs. | 1. A. Ranganadha Mudaliar |
| | | 2. C. Venugopala Rau |
| | | 3. A. Rajabadar Mudaliar |
| Executive Committee Members. | 4. | A. Sankunni Menon |
| | 5. | M. K. Pattabhiram |
| | 6. | G. Sriram Babu Naidu |
| | 7. | K. L. Narasimha Rao |
| | 8. | C. Subba Rao |
| | 9. | V. Venkatasubbaiya and |
| | 10. | N. Satyanarayana |
| | 11. | Rao Sahib T. Srinivasa Rao, (Secretary Education Committee) |

RESOLUTIONS.

I. The first subject taken up was item No. 3 on the agenda, namely, G. O. No. 1792-Mis. Development, dated 25-9-1930 regarding the withdrawal of the Government grant to the Bezvada and Vellore Co-operative Training Institutes.

Letters received on the subject from the President of the Andhra Co-operative Institute, Bezvada and from Mr. V. Murugesu Mudaliar, representative of the Gray Co-operative Institute, Vellore (the latter of whom had intimated his inability to be present at the meeting) were read out by the President. The Registrar then explained the position of the Government. After some discussion, the following resolution was passed by the Central Committee, from which the representatives of the Andhra and Vellore Institutes dissented.

"The Central Committee is of opinion that there is no necessity for Six Training Institutes."

II. Letter No. 17/30-31 dated 10-9-1930 from the President of the Coimbatore Institute, to the Registrar of Co-operative Societies, copy sent to the P. C. U., regarding the conduct of the next course.

(a) Resolved that the fuller courses be started from July 1931, as recommended by the Executive Committee of the P. C. U.

(b) (i) Resolved that the following recommendation of the Executive Committee be approved :—

"The revised syllabuses prepared by Messrs K. G. Ramakrishnan and Dr. P. J. Thomas be approved." *

(ii) The Central Committee is in disagreement with the recommendation of the Executive Committee contained in its resolution 2-(c) and resolves that necessary steps be taken to give effect to the recommendation of the Madras Provincial Banking Enquiry Committee contained in para 208 of their Report.†

(c) Resolved that the Institutes be requested to continue the present short courses from 1st December 1930 to 15th April 1931 and that the Government be requested to continue the subsidy to all the six institutes.

III. Letter No. 162 of 30 dated 23—9—30 from the Andhra Co-operative Institute regarding the dates of the next examination.

Resolved that the attention of the Andhra Co-operative Institute be invited to the Memorandum No. D. 5483/30 dated 23-9-1930, intimating the institutes that the next examinations will be held on the 17th 18th and 19th November, 1930.††

IV. Letter No. 133/30 dated 29—8—1930 and the enclosures thereto from the Andhra Co-operative Institute regarding permission to failed students to appear for the examination a third time.

The Central Committee is in agreement with the resolution of the Executive Committee of the P. C. U. dated 28—4—1929 to the effect that the permission should not be given to failed candidates to appear for the examination for a third time.

V. RAMADAS PANTULU,

Chairman.

*Vide Appendix I.

† „ II.

††The dates have since been changed to 13th, 14th & 15th November 1930.

APPENDIX I.

REVISED SYLLABUS FOR THE CO-OPERATIVE INSTITUTES.

I. History of the Co-operative Movement.

A. Credit—Germany—Mortgage (Long-term) credit—Landschaften—Personal (short-term) credit—Raiffersen societies. Characteristics. Emphasis on moral element. Combination of trading functions—Raiffersen V. Haas societies. Federation for finance and propaganda.

Schulze—Delitzsch societies. Differences from Raiffeisen societies. Emphasis on business side. Higher organization only for non-business purposes.

Italian credit institutions. Wollemborg and Luzzatti societies. Differences from German models. Co-operative credit in France, Belgium and Ireland. Types of farm credit in the United States. Federal Farm Loan Board.

Agricultural Indebtedness in India—Remedies attempted, Legislation against usury, state loans.

F.A. Nicholson's Report. Duperne's Peoples' Banks. Sir Edward Law Committee—Co-operative Credit Societies' Act of 1904—The Amendment of the Act in 1912. The MacLagan Committee on Co-operation. Development since the War—Provincial Committees on Co-operation. Action taken on their recommendations by the Local Governments.

B. Consumers' Movement.—The Industrial Revolution in England. Development of the factory system. Growth of the labour movement. Remedies sought for ills of the new working classes. Life and work of Robert Owen. Early experiments. Causes of failure.

Rochdale Pioneers—Original aims and later ideals of the movement. Discovery of the Dividend on Purchase. Formation and development of wholesales. The social and industrial significance of the store in England and in Belgium.

C. Co-operative Production—Industrial.—Christian socialist workshops in England. Their forerunners in France. Failure in both countries. Reconstruction under labour co-partnership association and state aid. Producing for the open market or for the stores. Federation of producers' societies. Workers' societies in Italy. State-aid.

D. Agricultural Co-operation other than credit.—Origin and stimulus in Western Europe—American competition, agricultural and general education, leadership of the clergy. Tariffs and other state-aid. The salient features of the movement in Denmark, Germany, Holland, Belgium, Italy, Ireland and Japan.

Recent advance in Great Britain and colonies, and the United States.

Paucity of non-credit societies and transactions in India. Lack of state initiative, of leadership and of education. The recommendations of the Royal Commission on Agriculture in India.

E. Education and Organisation.—Education insisted upon by the Rochdale Pioneers. Funds for education. Education Committee. Instruction in Co-operation. Lectures and libraries. Concerts and excursions. Women's Co-operative Guild in England. English Co-operative Union. The I.A.O.S., in Ireland. People's High School in Denmark.

The International Co-operative Alliance and Congress. The Co-operative Press.

II. Theory and Practice of Co-operation.

A. Credit.—Need for Capital in Agriculture—different kinds to be met by different methods.

Short-term credit for working capital, and for sustenance during production and before sale. Raiffeisen model—unlimited liability, limited area, homogeneous membership. Funds, how raised and employed. Period and purpose of loans. Terms of repayment. Security. Rights and duties of membership. Management. Promotion of thrift. Combination of non-credit functions. Reserve Fund. Common Good Fund. Dividend.

Urban Credit Societies—for salaried employees and others of the learned professions, for working classes and for petty craftsmen. Differences in constitution, resources and methods of working between urban and rural societies. Scope for better and fuller utilisation of funds.

The District Central Bank—Functions. Constitution, 3 types. Management. Composition of capital. Terms of loans to societies. Assessment of credit of societies. Fluid resources. Degree of control over, and guidance of, primaries

The Provincial Bank. Functions—membership and management. Relation to central banks, to commercial banks and the money market.

Land Mortgage Banks—Primary and Central—Resources, Debentures and Deposits. Period and purpose of loans. Term of repayment. constitution—State aid.

B. Consumers' Co-operation.—The essentials of the Rochdale Store—System of sale (for cash, at market price, to members). Sale to prospective members. Dividend on purchase—elimination of profit. Rights and duties of membership. General body and Governing body. Economic Gains. The Common Good Fund. Special aims and achievements.

The work of the wholesale in England and Scotland—Joint purchase production (agricultural and industrial) and distribution. Relation with affiliated store societies and Producers' Societies. Development of the banking side.

Urban Consumers' Societies in India. Mostly of the middle class. Causes of failure. Societies for working classes, Railway Employees' societies. The origin and growth of the Triplicane Urban Co-operative Society. The scheme of wholesales.

Rural stores in Germany, Italy and Denmark. Failure in India. Joint purchase on indent by credit societies. Trading Unions.

C. Agricultural Co-operation other than Credit.—Co-operative purchase of agricultural requirements—implements, manures, seeds. Working of seed farms. Co-operative production of manure. Societies for hiring of machinery.

Co-operative Production.—Conversion of raw produce into marketable products. Working of Co-operative Dairies in Denmark and of Beet—sugar factories in Germany. Scope for dairy societies in India. Co-operative manufacture of jaggery, ginning cotton, decorticating groundnut and hulling rice in the Madras Presidency. Defects in in working—Remedies.

Co-operative Marketing.—Constitution and working of societies for the sale of grain, cotton, fruits and eggs in the United States, Canada, Germany and Denmark. Conditions essential to success. Operations of of assembling and transporting, financing, warehousing and grading and packing. Laws against adulteration. Standardisation of weights and measures. Market news service. Co-operative marketing of paddy, cotton, jute, jaggery, groundnut and garden-produce in India—difficulties encountered and solutions suggested. Experience of loan and sale societies in the Madras Presidency. Prospects of linking with consumers' stores.

Co-operative Housing Societies.—in urban and rural areas—types—and Municipal or Local Board aid.

Miscellaneous Types.—Societies for joint farming on leasing; for consolidation, for irrigation, for land reclamation, for better farming, and for better living. (Madras, Bombay, Bengal, and the Punjab).

Organisation, Supervision and Education.—Official and non-official agencies.

Points to be remembered in organising Societies. The organisation report—including an economic survey. The human factor in the area organised.

THE MADRAS JOURNAL OF CO-OPERATION

Supervising Unions—Area, membership functions, management or local unions. Supervisors and their duties. The question of overdues how best tackled. The wisdom of separation or supervision from finance. Comparison with systems in other provinces.

Co-ordination of the work of unions.—The District Co-operative Federation—Constitution and functions. Propaganda.

The Madras Provincial Co-operative Union—Constitution and functions. Provincial Conference. All-India Co-operative Federation.

Need for Education in Co-operation. Training of Panchayatdars of primary societies, meetings and lectures for the generality of members. Funds for education and propaganda.

Introduction of co-operation as a school and college subject. Practical training in co-operative stores: Higher Education in co-operation.

The Law relating to Co-operative Societies.—The Co-operative Societies' Act of 1912 ((with commentaries as in Calvert's 'Law and Principles of Co-operation')—Rules under the Act in the Madras Presidency (Hemingway's Manual of Co-operation).

TEXT BOOKS.

- C. R. Fay ... Co-operation at Home and Abroad.
Smith Gordon ... Co-operation for Farmers.
Dr. John matthai. Agricultural Co-operation in India.
Mukerjee, P. ... Co-operation in India.
Wolff, H. W. ... Do.
Calvert, H. ... Law and Principles of Co-operation.
Hemingway ... Co-operative Manual.

REPORTS AND BOOKS OF REFERENCE.

- MacLagan Committee's Report on Co-operation in India.
J. R. Cahill's Report on Agricultural Credit and Co-operation in Germany.
F. A. Nicholson's Report on Land and Agricultural Banks in the Madras Presidency.
H. W. Wolff—Co-operation in Agriculture and Rural Re-construction.
Charles Gide—Consumers Co-operative Societies.
Ogata—Co-operative Movement in Japan.

PROCEEDINGS OF THE P. C. U. MEETINGS

APPENDIX II.

Para 208 of the Report of the Madras Provincial Banking Enquiry Committee.

"These co-operative institutes can, we consider, do a great deal to assist marketing by investigating through their permanent staff which should never be so overburdened with teaching as to become only schoolmasters, marketing conditions and by collecting statistics of prices of produce and costs of production by various methods and of marketing. They should in fact develop into schools of agricultural commerce."

ERRATTA.

Vol. XXI No. 11 (May 1930 issue), Page 713

For "B. V. Krishna Rao, Ramachandrapuram,"

Read "P. V. Krishna Sastry, Vizivada".

The Mysore Economic Journal.

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BANGALORE.

District News.

THE MADRAS CENTRAL URBAN BANK, LTD.

(Annual General Body Meeting, 1—11—1930).

The General Body Meeting of the Madras Central Urban Bank, Ltd., was held at 4 p.m., on Saturday the 1st November 1930, with M. R. Ry. V. Ramadas Pantulu Garu (the President of the Bank) in the Chair. The Annual Report and Statements of accounts of the Bank were placed before the General Body and were unanimously adopted. The president made a speech on the occasion about the progress of the Bank during the last quarter of a century and its present financial position and we reproduce the speech below.—

GENTLEMEN,

This year's annual General Meeting of the shareholders constitutes an important land mark in the history of the Bank. The Bank was registered under the Co-operative Societies' Act of 1904 on 23rd November 1905. The close of the year 1930, therefore, completes the 25th year of the life of the Bank. This happy event further synchronises very nearly with the close of the 25th year of the inauguration of the Movement itself in India, thus taking back our history almost to the origin of the Indian Co-operative Movement. I have, therefore, no doubt that you will expect your Executive to make fitting arrangements for the celebration of the Silver Jubilee of the Bank in a suitable manner on some convenient day.

The Bank was started about 25 years ago as a primary society and not as a central society, on account of the extremely limited scope of the Co-operative Societies' Act of 1904, but permitted by special exemption to lend to other societies. After the passing of the Act II of 1912, the Bank's aims and the nature of its business have gradually undergone far-reaching changes, and to-day the institution has assumed the role of an apex bank fulfilling the functions of a financing agency and a balancing centre to 31 independent central banks, which together practically own and control its operations as well as management. I shall reserve the review of the history of the Bank's progress during the last quarter of a century to another occasion, namely, the Silver Jubilee Day. Suffice it to say, that, starting with a share capital of Rs. 4,200 and a total working capital of Rs. 4,700 in 1905, it now works with a paid up share capital of Rs. 6,19,750, a reserve fund of Rs. 9,61,000 and a working capital of Rs. 1,87,54,163. The shareholders have, therefore, every reason to be gratified with the working of the Bank and to claim it to be a success.

The administration report and the statement of affairs for the year ending with June 1930 are now in your hands. You will see from them that the Bank has earned, during the year under report, a net profit of Rs. 2,44,140-13-11 and thus there has been a slight increase over the profits of last year. The profits would easily have been greater but for the fact that, for 5 months in the year, the Imperial Bank rate was six per cent and above, going up to 7 per cent. At one time, this bank borrowed Rs. 33,18,715 at 7 per cent and lent it to central banks at 6 per cent. The profits earned during the year must therefore be considered very satisfactory in the peculiar circumstances of the year. Another feature of the balance sheet that is sure to arrest your attention is the large depreciation in the value of our holdings in gilt-edged securities. The depreciation was not written off from the net profits, but a portion of those profits was added to the depreciation fund instituted in the previous year and the balance of depreciation is proposed to be made good from the building fund with your approval. But this depreciation need not cause us any anxiety, as the Bank is not likely to be faced with a situation which may necessitate the sale of these securities in a low market and as the annual profits may safely be expected to continue to be sufficient to permit a portion of them being diverted into the depreciation fund, even if the depreciation should continue to be a feature of a few years to come. As the period of maturity approaches, the securities are bound to appreciate in value and apart from it the money market conditions themselves will in all likelihood improve in the years to come.

The Bank has, as you know, been for some time past trying to come into closer touch with constituent central banks, so that it may more effectively take its legitimate place as an integral factor in the co-operative financial organisation of the province. The financial soundness of the provincial bank will obviously depend upon that of the central banks which, in turn, will depend upon the soundness and stability of the primary societies. This in my opinion has not been realised as fully as it should have been in the past. It requires very little argument to convince any one that it is to the common interest of the apex and the central banks to work together in maintaining the primary societies in a perpetual state of efficiency. The programme of consolidation and rectification on which central banks have earnestly embarked is, in this view, the common concern of the apex and the central banks. In order therefore to secure the fullest co-ordination between this bank and the central banks and to obtain the maximum benefit from the operations of the rectification and consolidation staff, this bank considered it to be its duty to participate in the work of overhauling the societies to the fullest possible extent consistently, of course, with its position and limitations as an apex bank. In pursuance

of that understanding, this bank has subsidised the central banks up till now in the current year to the tune of Rs. 47,920 and in all likelihood, will be called upon to make further contributions in the course of the year subject to a maximum of Rs. 2,500 to any single central bank in the year. The expenditure on this scheme may have to be incurred for a few years more until the desired results are obtained and I hope you will give your wholehearted approval to the scheme and its financial implications. Your executive committee will spare no pains to keep itself fully posted from time to time with the progress of the work in the several districts and will endeavour to render all assistance it can to the several central banks.

Before I conclude I wish to emphasise on the imperative need at the present juncture, for our developing a spirit of self-help and self-reliance in a much larger measure than we can now claim to possess.

The Movement is embarking on a new phase of its life and it is very unlikely that it will receive the same favoured treatment, as it did in the past when it was ineffective. We are now taught that fluid resources and certain forms of service mean cost and that it is idle to expect free money or free service in any shape in future. The difficulty which the central and apex banks have already begun to experience as a result of the Imperial Bank's decision to completely withdraw within 5 years all overdraft accommodation (for the purpose of fluid resources) on the cover of co-operative paper, and certain other difficulties with which the movement may soon be confronted can be overcome, only by the closest association between the several co-operative organisations and the cultivation of genuine mutual goodwill for the common benefit of all of them. In order that the Apex Bank and the central banks may be able to continue to serve in an ever-increasing measure the daily expanding credit needs of the co-operators, we must so function as to command the fullest confidence of the investing public and to make our position in the money market unassailable. Your executive will endeavour to keep these ideals steadily in view and hope, with the wholehearted co-operation of the central banks, to be able to enlarge the usefulness of this bank to the vast rural population of the province in the coming years.

THE SOUTH CANARA CENTRAL CO-OPERATIVE BANK LTD., MANGALORE.

In pursuance of the suggestion of the Joint Registrar of Co-operative Societies, Madras, who visited the district in May last, the administrative and supervision work of the District Council has been transferred to the Central Bank for 1 year with effect from 1st July last.

The said work in the Bank has been vested in an Administrative Committee elected by the Board of Management and a scheme has been prepared for conducting the work. The rectification and consolidation work will be done by the Bank. The scheme is given below.

ADMINISTRATIVE SECTION.

1. The Administration of this section shall vest in a Committee called "The Administrative Committee" (hereinafter referred to as "The Committee") which shall consist of the members of the Loan Committee, the Deputy Registrar of Co-operative Societies and a Director of the Bank. The Vice-President of the Bank is elected to the Committee (as Director).

The Vice-President will be the chairman of the Committee. The quorum for a meeting of the Committee shall be three. The Board of Management or the Executive Committee of the Bank shall have power to exchange the personnel of the Committee as the occasion arises.

2. The Committee shall exercise all the powers hitherto vested in the South Canara District Co-operative Council of Supervision and in addition shall be responsible :—

- (1) To carry on the work of rectification and consolidation of Societies in the District.
- (2) To call for from societies and unions such statements and returns as are deemed necessary.
- (3) To get on or before 31st December every year property statements of members of all unlimited liability societies.
- (4) To obtain specimen signatures of all Directors of all societies.
- (5) To collect all information about every society and to maintain a history of each.
- (6) To scrutinise and criticise the working and financial condition of societies.
- (7) To make timely demands, to insist on prompt repayments, to watch collections and take coercive steps against default.
- (8) To help and guide the societies to maintain proper constitution and to watch their conduct closely and to apply correctives promptly.
- (9) To do all acts that are necessary to safe-guard the Bank's investments.

(10) The Committee shall get out of the Directors of the Bank and the Union Govering Body Members such work and help as they are capable of and are prepared and willing to render.

3. The Committee shall prepare quarterly progress reports of rectification and consolidation work and place them before the Board of Management.

4. The members of the Committee shall occasionally visit societies and Unions for which they will be paid actual travelling expenses not exceeding 2 annas a mile.

(a) If found necessary the Committee shall also publish the journal "Kannada Sahakari."

5. For conducting the field work the Committee shall appoint competent supervisors to work under Unions and besides shall appoint not less than 3 District Inspectors to work directly under the Bank on a pay of Rs. 50 per month and T. A. not exceeding Rs. 25 per month. The Committee shall also appoint one or more Reserve Supervisors. The Inspectors and Supervisors shall be under the control of the Committee. All disciplinary action against them will be taken by the Committee and any Union is at liberty to bring to notice any slackness on the part of the Inspectors or Supervisors.

6. The existing loan department shall be transferred to this section and in addition the Committee shall appoint 2 or more clerks and a peon to work under this section on a pay to be fixed by them.

7. The Secretary of the Bank shall be responsible for the executive work of this section also. He shall have power to inspect Unions and societies and to guide them. He will review the tour programmes and diaries and inspection reports of Inspectors and Supervisors and place them before the Committee. He will guide and control the Inspectors, Supervisors and the other staff, grant them casual leave and enforce discipline. In other words he shall have power to manage the entire secretarial work. He will be paid a personal allowance of Rs. 30 per mensem besides T. A. at I class bus fare and daily allowance of Rs. 2 and where there is no bus communication he will draw T.A. at 4 annas a mile. He shall also be provided with a peon on a salary of Rs. 12 per mensem besides travelling allowance.

8. An Assistant Secretary on a pay of Rs. 60 per mensem will be appointed to relieve the secretary of the routine work of the Bank. He will receive monies and make payments and he will be responsible for the maintenance of all accounts. During the absence of the Secretary on tour or otherwise he will be in charge of the office.

9. The Supervision rebate due from the Bank and the Supervision contribution from unions and societies shall be pooled in the Bank and



MR. G. J. D. C. GOEDHART.



DR. KARL RENNER,
(Germany).



DR. VAINO TANNER,
(President of the I.C.A.)



MR. H. J. MAY,
(Secretary of the I.C.A.)



DR. J. P. WARHASSE,
(U.S.A.)



FRAU FREUNDLICH, M.P.,
(President of International Women's Guild).

XIII INTERNATIONAL CO-OPERATIVE CONGRESS RESOLUTIONS

kept in current account under the head "Supervision Fund". The grants from the Bank and other institutions or Government shall be added to that Fund.

10. The pay and allowances of the Inspectors and Supervisors shall be paid by the Bank after scrutinising their work. Necessary allotments shall also be made to Unions to meet their other expenditure according to their budgets approved of by the Committee. But such grants will be made quarterly in advance provided that the Unions send the prescribed statements or returns.

11. The Committee shall prepare a budget of income and expenditure for 1930-31 and place the same before the Executive Committee.

Foreign News

RESOLUTIONS PASSED AT THE XIII INTERNATIONAL CO-OPERATIVE CONGRESS

(held at Vienna in August 1939.)

BARRIERS TO FREE INTERNATIONAL EXCHANGE.

Resolution No. 1. "The Congress of the International Co-operative Alliance held at Vienna declares that—

In spite of the recommendations of the World Economic Conference, in spite of the endeavours of the recent Conference for a Custom Truce, and

in spite of the decisions of numerous other International Bodies—no progress has been made towards the economic pacification of the world, but, on the contrary, that customs duties have been raised again during the past year.

The Congress deplores this policy of neglect and delay in dealing with the situation which has become of the most vital concern to all the nations of the world. The 56 millions of consumers, organised in the International Co-operative Alliance, reaffirm their faith in the principle of unrestricted freedom of communication and exchange of goods between all nations, which they consider an essential condition for the economic well-being of all countries, and also for the economic peace of the world.

The Congress, therefore, urges all consumers, all co-operative organisations, and the workers of all countries, to bring their influence to bear upon their respective governments, and through them upon the League of Nations, in order that—

by the conclusion of liberal long-term commercial agreements,
by the establishment of uniform customs nomenclature,

by national and international traffic agreements
by customs unions, and
by all other appropriate means—

the free exchange of goods and unrestricted communications may, as far as possible, be restored; the people relieved from the constant threat of the lowering of their standard of living, and that, by the re-establishment of the purchasing power of the consumer, production may also be revived.

TRUSTS AND CARTELS.

Resolution No. II. "In view of the facts—that national, and especially international, trusts and cartels containing to monopolise, not only the most essential raw materials, but also manufactured articles in daily demand, such as matches, margarine, electric bulbs etc.,

that private capitalist trusts, taking advantage of the financial difficulties of certain States, have advanced loans to them, thus purchasing for themselves monopolies, and making the States dependent upon the trusts,

that the exploitation of the consumer has thereby assumed alarming proportions, and threatens to hinder co-operative distribution and production, and

that these evils have reached far greater dimensions than were known before the war—

This Congress urges all consumers, especially the women who have the responsibility of providing for the family needs, to organise themselves co-operatively for their common defence, and for the carrying out of resolute propaganda to secure that national cartels may be made subject to the control of the State, and international cartels brought under the control of a powerful section of the League of Nations."

CO-OPERATIVE BANKING

Resolution No. III. "The International Conference of Co-operative Banks, meeting at Vienna on the 23rd of August 1930, notes with satisfaction the progress made by the International Co-operative Banking Committee towards the establishment of documentation which, by the mutual exchange of information, will promote international co-operative relations.

While noting the progress made by most of the Banks, or Banking Services, belonging to the Committee, or providing it with the necessary documents, the Conference observes the gratifying fact that the Co-operative Movement is becoming progressively independent of private Banks, and more and more able to find the necessary means for its development within its own organisations.

The Conference also notes that in a great many countries the confidence shown generally in the Central Co-operative Banking Organisations is demonstrated by the fact that the resources placed at their disposal are greater than the needs of the National Co-operative Movements, and this surplus capital is judiciously re-employed in helping those Co-operative Movements which are not yet at this stage of development.

Finally, the Conference expresses the hope that the International Co-operative Congress will afford an opportunity of an examination into the magnitude of international co-operative resources and the part which these resources can play in international co-operative trade, either by the constitution of an International Co-operative Bank, or by more frequent and closer relations with the International Co-operative Wholesale Society and the International Co-operative Assurance Committee."

THE MARKETING, POOLING, AND FINANCING OF CO-OPERATIVE PRODUCTIONS IN RELATION TO THE CONSUMERS' MOVEMENT.

Resolution No. IV. "This Congress heartily endorses the efforts which have been made by the International Co-operative Alliance to secure the establishment of organic relations with various Co-operative Organisations of Consumers and agricultural Producers as being one of the soundest methods of solving the problem of marketing agricultural produce and, at the same time a natural step in the development of the Co-operative Movement as a world economic force.

The Congress expresses its conviction that the organisation of production, whether by Federations of Consumers or Associations of Producers, is capable of establishment on true co-operative principles, consistent with the constitution of the I. C. A. and without necessary conflict of interest.

ROCHDALE PRINCIPLES AND CREDIT TRADING.

Resolution No. V. (a) "The Thirteenth Congress of the International Co-operative Alliance urges upon all its affiliated Unions and Societies the necessity of safeguarding the unconditional recognition and observance of the well-tried principle of cash payments in all Consumers' Societies, and to do all in their power to oppose the giving of credit to members of Consumers' Co-operative Societies.

Resolution No. V. (b) This Congress, drawing a clear distinction between what is called 'credit trading' and the strict organisation of

credit which is legitimate when it aims at improving and strengthening the economic position of the borrower :

- (i) Re-affirms the traditional condemnation by the Co-operative Movement of credit trading by Distributive Co-operative Societies and also those modern systems of selling on credit invented by private traders for increasing their business and their profits ;
- (ii) Observes, nevertheless, that an experiment successfully carried out for about fifteen years among workers and salaried employees, and for three-quarters of a century in rural areas throughout the world, has proved that co-operation can, by means of Savings and Credit Co-operative Societies, solve the problem of legitimate credit requirements, including credit for household needs, and, in addition, can substitute savings for debts among the former victims of money-lenders.

In view of this long and wide experience, the Congress recommends that special Savings and Credit Co-operative Societies should be set up on the basis of those principles of individual and joint responsibility which have already proved their value, and should, if necessary, be adopted to the special conditions and needs of urban populations.

The Savings and Credit Co-operative Societies, wherever constituted, should not remain isolated but should be grouped in Federal Organisations connected with the existing Co-operative Banks.

Government Order's and Circulars

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G. O. No. 1507, 7th August 1930.*

Fisheries—Committee's report—Orders passed.

B. Co-operation.—The Committee have recommended that all co-operative work among fishermen both on the West and East coasts in the Presidency should be done by the Fisheries department and that on the analogy of the system in vogue in the Labour department which supervises the depressed classes societies, the special staff of inspectors of co-operative societies allotted for the supervision of fishermen societies should work under the Fisheries department, the Co-operative department supplying an adequate number of trained inspectors and remaining responsible for the auditing of the work of the societies. The Government have considered the proposals submitted by the Director of Fisheries in this respect and have decided that, as the Fisheries department has adequate staff only in the districts of Malabar and South Kanara to exercise effective control over the work of inspectors supervising the co-operative societies, the department should, for the present be made responsible for the fishermen societies only in these two districts. Orders have issued in G. O. No. 741, Development, dated 4th April 1930, directing that the special staff of inspectors allotted for the societies in the two districts should work under the Fisheries department.

* Only paras relating to co-operation are reproduced.

D. N. STRATHIE ESQ., I. C. S.,
Registrar.

NOTIFICATION.

Subject :—Building Societies—Audit fees—scale.

In virtue of the powers conferred on the Registrar by rule VIII D of the rules framed by the Local Government under Act II of 1912 (India), the Registrar hereby fixes with the previous approval of Government the following scale of fees payable by building societies for the audit of their accounts done by Government from the year 1930—31. The scale is the same as that fixed for credit societies and is to be calculated on the working capital as it was on the last day of the co-operative year previous to that for which the fees are leviable.

Scale of fees :—

8 annas per 100 of the working capital for the first 50,000 or part thereof.

6 annas per 100 for the next 50,000 or part thereof.

4	„	do	do	one lakh	do
3	„	do	do	do	do
2	„	do	do	do	do

No fee will be made on capital exceeding the last mentioned limit.

2. Working capital will for this purpose include

1. Paid up share capital
2. Loans and deposits
3. Loans from Government
4. Reserve fund.

3. Every building society will be exempt from the payment of any audit fee for the first three co-operative years from the date of registration.

(By Order)

T. R. RANGANATHAN,
Manager.

To

All Building Societies.
All Deputy Registrars
All Journals.

