

in the January 1931 number of our journal has made this point absolutely clear and incontrovertible. Our suggestion now is, why not we start a few fresh societies, in places where circumstances are favourable, intended purely to accommodate peasants with short-term loans and see how far this new experiment will be successful. If starting of new societies would be difficult, let us convert some of the best existing societies into purely short-term societies and watch their development.

As it is, Government Reports either for districts or for the provinces as a whole give us absolutely no idea at all whether the lessons we have learned have gone home. The district reports ought to be divided into two sections, one dealing with the older societies that have become victims to the disease of overdues and the new societies started under better auspices with more limited ambition, with better prepared materials and working under better conditions. How far the plant tended in this way thrives well without showing a tendency to degenerate will be worth watching. Not only the officials, but the non-officials as well, may conduct experiments and publish the results. At present, good, bad and indifferent are all

and statistics about overdues are based upon the sum of the transactions of various types of societies. Very little nity is given to a student who wishes to find out how many societies that were classed under (B) have worked up and to be promoted to (A), or the other way round, how many societies classed as (A) have degenerated into (B) and so on with reference to the other categories as well. If district reports will give information under two different heads, of older societies and newer societies, started and run under better auspices, they will be doing a service to the movement as a whole. We shall then be able to

test what we may find as an unhealthy tendency to be seen in certain districts, namely, the tendency to sacrifice all organising work on the altar of rectification and consolidation and give no scope for the healthy growth which ought to be the normal feature of a living organism. The bad ones may be segregated for statistical purposes and the good ones may be encouraged to go ahead. We are afraid that the only services done by good societies to the movement as a whole is to contribute their mite for lessening the district figures of overdues by ever so little. Their developments and services deserve to be specially chronicled, so that they may serve as a beacon light for further expansion and development.

EDITORIAL NOTES

In all fields of human activities—Politics, Religion, Literature or Philosophy—a careful student will note two rival tendencies, one tending to the subordination of the individual to the bigger group of which he is a member, and the other asserting the individuality of the unit. In the co-operative movement of our own country we find this tendency exemplified. There are Primary Societies that are too conscious of their own sovereign power in all matters affecting their welfare, and refuse to be inspected by the Union or the financing Bank. There is an opposite tendency of regimentation, the societies being organised into Unions, Unions into Federations, Federations into Linguistic Organisations, and they in turn into Provincial Organisations.

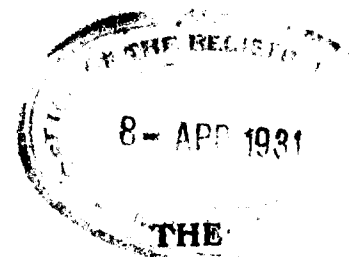
Concentration, Consolidation, Amalgamation, Rationalisation these are the watchwords of the latter type. It is not the strong institution that is able to take care of itself, that pleads for independence or autonomy. It is the weak one, it is the unhealthy one that is loud in its demand for independence and protests against the infringements of its own rights and privileges.

The English Co-operative Movement with its turn-over running up to unimaginably huge figures, in conducting self-examination of its own achievements in 1930 and in formulating a scheme for 1931, has got the following paragraph headed the "Lessons of the Past Year."—

"Amalgamation must be speeded up; the range of co-operative services must be extended either by the opening of new departments or by federation; the output of co-operative factories must be increased; the movement must evolve a common policy on trading questions common interest and international co-operative action and trade must be developed."

If that is the lesson for Co-operative Movement in how much more is it necessary for us in India?

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Editorial Notes

We presented our readers with a New Year's Gift in the form of a suggestion that some efforts should be made to enlist the services of ladies with regard to co-operative movement. We are tempted to present another gift, also a suggestion, though this time it is only a gift presented under a new garb. Some months ago under the caption "A burnt child dreads the fire" we asked the question whether we have become the wiser for all these searching self-examinations and enquiries by experts. Each official or non-official will well to put himself to this question and answer according to his own experience.

Our suggestion on this occasion is that we must make deliberate attempts to develop a healthy type of co-operation free from defects, which, we now realise, have somehow crept into the movement during this past quarter of a century of its existence. To take one concrete example, our bank experts have come to a unanimous conclusion that co-operative societies may best help the peasant only with short term loans or in rare cases with intermediate loans, and the article of Mr. S. Pantulu which appears

Elsewhere* would be found extracted the opinion of Mr. J. P. Warbasse, the President of the American Co-operative Union and the author of the well known book "Co-operative Democracy", on 'Credit Union'. He emphasises the fact that the true function of credit societies is to help the members in such a manner that in course of time they would become independent of societies. The ideal is that indebtedness should be gradually removed and financial conditions of the members definitely improved, so that there may be no need for further borrowing from the societies. It is well known that the ideal teacher is one who makes himself unnecessary in course of time. The student should be so trained as to help himself and not stand in need of a mentor at every turn.

We would do well to ask this question, whether it is possible to drive out the demon of indebtedness from at least selected areas. The trend of evidence tendered before the Townsend Committee in Madras and before the various Provincial Banking Enquiry Committees seems to be that rural indebtedness, far from getting decreased, has gone on increasing. Perhaps, as the present Registrar once remarked, we see generally only the undesirable state of affairs, and when the agriculturist gets free from financial troubles through the help of co-operative societies, he does not sit down and write a letter about it to the Registrar. But are there really such cases? Accepting the fact that there is a general feeling that the rate of interest has gone down in rural parts as a result of the starting of co-operative societies, very little financial salvage work is assigned to the credit of co-operative societies.

The co-operators of our province will do well to choose particular areas and try to completely finance members and free them from all forms of indebtedness except to the society, implant in them habits of thrift and enable to them to become financially independent. One successful experiment conducted along these lines will a greater service rendered to the movement than the mere multiplication of inefficient societies started indiscriminately. Those who are specialising in rural welfare will do well to note and try the experiment where conditions are favourable.

We have often pleaded the cause of the dreamer, the man of ideas, the man who confines his attention to books and does not come down and do things himself. If EDUCATIONISTS AS CUSTODIANS OF IDEALS. we take a long view of things there is use for such apparently useless men as well. In dealing with a new campaign for enrollment of members which co-operation in England is about to launch, the following note appears in our esteemed contemporary, the "Manchester Co-operative News". In this, special emphasis is laid upon the duty of educationists in presenting big ideals as contrasted with harping upon the usual forms of attraction such as the economic advantages of shopping at the stores etc. Let us therefore have dreamers amongst us who will crystalise their dreams in fine popular songs, in thrilling dramatic scenes and in attractive short stories.

"If educationists do not do their duty, the big campaign may degenerate into mere trade publicity and advertising, a campaign in which the ideals of co-operation and the moral purpose of our movement are completely overlooked. It is our duty to see that this disaster does not happen. We cannot possibly be satisfied with speeches extolling the virtue of the dividend and the economic advantages obtainable by all who do their shopping at the stores plus a proportion based on some vague reference to the commonwealth and the old ideals. *Talk of that kind may be good advertising. It is bad co-operation*, and cannot possibly add anything whatever to our spiritual strength and moral power.

As educationists we must be foremost in this year's campaign and we have a duty to keep the higher aspects of the movement in the forefront. Even in times like the present, when it appears that all the nation is responding to economic pressure and fighting for the chance to live, men and women respond most readily to appeals addressed to their hearts and souls. Even consumers must love the highest when they see it; and I for one refuse to believe that money dividends constitute our most efficient recruiting sergeant. I believe our propaganda is most effective when it stresses the need for economic justice, for more human relationships in trade and industry, for the reconstruction of society, on a nobler basis.

I do not say, of course, that our business leaders are forgetful of these aspects of our programme. But I do say educationists have a special duty to present big ideals on all our platforms and to make appeals as stirring as the finest songs."

* * *

Among the many delegates from India who went to attend the Round Table Conference in London and who are returning to the mother-land, we wonder how many would have availed themselves of the opportunity to study something about the Consumers' Co-operation in England. We are very glad to note that his Highness Shrimant Sir Chintaman Rao Appa Saheb Patwardhan II, K.C.I.E. the ruler of Sangli State of Bombay accompanied by Mr. R. C. Morrison, M.P., and his own personal staff, paid a visit to the London headquarters of the Co-operative Wholesale Society at Leman Street. His Highness, it may be remembered, is a member of the Standing Committee of the Chamber of Princes and his action in visiting the Co-operative Store, which is generally looked upon as the poor man's concern, is in consonance with the spirit evinced by the Indian princes in their speeches made on the occasion of the Round Table Conference throwing in their lot along with the rest of India and advocating the creation of a united India on a federal basis. We give below a report of the speech of His Highness :—

"His Highness, in replying to the speeches of welcome, said he was glad to have had that opportunity of seeking and hearing something of the splendid co-operative work, the two wholesales had been doing.

"In India, he added, co-operation was of the greatest importance. Indeed, it had been said that India was the country of all countries in which co-operation could prove its real value. In India nearly 80 per cent of the people made their living by agriculture, and the co-operative movement was one of the most promising and important of the efforts now being made to help the agriculturist and improve his conditions of life generally. Although the movement began late in India, only twenty-five years ago, its record had been one of uninterrupted progress. Most of the societies established were of the

credit type, which, however valuable, were not the chief end of co-operation. But societies were also being formed to assist regular industries such as weaving, and also cottage industries, and to promote the use of good seed, the marketing of produce, and the improvement of cattle.

"Furthermore, the Prince continued, the moral value of co-operation had been no less fruitful, for there was too much inclination to rely on government as the universal provider, unfortunate jealousies, and a lack of material confidence and self-help. In 1910, there were 1,926 societies in India, but in 1927—28 the total had risen to 96,026. The number of members in those primary societies had risen from 1,61,910 to 3,780,173 during the same period, and the share capital from Rs. 13,19,000 to Rs. 100,607,000 while in 1927—28 the working capital of the societies totalled Rs. 767,087,000. In some places co-operative societies had opened schools and dispensaries, and assisted in spreading knowledge of improved methods of cultivation."*

* * *

In continuation of our note† on "Agricultural Marketing Bill" now before the English Parliament, we extract below a note on the modifications recently effected as published in our esteemed contemporary, the Journal of Ministry of Agriculture, London, in the January 1931 number.

"A new clause has been introduced empowering the Minister to appoint one or more Reorganisation Commissions which will have a dual function. The primary function of a Commission will be to examine existing methods and arrangements, and to prepare a detailed scheme for regulating the marketing of a particular product by the producers thereof; and the Minister will be required to take steps to further the consideration of the scheme by the producers concerned. The secondary duty of a Commission will be to investigate, if so required by the Minister, the relation of other interests (such as manu-

*Manchester Co-operative News.

†Vide page 288 of the Madras Journal of Co-operation, Nov. 1930.

factures or distributors) to any scheme with a view to securing their co-operation. This new clause should meet with the approval both of those who had misgivings as to the use which farmers would make of the Bill and of those who regard the solution of problems, such as the milk supply as impracticable unless manufacturing and distributive interests are consulted and participate.

Other amendments provide for the exemption of classes of sales as well as of classes of producers; for enabling a board to secure for its producers the business advantage of bulk purchase of agricultural requisites; and for increasing the usefulness of a board by permitting it to guarantee an agricultural charge (under the Agricultural Credits Act, 1928) when created by a registered producer."

We hope that ere long a bill on similar lines will be introduced in the various Provincial Legislatures, as the efficient marketing of agricultural products has come to be recognised as one of the most effective methods of helping the ryot economically.

* * *

In spite of all that has been said against the Scotchman from the time of Dr. Johnson onwards, there is no denying the fact that he is a shrewd businessman, that long ages of popular culture and banking habits have made him successful especially in banking.

When such a shrewd person indulges in certain dreams and makes up his mind to see that those dreams are realised and draws up a plan by means of which he can attain his goal, there is very much to be said about it. We have one such dreamer, who at the same time is a businessman, in Sir Daniel Hamilton, whose writings on co-operation, we take it, are well known to our readers. The latest number of the Federation Gazette published by the Bihar and Orissa Co-operative Federation, Patna, has got the address given by Sir Daniel to the students of the Scottish Churches College, where he sketches his ideal about the founding of an ideal village, which like a good Scot he wishes to call Andrewpur,

His conception is to evolve a new kind of village life, or colonising the wastes of Sunderbans, which once upon a time was densely

inhabited. To drive out the tiger, the cobra, the mosquito and other enemies of man and make the place habitable where the unmatched fertility of the soil, the free gift of Mother Ganges, goes to waste, and to provide food for the starving mouths, that is his ideal.

The help which he expects from Government is not any outright gift of money, but only an advance which would be repaid, as the colony begins to produce grains and marketable commodities with the help of the only capital, the poor have, that is, labour. The whole village life is to be co-operatively organised, and it is the dream of this successful businessman that in this will be found free scope for the exercise of the intelligence of the *bhadralok* or the middle class of Bengal, who having received an exclusively literary education, do not know what to do with themselves and are, every year, swelling up the ever growing ranks of the unemployed. It requires a certain amount of boldness to dream such dreams and to devise definite, practical steps by means of which we can progress steadily forward towards this alluring goal. We commend that article to our readers and we hope that in the south also, some such attempt on an original method of solving the present economic difficulty would be made.*

*We are very glad to learn, as we go to the Press, that Sir Hamilton's proposals for the establishment of a "Co-operative State" have been agreed to both by the Bengal Government and the Government of India. The main proposals were: (1) the Bengal Government should place at the disposal of Sir D. Hamilton a block of land in Sunderbans for the creation of an estate of 10,000 acres to be worked in co-operative lines, the estate remaining the property of the Bengal Government. (2) The Government of India should lend a sum of Rs. 2,00,000 for the development of the estate, and another Rs. 1,50,000 for the establishment of the Bolpur Training School for co-operative workers.

The land is expected to provide a living for 2,000 families. The teachers and doctors are to be paid for by the people from paddy and not toddy and salt. The villagers are to learn the art of self-government through panchayats which will form the electoral unit of the populace, consisting of all castes and creeds.

Long live Sir Daniel and may his Co-operative State extend its bounds!

The Present Economic Depression and Co-operative Finance

BY

V. RAMADAS PANTULU

MONEY MARKET AND THE DEPENDENCE OF CO-OPERATIVE BANKS ON IT.

In order to fully and correctly appreciate the effects of the present crisis on co-operative finance and take remedial measures to remove the existing defects in our organisation, I consider a brief survey of the conditions of the Money Market and their reaction on co-operative banking is essential. The anticipations of the founders of the movement in India, that primary credit societies will be able to provide themselves with a substantial portion of their working capital by mobilising the savings of the rural population, have not been realised to any appreciable extent. It is also becoming increasingly clear that the theory of monetary hoarding by people in rural areas is more or less a myth, notwithstanding the opinion, of the talented editors of the "Indian Finance" and a few conservative British Bankers, to the contrary. The Provincial Banking Enquiry Committees, on which distinguished economists, experienced administrators and shrewd businessmen were represented, virtually disposed of the notion of large monetary hoards lurking as shy and potential capital in the villages, if the personal gold and silver ornaments of the villagers, specially of the women folk, are excluded, as they ought to be, for they cannot be mobilised into deposits for financing agriculture or trade. The dependence of rural co-operators on capital derived from urban areas and cities has thus become the established and normal feature of the co-operative credit movement. The future of the co-operative movement is, therefore, inextricably mixed up with the volume, mobility and price of capital drawn from urban sources and city investors. It is impossible for co-operators to place their banking business on a rational basis without attending to the features of the money market—the sources from which resources of co-operative banks come, the factors which regulate the flow of these resources and the causes which control the rates of interest at which such resources can be tapped.

A study of the financial position of the commercial banks and the Foreign Exchange Banks in India will disclose the disquieting

THE PRESENT ECONOMIC DEPRESSION AND CO-OPERATIVE FINANCE

fact that either the available capital for mobilisation by banks in this country is by no means over—abundant to meet the growing needs of the much desired industrial and agricultural expansion of the country or that there are factors in operation which militate against the flow of that capital in larger volume and on less onerous terms into the banks. Let us glance at the quantity of the aggregate deposits in Joint Stock Banks (including the Imperial Bank) and the Exchange Banks during a decade for which published figures are available. In the ten years respectively from 1919 to 1928 the total of the deposits in all these banks stood as follows in round figures.

	Rs.		Rs.
1919	203 crores	1924	202 crores
1920	226 "	1925	206 "
1921	221 "	1926	208 "
1922	195 "	1927	205 "
1923	190 "	1928	208 "

If we separate from these totals the figures for the Imperial Bank which is the strongest single bank in the matter of resources, they were, in round figures, as follows :—

IMPERIAL BANK.

	Rs.		Rs.
1919	68 crores	1924	76 crores
1920	78 "	1925	77 "
1921	65 "	1926	73 "
1922	57 "	1927	72 "
1923	74 "	1928	71 "

Roughly speaking, the group of 18 Exchange Banks, the Imperial Bank and the rest of the Commercial Banks have been able to tap not more than 70 crores each during the whole post-war decade and they have thus shown little progress in the matter of attracting deposits. The deposits in the co-operative banks may be put roughly at 30 crores. In the western countries, broadly speaking, Bank deposits of a country generally amount to four to five times the currency in circulation in that particular country. In India the Bank deposits and the currency in circulation are roughly equal. The paper currency in circulation is about Rs. 160 crores and the silver rupees in circulation, if one might make a guess, for no accurate estimate is possible, may be put at Rs. 100 crores, though this may perhaps be an over estimate. The total currency in circulation at present is thus roughly Rs. 250 crores and the deposits in all kinds

of banks in the country including the co-operative banks also approximate to that figure. Even assuming that this deviation from the normal position in other countries can, to a small extent, be explained by the fact that currency is used in daily transactions to a much larger extent in India than in western countries, where most people operate more extensively through cheques on banks, there is still a vast gulf to be bridged.

India's money market presents many other abnormal features of which co-operative bankers should not fail to take note. When prizes of agricultural products and also of some manufactured goods are low, and the people require less money to buy their daily requirements than before, and where there is no brisk trade demand for bank advances, there should be more surplus money in the banks with a resultant reduction in the Banks' rates of interest. This is what is happening, as a matter of fact, in many other countries. The Bank rate of the Federal Reserve Bank in U. S. A. and of the Central Bank of France at the moment is 2 per cent. The rate of the Bank of England is 3 per cent. But the Imperial Bank rate is 7 per cent. in India. There are more causes than one for this extraordinary state of affairs. It is for economists to expound them. I am dealing with the matter merely from the Bankers' point of view. From the banking point of view the most dominating among the causes in operation is the extent and nature of the Government's loan operations. Compare with the sum of Rs. 200 crores, placed by the public at the disposal of all the banks for the development of the country's trade, commerce, industry and agriculture, with the sum loaned by the people to the Government. To-day a sum of Rs. 400 crores is outstanding on Government Securities including Treasury Bills. Another sum of Rs. 300 crores is in Postal Savings Banks (including Cash Certificates). A further sum of about 70 crores is in Municipal and Port Trust Bonds which are quasi Government Securities. So Government loans are roughly four times the Bank deposits. I am citing these figures not to raise any controversy over the Government's borrowing policy or to express any opinion on it. People evidently consider that investment in Government securities is either more profitable or more safe than a bank deposit. The money borrowed by Government may be used for productive capital expenditure which perhaps helps greatly the economic development of the country. If people of India do not lend money to answer all the requirements of the Government, then the Government might be put to the necessity of borrowing more largely from foreign countries.

It is unnecessary in this connection to discuss whether it is more beneficial to the country to let Government borrow in foreign markets or to let trade and industries import external capital. Whatever may be the justification for the Government borrowing largely in the Indian money market, there can be no possible doubt that such borrowing has the inevitable effect of withdrawing from time to time the savings of the people which might otherwise have been at least partly mobilised by the banks for the expansion of trade, commerce, industry and agriculture.

Then come the competing claims of the Stock Exchanges and new openings for industrial investments. I shall not attempt a description of these interesting but intricate factors. It suffices my purpose to say that other forms of investments, besides Government Securities, Treasury Bills, Postal Cash Certificates and Municipal and Port Trust Bonds, are becoming increasingly available in the shape of bonds of Electric Supply Corporations and Land Mortgage and Industrial debentures, to name only a few. A certain element of speculation and desire for larger returns always enter into the motives of the investors and the claims of expanding industrial ventures on the money market have their necessary effect on the flow of capital into the banks. The study of the movements (inflow and outflow) of the deposits of co-operative banks during the last two years shows that those movements do not follow their old course and co-operators, who have been harping in the past too much on the certainty of a perennial inflow or steady renewals of deposits to the requisite level, have already begun to revise their notions.

So much for the limiting factors which regulate the supply of the available capital. This survey of the money market will be quite incomplete without a brief statement of the factors which control the interest rates at which such capital, as is available, can be attracted. One of those factors, (which is a post-war feature) though not the most important, is the high rates offered by the Government on Treasury Bills and the unseasonable times at which tenders are called for, for the sale of those bills. These bills used to be sold whenever the cash position of the Government was low. But even when the Government is not in need of money, their exchange policy gives rise to the necessity to sell these bills for large amount in the money market. Bankers say that the rates on these bills are usually 1 per cent or $1\frac{1}{2}$ per cent higher than the rates at which they could secure deposits for like periods. There are, however, other and more powerful factors which control these rates. From the standpoint of interest

rates there are really two money market rates, the bazar Hundi rate and the Commercial Banks' rate. The divergences between the two rates are sometimes very wide. Even in the Imperial Bank there are two rates. What we call the Imperial Bank rate is the rate charged by the bank for Demand Loans on Government Securities. The Bank's Hundi rate at which the Bank discounts and rediscounts bills differs from its official rate. It is unnecessary to discuss the reasons for these divergences. For our purpose it is sufficient to notice the causes that account for the variation in the Imperial Bank rate over a wide range. A difference of 3 per cent. (between 4 per cent. and 7 per cent.) has become an almost normal feature. Such wide variation is bound to cause considerable disturbance to the business of all those who depend upon credit from the Bank. To the extent that co-operative banks depend upon the Imperial Bank for financial accommodation, a swing in the pendulum of the rates with a range of 3 per cent. cannot but dislocate their credit operations. This most inconvenient oscillation is mainly the result of credit and currency of the country being vested in different agencies. If the Imperial Bank, like a reserve bank of the country, had power to expand and contract currency according to the needs of the country, then it could have been in a position to regulate the bank rate without inconvenient fluctuations. But as it is, notwithstanding its varied resources like Government free balances, the balances of the commercial banks, public deposits and funds of some Indian states, it is unable to meet the demands on it for accommodation by trade and industry, and it is in debt to the currency office during several months of the year. It is necessary to explain what this indebtedness to Currency office means in regard to the Imperial Bank's interest rates. The Imperial Bank can borrow from the Government from a source called "emergency currency" upto a maximum of 12 crores, whenever it is in need of money. The Bank naturally resorts to this course when its cash reserves are not sufficient for its needs and so long as this facility exists the Bank will not be over anxious to maintain strong cash reserves. But this borrowing from the "emergency currency" is not permitted when the bank rate is below 6 per cent. and it can borrow the first 4 crores at 6 per cent. and the remaining 8 crores at 7 per cent. I am told that this may happen even when there is redundant currency in the country and treasuries are full. So the Bank rate is virtually regulated by the Government and not by the Imperial Bank. I do not wish to go further into the matter. Here again, I wish to make it clear that this statement of facts is not

intended to be in any sense a comment on the existing arrangements or an expression of opinion one way or other. It is merely intended to show how co-operative banks are affected regarding interest rates on their deposits by factors over which they have no control—in fact, factors over which even the Imperial Bank has no control.

It is up to co-operators to carefully watch and provide for all these factors of the money market which determine the volume, velocity and price of public deposits which furnish the working capital for the movement. It is scarcely necessary to state that, unless we move with the monetary current of the country and so adjust our borrowing rates from time to time according to the exigencies of the money market and, when occasions arise, so revise our lending rates, as to enable the financing agencies to maintain the requisite level of margins, we shall be hopelessly left behind in the banking world and our credit machinery will come to standstill after a time.

Then let us see how the conditions of the money market sketched above have affected the co-operative banks. A study of the composition of the resources of the central banks and of the Madras Central Urban Bank for the last two co-operative years will disclose that there has been an appreciable fall in the percentage of their deposits from the public to their total working capital, though there has been a rise in the aggregate of the deposit figures. It is the relative proportion of the deposits to the bank's loan operations that matters. In the year 1928-29 the percentage of the aggregate of the deposits of the central banks to their aggregate working capital was 60.95. In the year 1929-30 the percentage was 56.29. The central banks had therefore to depend to a larger extent on the Provincial Bank for loans. So, while the percentage of the total working capital of central banks derived for loans from other societies in 1928-29 was 27.22 it rose to 47.65 in 1929-30. A comparison of the published figures in respect of Provincial Bank for the same two years does not at first sight disclose a similar fall in deposits, but that there has been in fact a fall will become evident from a further scrutiny of the composition of working capital of the Provincial Bank. The published statistics for the M. C. U. B. are as follows:—

Year.	Total working Capital.	Percentage of total working Capital derived from	
		Deposits.	Loans from other societies.
1928-29	Rs. 147 lakhs	57.22	32.48
1929-30	179 „	56.29	31.51

which could not be renewed owing, perhaps, to the execution of programmes of new public works by those bodies. The position has thus become sufficiently serious to rouse Co-operators to a sense of its gravity and to ask themselves what is the way out?

The picture presented above is in no way intended to suggest that the present stringency for money in the provincial co-operative bank and some of the central banks, with expanding business, is due to any weakness in their securities or assets. My purpose is wholly different, as will appear later. I wish to state it as my considered opinion that the co-operative banks have successfully weathered more than one crisis so far, and that they will emerge from the present crisis also without any damage to their structure or any impairment of their credit with the investing public. I am satisfied that the co-operative credit agencies in our province are in an absolutely sound position, so far as the safety of the investing public is concerned, and I am prepared to join issue with any one who disputes my statement. I am not unmindful of the frozen character of a large volume of our assets and the handicap of heavy overdues. I am also prepared to grant as a concession to our critics that some portion of our assets may prove ultimately irrecoverable, though I do not subscribe to that statement as a fact. I have studied with care the balance-sheets of our strongest commercial banks and I do not think that those banks offer to their investors greater security than our tiny banks do. Let us analyse the composition of the total working capital of the co-operative societies in our province and see what the analysis discloses. The total capital employed in the movement, not taking into account the investments of one society in another, amounted on the 30th June 1930 to Rs. 933.99 lakhs, made up as follows:—

Paid up share Capital and Reserve Fund	Rs. 284.07 lakhs.
Deposits	„ 613.69 „
Loans for Government	„ 36.23 „
	—————
	933.99 „

Thus the owned capital of Rs. 284 lakhs is over 46 per cent. of the outside borrowing of 600 and odd lakhs. Can there be any sounder concern than one which says to the public, "Look here, we have ourselves put 3 crores into the business; will you lend us 6 crores not only on the security of our general assets but also on the unlimited liability of the members of our rural societies

who form the bulk of our members?" I have separately analysed the composition of the agricultural and non-agricultural societies and should have been glad to set out the figures but for the length to which this article has already run. I have found the position quite safe from the investors' point of view. The percentage of owned capital of agricultural credit societies to outside borrowing is 25 per cent, while that of the non-agricultural societies is 50 per cent. For the benefit of those who are not familiar with the technique of co-operative credit, let me state that the "loss in a co-operative society will fall, *firstly* on the member, *secondly* on his sureties, *thirdly* on the reserve, *fourthly* on the share capital, *fifthly* on the unlimited liability of the members and *finally* on the creditor of the society." So, the creditors stand to suffer last, and only after the assets, far in excess of their contributions to the capital, are exhausted. So the Co-operative Banks have a strong claim on the patronage of the public on strictly business terms.

Notwithstanding this inherent strength, there are certain misfits in the adjustments of the financial machinery of the co-operative credit organisation which clog the wheels and retard the movement. I shall now proceed to sketch them and put forward for the earnest consideration of co-operators a scheme of reform which will conduce to the unimpeded and steady progress of the movement.

(To be continued).

Agricultural Depression and Co-operation. HOW TO AVERT THE IMMINENT DANGER.

(BY MR. J. P. MISRA, M.A., B. COM., F.R.E.S. (LON)

*(Vice-Principal, Bihar and Orissa Co-operative
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The present economic crisis which has followed the boom of the post-war period is an unique experience for current memories and is a phase of a world-wide movement. No country in the world, however sound and adequate its finances may be, has been able to surmount the difficulties which have paralysed not only trade and commerce but have also penetrated the extractive industries like mining and agriculture. The causes that are responsible for these chaotic conditions are manifold. On the one hand, since the end of the post-war boom in 1920-22, wholesale prices have had a general tendency to return to their pre-war level. Owing to various factors retail prices, however, have not followed at a proportionate pace, and so a lack of adjustment is apparent between production and consumption in many articles. On the other hand, various troubles, sometimes connected with the fall in prices but often independent of it, have, during the same time, occurred on most of the import markets—excessive speculation in the U. S. A. artificial interference with the stocks and prices in Canada and the U. S. A. for wheat, in Brazil for coffee, in Egypt for cotton, suspension of gold payments in Argentina, over-borrowings in Australia, and the political difficulties in the great markets of India not to speak of Russia and China.

PRESSURE OF INTERNAL AND EXTERNAL ECONOMIC FORCES ON INDIA.

In India conditions are by no means different and as it is linked with the world markets. it is the world prices that control the prices of different commodities in the country and moreover, the prices of one commodity act and react upon the prices of other commodities. Apart from the above-mentioned causes that have contributed to the present state of affairs, there have come about some special factors in the case of India which have made matters worse and have given rise to acute distress not only among the traders and industrialists but among the agriculturists more so, Monetary stringency brought

about by the contraction of currency is one of the important contributory causes of the fall in prices of the commodities in all its bearings. Only recently the currency has been contracted to the extent of Rs. 5 crores and since the beginning of the year, the total contraction comes to about Rs. 37 crores. Gold has lost its free mobility and is going more or less permanently, for the time being, to the coffers of the Central Banks of the foreign countries. Government borrowings up to date are about Rs. 32 crores in excess of the budget estimate and the bumper harvests for the last two years have acted in the same direction. The ultimate effect has been cumulative—continued fall of prices and more especially of agricultural prices. The traders, and industrialists and other business men may tide over the adverse circumstances by their past savings, however meagre they may be, but the agriculturists who form the majority of the population and whose economic condition even in normal times is none too happy, are passing through trying times and their plight becomes truly miserable as the days go by. It has been pointed out that they possess stocks of grain, but purchasers are not available nor are money-lenders prepared to advance loans. Not only is there difficulty in finding purchasers for their produce but the prevailing rates are so low as hardly to suffice for repaying even the cost of production.

PHENOMENAL FALL IN PRICES OF STAPLES AND OTHER CEREALS.

To take concrete examples, the prices of cotton and wheat have gone down almost to a level which is a record for the last 30 years, Cotton stood at Bombay at about Rs. 250 in December, 1929, while to-day it is at about Rs. 165. This is equivalent to a drop of about 50 per cent in about a year. The price of wheat in the Punjab was in the neighbourhood of Rs. 3-12 and Rs. 4 per maund last March, whereas it is something about Rs. 2-13 per maund to-day. It is again a drop of about 50 per cent. As regards jute which forms about 20 to 25 per cent of the total export trade of India and the production of which is an absolute monopoly of India, the prices realised are not even the half of the actual cost of production. The result is that acute distress prevails in the jute districts of Bengal where a deputation on behalf of the growers of the staple waited on His Excellency the Governor for giving immediate relief to the producers of the staple. With regard to the prices of rice they are by no means remunerative and the staple is now selling at about Rs. 4

per maund whereas only about nine months ago, it used to sell at Rs. 6-8 per maund. The prices of other cereals which are not considered as the staples, have even more considerably gone down.

EXAMPLES OF AMERICA AND EGYPT.

Thus it is clear that there is a severe economic depression to-day in the rural India and as the new crop season has commenced, a very gloomy outlook faces the agriculturists. Prices of agricultural commodities are going down day after day, and it is not known whether they have seen the worse yet. As it is, the loss is great and no agriculturist can bear it. In Canada there are powerful organisations with huge financial resources which have been and are still trying to check in the interests of the farmers the fall in the prices of wheat by controlling the movement and sale of wheat crops. They have the support of their respective Government which are always influenced in their actions and deliberations by the Farmers Party which is comprised of the representatives of the farmers whose interests they safeguard when they are threatened either by internal disorders in which case prompt and adequate relief is given to them or by foreign competition in which case tariff walls are raised against foreign commodities. Not only that. The farmers receive on the security of their crops, advances from these financial organisations which corner the produce immediately or hold it back for several months until the prices are favourable.

In the U. S. A the policy and the operations of the Farm Board inaugurated by President Hoover with the sole object of helping agriculturists in all possible ways, are well known to the students of Economics. The Government of Egypt dealing in a commodity like cotton in which that country has a sound position has not avoided or shirked its responsibility to the growers. It is only a few days ago that an announcement was made of their intentions to take steps to restrict cotton for the next three years to 40 per cent. In addition, the Government have utilised a considerable portion of their reserves for buying cotton from the market on occasions of bumper harvests or when prices are ruling at uneconomical rates.

A STRIKING CONTRAST IN INDIA.

But in India the agricultural industry is wholly unorganised and there are no agencies which can combat the tendency in the fall of prices. Even in ordinary times the Indian cultivators have to sell

their produce as quickly as they can after the crops are harvested so that they may meet the rent demands, and also honour the debt obligations of the money-lenders. The payments of revenue instalments is so timed that it almost synchronizes with the reaping and gathering of the harvest. The result is that the agriculturists often obtain the lowest price for their produce. They are in a hurry to sell and the advantage is taken of their pressing need by the grain dealers. This is the existing state of affairs in India which is, even in normal times, highly objectionable and when the prices are falling all round day by day and no relief as in America and Egypt is coming forward, the exploitation of the helpless cultivators by the grain dealers and the money-lenders, who are growing fat at their expense, is increasing manifold.

SOME POSSIBLE REMEDIES: EXTREMISTS' VIEWS CRITICISED.

The question now arises, "Shall we allow them to be exploited and ruined or are there any means and remedies by which their condition can be saved?" Something has to be done and that too at an early date. There is a section of the educated people who have advocated that the Government should, without the least possible delay, regulate the prices to the maximum benefit of the producers. In other words, it means that the Government should control the prices. In theory it sounds an easy task but in practice it involves difficulties more or less of an insurmountable nature and it is only in abnormal times like the war or the national upheaval, during the Great War when the British Government controlled prices, that the Government resorts to such extreme measures temporarily. (Refer "The Economics of Welfare" by A. C. Pigou. Chap. The State Regulation of Prices) Any interference with the working of free competition in periods of boom or slump by the Government, will seriously injure the national economic welfare and thereby lead to disastrous consequences which are obviously apparent in countries like Egypt and Brazil where the governments are faced with a critical situation by their own actions. It will be quite unwise to repeat the same history of tragedy in India which should learn a lesson by the experience of other countries which have taken such a bold step. Another partial remedy which has been proposed by a section of business men and traders is that the importation of foreign wheat should be stopped in view of the fact that the prices of Indian wheat are considerably going down in

competition with the foreign one. It is really difficult to understand how India being a member of the British Empire and a component part of the British Commonwealth of Nations, can deviate from the principle of Imperial Preference under which reciprocal preference is given to the Empire goods as against the goods coming from outside Empire—the policy of give and take which is greatly responsible for the increase of the export trade of India with the Dominions of the Empire. Suggestions have also come that the Government should by means of legal acts, decrease the acreage under particular crops and thereby restrict the output temporarily. It is no doubt true that due to the stupendous illiteracy colossal ignorance of the law of supply and demand and the consequent lack of organisation among them, the farmers have not been able to cope with the falling demands in the market. Relying on their fate—as you will sow, you will reap—and guided by their primitive instincts they have gone on and are still going on merrily in their primitive ways and though the market was over-loaded with a plentiful supply say of jute last year—in their ignorance—and now to their utter ruin, the ryots have increased acreage under jute when they should have restricted it. The best thing that can be done is that instead of taking any emergency measures in the form of acts, the Government should take greater responsibility than what is being taken at present, for bringing home to the agriculturists a bulk of information regarding the forecasts of crops, and this can be easily done by the free distribution of the pamphlets printed in the dialects of the place for which they are meant. Moreover, the Agricultural Department should greatly utilise the opportunity of sending their Inspectors of Agriculture, propagandists, and other officers to the villages where they should freely associate with the residents and advise them as to which crop they should grow so that it may prove remunerative and if so what the acreage should be under that particular crop.

ADOPTION OF LIBERAL ATTITUDE BY THE GOVERNMENT.

This is not all and the Government can do something more by coming to the rescue of the hard-hit agriculturists thereby winning their sympathy and love and proving itself that it is really the trustee of the people. Proposals have also been made by some leading men in the public life of the country to-day that the remission, partial reduction or postponement of land revenue by the Government in areas where the cultivators have to pay it to the Government directly

or indirectly, will surely save the agriculturists from any further distress which may arise in future. These proposals if examined critically from an economic point of view appear to be pre-mature and out of question in view of the fact that the Government finances are already embarrassed and it is only with great difficulties and hardships that the Government is making both ends meet. The most salutary thing that the Government can do is the establishment of Sale Societies at convenient centres under official control and management as an emergency measure. The establishment of such societies wherever possible has also been recommended by the Royal Commission on Agriculture and it is believed that the Agricultural Department will have to appreciate its true role in this direction.

THE CO-OPERATIVE MOVEMENT.

It has been clearly shown in the foregoing pages how the Government can, by various ways and means discussed above, relieve the distress of the agriculturists who find themselves in blank despair at present. It has now to be seen how the Co-operative Movement can prevent the situation from getting worse by alleviating the calamities which are eating into the very vitality of the agriculturists like a canker. The movement spread as it is over larger areas, has attracted a larger number of agriculturists who are the members of the co-operative societies that are financed and supervised by the central banks and unions in the many districts. True it is that those who have joined the societies with great hopes for their moral and economic improvement, are as a class mostly agriculturists and are consequently suffering from the same contagion-slump in agricultural prices. When it is fully realised that the Co-operative Movement is based on doing good to the people at large and especially the members of the societies which are rightly regarded as the bed-rock of the whole movement, it is obviously plain that the deterioration of the members is the decay of the societies and the decay of the societies means the gradual dissolution of the movement.

INAUGURATION OF PRODUCE LOANS.

It is, therefore, the paramount duty of all those interested in the well-being of the movement to find out remedies which may prove beneficial to the people for whom the movement is worked, and may also save it from the impending danger. The best remedy under the circumstances appears to be the inauguration of produce loans by the central banks and unions. The loans should be

advanced to the members of the co-operative societies on the security of their produce which the central banks and unions under whose jurisdiction the society exists, should hold back for a favourable market and ultimately adjust the sale proceeds with the loans thus advanced. If it is not done immediately, there is every likelihood that the produce of the illiterate members will be bought by the village money-lenders and grain dealers at the lowest possible prices, with the result that the members will show their inability to pay their dues already existing for a long period. This will undoubtedly create a financial chaos within the structure of the movement which will receive a temporary set-back and it is difficult to say how long it may continue and how much more it may be accentuated in the near future.

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The Hyderabad Co-operative Dominion Bank, Ltd.,

BY MR. RAHAT ALI MIRZA.

The Bank was registered on the 6th March, 1915 (1st Ardi-bilhest 1324 Fasli) under H.E.H. the Nizam's Government Act II of 1323 Fasli, and started work on the same day, its name at the time of registration being "The Hyderabad Co-operative Central Bank, Limited." Its object was to finance co-operative societies, established under the Act, from time to time in H.E.H. the Nizam's Dominions. Prior to 1332 Fasli (1923) the Bank was financing exclusively Primary Societies. From 1332 Fasli (1923), it has been making advances to Co-operative Central Banks also, at a rate of interest one per cent per annum less than what is being charged to Primary Societies. In pursuance of the policy of the Department for a few years prior to 1334 Fasli (1925), or forming Central Banks for the various districts and converting the Hyderabad Co-operative Central Bank, Limited, into an Apex Bank and the chief co-operative financing agency of the Dominions, the name of the Bank was changed in 1334 Fasli (1925) into "The Hyderabad Co-operative Dominion Bank, Limited." The then existing liabilities of the Primary Societies were in almost all cases transferred to the District Central Banks at a rate of interest one per cent less than what was being charged to the Societies. Even now, the Dominion Bank continues to have direct dealings with Primary Societies in a few districts, where there are either no Central Banks, or it is more advantageous and convenient for the societies to deal directly with the Apex Bank. After the transfer of the loan accounts to the Central Banks had been effected, the shares of the Primary Societies have also been transferred to the respective Central Banks.

CONSTITUTION AND MANAGEMENT.

The membership of the Dominion Bank is open both to individuals and co-operative societies, including the Central Banks. The Bank is now composed of 18 Central Banks, 208 societies and 225 individuals. The respective figures of shareholding are Rs. 67,500, 36,110 and Rs. 3,93,000. The authorised capital of the Bank before its conversion into the Dominion Bank was H. S. Rs. 5 lakhs, made up of 5,000 shares of Rs. 100 each, of which, 4000 shares were to be

THE HYDERABAD CO-OPERATIVE DOMINION BANK, LTD.,

allotted to individuals and 1,000 shares to co-operative societies. After the conversion of the Bank into the Dominion Bank, the authorised capital has been raised to H.S. Rs. 10 lakhs made up of 10,000 shares of H S. Rs. 100 each, of which 7,000 shares are to be allotted to individuals and 3000 to the registered co-operative societies and banks. The issued and subscribed capital is H. S. Rs. 5,00,000. The paid-up value of the capital as on 31st Amardad 1339 Fasli (6th July 1930) is H.S. Rs. 4,96,610. All shares allotted to applicants other than societies are to terminate at the end of twenty years, the society-members being at liberty to purchase the shares at market value.

The Management of the Bank was originally vested in a Board consisting of 10 members elected from among the individual shareholders, with a proviso that, when the number of shareholding societies rose to 100, one member of the Board at least should be set apart for election by the shareholding societies from among the members of such societies for every 100 societies. In 1327 Fasli (1918), the number of directors was increased by two, representing societies. In 1335 Fasli (1926), the proportion of directors on the Board, elected from among the individuals and representatives of societies was 9 and 3, respectively. In 1336 Fasli (1927), it was 8 and 4, respectively. With a view to giving greater representation to societies and banks, and with a view also to having the Registrar of Co operative Societies on the Board as an *ex-officio* Director, the bye-laws of the Bank were amended on 19th Bahman 1338 Fasli (22—12—1928), as a result of which the number of directors was raised to 16, of whom, 10 and 5 were individuals and representatives of societies, respectively. The policy of giving adequate representation on the Board to societies, and banks, in particular, has been steadily pursued both alike by the Bank and the Department. On 25th Farwardi 1339 Fasli (26th February 1930), the byelaws were further amended, and there are now 21 directors on the Board of Management. Of the 20 directors, excluding the *ex-officio* directors, 12 are individuals and the remaining 8 representatives of societies and Banks. Of the 8, 3 are at present representatives of societies, and the remaining 5 of Central Banks. The Board meets, ordinarily, once in three months. An Executive Committee has also been constituted during the year 1339 Fasli (1930), which consists of 9 members, including the Registrar of Co-operative Societies, who is an *ex-officio* member. Of the 8 members, excluding the *ex-officio* member, five are individual shareholders and three representatives

THE HYDERABAD CO-OPERATIVE DOMINION BANK, LTD.,

COMPOSITION OF WORKING CAPITAL.

As will be seen from the statement published above, the working capital of the Bank on the 31st Amaradad 1339 Fasli (6th July 1930) was H.S. Rs. 40·8 Lakhs (Exchange, about H.S. Rs. 115 —British Government Rs. 100).

Shares.—The Bank started its transactions with an authorised capital of H.S. Rs. 5,00,000, made up of 5,000 shares of Rs. 100 each. The value of a share was to be paid in 10 calls of Rs. 10 each, the making of a call being left to the discretion of the Board of Management. The paid up capital as at the close of the first year, namely, 30th Aban 1324 (Fasli (6th October 1915) was only Rs. 24,110, only two calls of Rs. 10 each having been made during the year. The remaining calls were made between the years 1326 Fasli (1917) and 1332 Fasli (1923). The paid-up capital on 6th July 1930 was Rs. 4,96,610. The balance of Rs. 3,390 comprised Rs. 2,500 being share capital forfeited, and Rs. 890 being calls in arrears. The Government of H.E.H. Nizam guarantees interest at 4 per cent per annum for 20 years on the share Capital of the Bank.

Deposits.—Of the total deposits of H.S. Rs. 30 Lakhs and odd held by the Bank, about a lakh of rupees is held from societies and Central Banks. The rates of interest on Fixed Deposits have naturally varied from time to time. At present, interest is allowed on one year and two year deposits at $4\frac{1}{2}$ per cent and 5 per cent per annum, respectively. There has been a free inflow of deposits in the Bank from all classes of the public. The Government has issued a circular directing the acceptance of the Bank's Deposit receipts, as security deposits, from contractors and Government servants. Current and Savings Bank deposits were opened in the year 1332 Fasli (1923). On Current Accounts, interest is allowed at 2 per cent per annum on daily balances of H.S. Rs. 1,000 and above, and not over Rs. 15,000. Interest is paid on Savings Deposits at 4 per cent per annum.

Reserved and other Funds.—The Reserve Fund as on 31st Amaradad 1339 Fasli (6th July 1930) is H.S. Rs. 1·74 lakhs, which has been invested in Government Securities. A sum of H.S. Rs. 70,000 and odd on account of Miscellaneous Funds of the bank has been invested in Fixed Deposit with a Joint Stock bank.

Arrangement with the Imperial Bank of India.—The Bank has a demand loan accommodation with the Imperial Bank of India up

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of societies and Banks. The major portion of the administration of the Bank is vested in the Executive Committee, save a few matters which have been reserved for disposal by the Board. The President and Vice-President are elected annually by the Board. The present President is Dewan Bahadur S. Aravamudu Aiyngar, B.A., B.L., M.B.E., who has been most intimately associated with the Bank from the very beginning. The Vice-President is Mr. Syed Mohamed Azam, M.A., (Cantab), B.S.C., F.C.S., Principal, the City College, representing the City College Co-operative Society, who is also an old director, having joined the Board in 1329 Fasli (1919). The Bank was in charge of an Honorary Secretary and Treasurer till the 14th Bahman 1327 Fasli (17th December 1917), on which date a paid and full-time Manager was appointed.

The assets and liabilities of the Bank as on the 31st Amardad 1339 Fasli (6th July 1930) are as under :—

<i>Assets.</i>		<i>Liabilities.</i>	
	H. S. Rs.		H. S. Rs.
Loans to Co-operative societies and banks ...	21,76,056	Capital Paid up ...	4,96,610
Advances against Fixed Deposits, Provident Fund etc., ...	30,630	Reserve and other Funds ...	2,27,728
Fixed Deposits with joint Stock Banks and H. E. H. the Nizam's Government ...	10,12,998	Deposits ...	30,38,098
Investment in Government of India and H.E. H. the Nizam's Government Promissory Notes.	3,90,543	Sundries ...	3,18,282
Furniture ...	2,652		
Cash on hand, with Banks & H.E.H. the Nizam's Government Central Treasury ...	1,05,743		
Others ...	3,62,096		
	<u>40,80,718</u>		<u>40,80,718</u>

THE HYDERABAD CO-OPERATIVE DOMINION BANK, LTD.,

Audit and Supervision :—For the first four years, the accounts of the Bank used to be audited by Officers of the Department. But in 1328 Fasli (1920), Messrs. K. S. Aiyar & Co., Incorporated Accountants, Bombay, were appointed as the Auditors of the Bank by the General Body of shareholders with the approval of the Registrar of Co-operative Societies, and they have continued, ever since, to audit the accounts of the Bank year after year. Occasionally, an Officer of the Department also audits the accounts of the Bank.

Since his advent in 1336 Fasil (1937), Mr. B. Abdy Collins, C. I. E., I. C. S., Secretary to Government and Director-General, Commerce and Industries Department, has taken a keen interest in the affairs of the Bank. He has inspected the Bank on a few occasions and noted many valuable suggestions. The Director-General has inspected a large number of central Banks and some rural societies and copies of his Inspection Notes on the working of the Central Banks which have been regularly furnished have proved very helpful to the Bank. The present Registrar of Co-operative Societies, Mr. Syed Fazalulla, H. C. S., has been attending almost all the meetings of the Bank after he has become an *Ex-Officio* Director, with the result that matters concerning the Bank and the Department are now being disposed of with greater promptitude by a personal discussion with him in the meetings. After the Central Banks have come to be represented on the Board, the disposal of matters between them and the Apex Bank is also being facilitated.

CO-OPERATIVE INDIA

BY

Professor S. K. YEGNANARAYANA IYER, M.A.,

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EMPLOYMENT OF CAPITAL.

Loans :—As mentioned elsewhere, the Bank deals with primary Societies and Central Banks. The rate of interest is 9 per cent per annum for primary societies and 8 per cent per annum for Central Banks. From the commencement of the current year, *i.e.*, 1st Sherawar 1339 Fasli (7th July 1930) the Bank makes loans at $7\frac{1}{2}$ per cent per annum to such of the Central Banks as have agreed to certain special conditions stipulated by it. A large number of Central Banks have already agreed to the said conditions and are being advanced loans at the reduced rate of $7\frac{1}{2}$ per cent per annum. In the case of Headquarters societies which are limited, the period for repayment is 18 months, interest and the principal instalments being payable monthly. As regards rural societies and Central Banks, the period for repayment is three years. Interest is paid by societies twice a year on the 30th Bahman (2nd or 3rd January) and 31st Amardad (6th July), and by Central Banks, on 31st Amardad (6th July) of each year. Out of a total loan of H.S. Rs. 21.76 lacs shown in the balance sheet, Rs. 5.18 lacs are due by societies.

Advances Fixed Deposits :—From 1335 Fasli (1926), advances against fixed deposits are being made to depositors at 9 per cent per annum, to the extent of 80 per cent of the amounts of deposits. The balance under this head as on 31st Amardad 1339 Fasli (6th July 1930) is H.S. Rs. 29,077.

Surplus Funds :—The total of these Funds invested, as on 31st Amardad 1332 Fasli (6th July 1930), is H.S. Rs. 11.71 lakhs. Of this Rs. 2.29 lakhs have been invested in Government paper, Rs. 5.42 lakhs in deposits with Joint Stock Banks and Rs. 4 Lakhs in deposit with H.E.H. the Nizam's Government.

Division of Profits :—Since its inception, the Bank has made profits aggregating to Rs. 7,14,237. Out of this, the Bank has appropriated to reserves an aggregate sum of Rs. 2,27,728. The total dividend distributed to shareholders comes to Rs. 4,04,416. For some years past the Bank has been declaring a dividend of 7 per cent.

THE SOUTH ARCOT CENTRAL BANK

appointment of efficient Supervisors and earnestness on the part of the governing body members are of course quite essential.

3. It seems to me that this is a pretty fair estimate of the situation. Now, what was the requisition? The Federation recommended that all unions should be financed to the extent of Rs. 12,500, Rs. 6,500 of which would go to make up the deficit of 15 out of 25 unions as 8 unions are working under surplus and in respect of 2 unions budget has not yet been received, and Rs. 2,000 would go to meet unforeseen expenditure and Rs. 4,000 to be paid as honorarium for the office bearers of the unions.

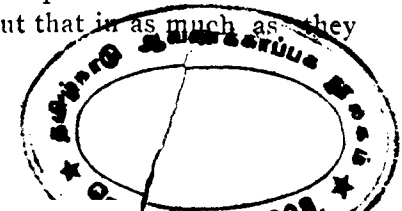
4. The total income of these 15 Unions alone this year came to Rs. 19,500 which together with the deficit of Rs. 6,500 would come to Rs. 26,000.

5. The amount available this year for all the unions would be the opening balance for each union, the rebate paid by the Central Bank to each union, the rebate paid due to each union during the year, not to speak of the arrears due as on 1—7—'30, viz: Rs. 13,000 and odd due to all unions.

6. The other items appear to be clearly extravagant and hence inadmissible in view of the present ability of the Bank to finance them in that respect.

7. I am strongly of opinion that the stability of the Financing Bank, besides other things, depends upon the efficiency of the unions, for they form the intermediate supervising bodies between the primaries and the the Central Bank. Believing as I do the theory of the man on the spot, the panchayat and the office bearers of the borrowing societies themselves should do all that lies in their power to administer the societies satisfactorily with such assistance as the respective supervising unions can contribute within the ambit of their functions. The whole burden of collection cannot be thrown on them. They can only try to assist it. If we have review of the working of the unions for the year ending 30—6—30 and the half-year ending 31—12—30 in all respects, we will have an idea of the relative needs of each union according to the extent of transactions and the defects remaining to be attended to. Until that is done it cannot be said that the sanctioning authority, in the language of Mr. Hood, was satisfied that the unions worked well and produced good results as adverted to supra. It seemed me that a reasonable amount might be granted but that in as much as they

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The South Arcot Central Banks' Grant for deficit of Supervising unions & honorarium to Society Office bearers

BY MR. R. KRISHNASWAMY IYENGAR, B.A., B.L.

A Supervising Union is but a federation of societies united for mutual control and supervision, requiring finance for the discharge of duties entrusted to it. One source is from the congregating societies themselves which contribute 8 annas out of the interest realised on Rs. 100 lent to members. The District Bank where societies and individuals are concentrated for finance is also required to supplement the resources of the union by a similar grant, viz: 6 annas out of interest realised on Rs. 100 lent to societies and 2 annas is paid to the federation direct as per the by-laws now in force. Several unions keep their dues from societies in arrears Rs. 13,000 and odd on 30-6-30 without any justification for slackness in collecting the same. It stands to reason that it must collect its own dues before it can expect a like contribution from the Bank. What, however, happens now is, the Bank pays its quota, the societies are in arrears to an appreciable extent and the union complains of want of funds. The initial duty of a union should be to collect the supervision fund from the societies to a pie. When once funds are so collected, the next question is the utilisation of funds. It has to be used as best as possible. As Mr. Hood said in the Trichy Co-operators' Conference last year, "it would be very difficult to go to the District Bank and recommend that they should shell out more money unless one is satisfied that the Bank or the Society has been getting an adequate return from the large amount spent on supervision. They ought to see that a maximum value is obtained out of the supervision fund. As it is, one per cent on all loans outstanding goes to the supervision fund".

2. On 30-6-30 the outstandings came to Rs. 23,94,000, one per cent of it comes to Rs. 23,940 which represents the total fund available for the purpose if the interest in respect of them is all collected in time. As the then Registrar said, if that was collected, pooled and distributed according to the needs of each union, there would remain a material lump to run the federation. "If the Unions and Federations worked well and produced good results by making the best possible use of their funds, the District Bank would come forward to give further contribution". The

are the societies and the Bank that make the contribution by way of rebates and special grants the Board of Management at least should have been given an opportunity to scrutinise with care the reason for the grant. But that was not to be. Now that the general body of the Central Bank has made the grant, the Board of Management should impose the condition that competent Supervisors should be appointed by each union, superceding the existing inefficient ones wherever they exist. The appointment of a clerk and a Supervisor for every 20 societies seems to have been considered to be necessary. I was for setting apart in that case Rs. 6,500 this year subject to the Board of Management allotting specific funds to each union in the light of the foregoing remarks. The societies wanted that as an incentive for collection work some honorarium should be paid to their President or Secretaries as the case may be and that the grant should be made to them. The bye-laws of the Central Bank as they stand would not permit it. It is noteworthy that the growth of overdues was arrested this year because the difference is only 60 per cent. To satisfy the society section something had to be done otherwise they were likely to refuse the grant to the unions which might have presented a serious situation all at once. A *via media* had to be suggested in the circumstances with the result that Rs. 6,500 was allotted to the unions to make up the deficit in some of them and Rs. 6,000 was set apart to be utilised by the unions in paying honorarium to the President or Secretaries of primary societies in proportion to their collections and remittances to the District Bank as on 30-6-31, the same being payable in July 1931.

Just in the middle of this Co-operative year this arrangement puts the unions and the societies to the acid test. It is earnestly hoped that better results will be achieved.

There is an aspect of the question which forces itself upon me and I cannot resist the temptation of referring to it, viz: the justice of expecting the Bank to pay honorarium to the office bearers of societies in proportion to the collection and remittance of principal dues. Every Co-operator knows the object and functions of a primary society. The Panchayat and the office bearers offer themselves to work a society within the bylaws which do provide for honorarium. Take a society with a working capital of Rs. 1,000, with a paid up share capital of Rs. 40 in respect of 40 shares and an entrance fee of Rs. 10. Suppose Rs. 22 is invested in the Central Bank in taking 2 shares to make it eligible for borrowing Rs. 1,000. The society earns an interest of Rs. 93-12-0, pays interest to Central Bank of Rs. 75-0-0.

THE SOUTH ARCOT CENTRAL BANK

it of the balance of Rs. 18-12-0 it pays Rs. 5 by way of rebate to a Co-operative Supervising Union and the balance is Rs. 13-12-0 as profits. A Central Bank pays dividend at 9 per cent and the societies at 6 per cent. The balance of share capital being used as working capital by the society, the respective Dividends may roughly be deemed to cancel each other. Rs. 6-14-0 goes to the Reserve Fund. A substantial portion of this may be given by way of honorarium, say Rs. 5 interest is payable twice a year and the Principal only annually except in the case of S.T.L. which is payable in a lump. The scrip work is not throughout the year but only periodical. $\frac{1}{2}$ per cent for the volume of work so entailed is quite reasonable. If the society delegate has to be paid T.A. for attending the General Body meetings of the Union and the Bank at least once a year there is no money available on this basis. A society with a working capital of Rs. 5,000 alone can now think of sending delegates to the Co-operative Supervising Union and the Central Bank and pay a decent honorarium to the office bearers. The idea therefore of honorarium coming out of societies is unthinkable unless the society works with decent share capital of not less than Rs. 5,000. But to expect it from the Central Bank in all cases is neither proper nor fair. It is expected of every member of a society to pay his dues in time, if not, he becomes a defaulter and the duty of demand and collection falls on the office bearer. It is his legitimate duty, I imagine. Why should the Central Bank pay for it? Prompt collection of interest alone would leave a margin for honorarium. It is not only un-co-operative but based on selfishness in self-helping institutions. It has no authority in principle but the only great preponderance of society element over the individual is able to achieve. If you cannot get in a village a man or two to read and write and take up the work of running a co-operative society, do not start one and waste funds unnecessarily. Such a village cannot aspire to have a co-operative society. I dare say that a little calm reflection will help the society element to agree with me in this view. The best course will be to allow $\frac{1}{2}$ per cent if interest is collected fully and the society otherwise works satisfactorily from the point of view of percentage of Principal overdues. It should in any case certainly come out of Society's funds and not the Banks'. It is one thing to say that the Central Bank is in the main an institution of societies; it is quite a different thing to hold that the former should be expected to show incentive to office bearers of Societies for doing their duty.

and perhaps ready to go away if their help is not needed. If the car stops in the middle without reaching its destination, it forebodes something evil to the people of the locality. If the car reaches its destination the people enjoy the divine blessing. This is exactly what is happening in the co-operative movement. You know the work of the Police men. Their methods are enervating at times. Yet you want them necessarily. The Departmental Officers represent the Police men of the movement. The actual pullers are the paid workers doing the laborious spade work and the rest are honorary workers. Both are essential for the orderly progress of the movement. If the movement stagnates anywhere the hope of economic prosperity of the locality is shattered. If it reaches its goal there will be universal happiness and prosperity. It is a known fact that it is the association of honorary workers that conduces to the dignity and popularity of co-operative institutions. The co-operative movement is the most democratic movement and in it all must work as brothers. It is my firm conviction that co-operative service is the noblest service. It is a nation-building service. In the progress and successful working of the co-operative movement lies the great and glorious future of India and of the whole world.

*Co-operative Movement in the province :—*The movement in its present form was introduced in India about the year 1905 though the idea is not new. The first co-operative societies' Act was passed in 1904. The first society in the Madras Presidency was started in 1905 with Mr. Adinarayana Iyah as its first President (Narayana represents the protective aspect of the Supreme being). The movement has attained its twentyfifth year. It has spread in all parts of India. The popularity of the Banks is increasing and the deposits are pouring in. But an anomalous situation has arisen. The Central Banks are surplusing with funds not utilised in the movement though the rural indebtedness is increasing and there is enough need for co-operative money. This induced the co-operators to send the warning "Stop and look back"! They began to take stock of the progress of the movement. They found that all is not well with the movement and the situation requires careful handling. They found that societies were not well organised and people have not understood the basic principle of co-operation, thrift. Thrift means not niggardliness. It means "Save every pie that you can spare". A closer examination into the affairs of societies revealed many irregularities, frauds, benami loans, bad and doubtful debts and all kinds of infringements of the provisions of the Act, Rules and

2. THE CO-OPERATIVE EMPLOYEES' CONFERENCE, TANJORE.

(a) OPENING ADDRESS

OF

M.R.RY. R. SUNDARAM AYYAR, AVERGAL B.A., B.L.,

Brother Co-operators :

The Co-operative Movement :—As Sir D. Hamilton puts it the co-operative movement is a great factory for the manufacture of good souls. If you want to serve the country and serve it well by doing effective and constructive work you cannot find a better medium than the co-operative movement. In Western countries, co-operation is now fairly established as one of the great factors of modern life. India is essentially an agricultural country and the majority of the population are ryots. You know the condition of ryots. His income is decreasing but his debts and expenses are increasing. What is the remedy? The only remedy is *Thrift*. The salvation of the ryot lies in co-operation whose basic principle is thrift. If co-operation fails, the only hope of agricultural India fails.

Two kinds of workers :—We are all workers in the co-operative field. Some are honorary and others are paid. The fact that honorary workers are taking part in this conference shows the co-operation between the two kinds of workers in the movement. Both kinds of workers are essential for the success of the movement which depends upon their mutual trust and help. In this connection I am tempted to introduce the following simile. The progress of the co-operative movement may aptly be compared to the progress of a temple car. Many men actually pull the car by holding the rope in their hands. Some are simply touching the rope and shouting "*Pull, Pull*",. There are others standing closely waving their hands or small sticks in their hands thereby inducing and facilitating the orderly pulling. There are the mechanics and with sharp edged pieces of wood in their hands which they apply to the wheels of the car and thus turn the car in the right direction and regulate its progress. All these men are essential for the orderly progress of the car. Then there are Police men carefully watching and ready to prevent crimes. Of course they are there to help you at your request

(b) WELCOME ADDRESS

OF

M.R.RV. RAO SAHIB, K.V. THIRUVENGADA MUDALIAR AVL.,

Mr. T. Adinarayana Chettiar and brother co-operators.

We have all assembled on business, unlike many Conferences where the display of words would be the prominent feature. Our Association has been so named as to include all those who are taking active part in the movement whether paid or honorary. It may be taken to exclude those who are not enthusiastic for the work even if they are paid for it. The Association has been organised with the object not only of improving the position of the employees but to infuse in them the enthusiasm, sincerity and the feeling of oneness necessary for a worker and to bring into closer contact all those who are already in the movement.

2. On this occasion, I think I have to bring home to you one or two points which I consider most necessary for the real improvement of our District. You all know that our District is purely agricultural. Even the portion which was horticultural has been decided to be converted into agricultural so that we all have to work for the improvement of the economic condition of the agriculturist. No doubt there are a few here and there, following other pursuits in life such as weaving, manufacturing utensils or agricultural implements. These subsidiary occupations are considered to have been followed by them to meet the necessities of the agriculturist. The agriculturists who form the bulk of the population of the District have to be improved economically if their District is to improve. We have therefore to enquire if the co-operative movement has tried to effect any improvement in their economic condition. Credit societies had been in existence ever since the Act of 1904 was passed. But they have not been able to give necessary relief to the agriculturist. The membership in agricultural societies is very small compared with the agricultural population of the District. You all know that short credit is of no use to many an agriculturist. Now that long term credit through the Land Mortgage Banks have been introduced its effect cannot now be predicted. But however from my short experience of a

By-laws. Borrowers were not repaying regularly and the panchayat-dars indifferent and in some cases corrupt also. The unions were not upto the mark either for want of funds or for want of men.

Rectification and Consolidation :—To remedy the defects in the working of the movement, a scheme of rectification and consolidation has been devised. This work requires a band of diligent and willing workers trained in the principles of co-operation. The Madras Central Urban Bank Limited, has readily come forward with a generous offer to grant subsidies for this work. The task of rectification, consolidation and reconstruction of village life lies on your shoulders. You must show your readiness fully to shoulder this responsibility. You have got a great and glorious part to play in the movement.

It is a good sign that eminent honorary workers in the field are taking interest in the affairs of your association. You may have your grievances to be redressed or aspirations to be realised in the matter of your pay, prospects, promotion, provident fund etc., The objects of your association appear to be legitimate and proper. If the authorities of the institutions wherein the members of your association are employed show any indifference in the matter of satisfying any of your legitimate aspirations, it is the right and the duty of your association to demand it by constitutional means.

Holding conferences of this kind is a method of propagating co-operative principles and creating an enthusiasm among the workers. Among other matters which may form the object of your deliberations, permit me to suggest the following for your consideration:—

1. Settling a programme of work for rural reconstruction.
2. Framing rules of conduct.
3. Making provision for recognition of merit in the service by granting medals, prizes and certificates.
4. Starting a Magazine.

The ultimate goal of all your endeavours must be to secure a higher ideal of universal happiness and prosperity.

“சர்வே ஜன சுகேன பவந்த.”

RECENT UTTERANCES

cultivate the same area in one place. Further the middle class agriculturists are wasting their time in supervising and in operations in their holdings though small. A number of such small holdings can conveniently be supervised by one and thus relieve men to enable them to add to their income from land. Thus the charge of supervision is lessened. Another important factor is that the loss caused by floods or drought will become much less. Thus the income from agriculture may become more. There is no use of wasting enormous energy which if diverted would result in additional income. There is another way in which the agriculturists' profits may be augmented. It is through co-operatively marketing the produce. Thus you see that the net yield from land is increased and the value for the same is further increased. When the agriculturists acquire these habits they are bound to develop consumers' co-operation and thus reduce their expenditure side.

9. You might have read the impressions of Mr. Jayakaran of Coimbatore about the working of the movement in the West and especially in Denmark where agricultural co-operation has much advanced, where co-operation is taught in ordinary schools for boys and in special schools for adults. Thus the young men of the country imbibe the principles and they develop as they grow in years. But we have no such facilities and the few who are connected with the movement have a hard task to perform. Many of you after having worked in the movement for sometime may not feel as enthusiastic as you were for joining the movement. It is not entirely due to your own economic condition as employees but to the real state of the economic condition of the rural population with whom you are moving. When you see his real condition and when your employers want the money due from him you cannot but be moved and when such of you as are sensitive begin to think and feel your enthusiasm for the work fades. But we should not despair. We co-operators are only missionaries. We must not give up our mission whatever obstacles may come in our way.

10. The effect of the movement is at present being judged by the overdues in credit societies. There is no cause for being alarmed at it. We can wipe them out in no time by arbitrary methods. But what about the further development of the movement? So we have to enquire into the causes that had led to the present state and then judge. We have to know how the movement was started, how the loans were scrutinised, what was the method

few months in this branch of the movement, I think it may relieve only a small portion of the landholding classes.

4. Now the question arises whether credit societies alone, be it short or long credit, can improve the economic condition of the agriculturist. Further it will not be a strange truth if I say that co-operation is not new to the agricultural class. They have been and are adopting it to some extent. It has become a thing of the past in our District. If we only make enquiries how the agriculturist was cultivating his lands we will be surprised to know how the system came to be changed. You know at present the holding of each is defined and fixed. He cannot change it except through a registered document at some cost. Further these holdings came to be divided to such a small unit that the owner cannot conveniently till it and proposals to consolidate the holdings have to be taken up. But the old system was that lay man can claim any particular field as his own. His ownership lay in a fraction of a village for which lands were allotted at the periodical distribution so that the lands which he was given at a distribution may be allotted to his co-owner at the next distribution. This system of 'each for all and all for each' has been obliterated by the introduction of survey and settlement. Now that this system has been completely replaced by the present individualistic ownership, we as workers of the movement have to find ways and means to introduce a new system in agriculture which would tend to improve their condition. It may seem to be utopian now.

5. But unless the agriculturists are made to understand the economic effect of the co-operative cultivation, their condition cannot be effectively improved. There is no use of lending some money to a few individuals in a village. Unless their repaying capacity is improved there is no use of adding to their debts. The long term credit which is being introduced through Land Mortgage Banks may not also benefit the entire body of agriculturists. The rush in the Land Mortgage Banks only proved the deplorable condition in which the agriculturists are.

6. You may ask how co-operative cultivation would relieve the agriculturist. As I have already stated the holdings are becoming smaller every day so that the time and labour needed to cultivate a number of scattered holdings is much more than that needed to

District News.

1. RAO BAHADUR S. S. TALMAKI AT MANGALORE.

During his recent visit to Mangalore in the Christmas holidays to preside over the Diamond Jubilee celebrations of the Ganapati High School, Rao Bahadur S. S. Talmaki, B.A., LL.B., the distinguished Co-operator of Bombay, paid a round of visits to several Co-operative Institutions of Mangalore. First, in compliance with the request of the Managing Committee, he visited the local Branch of the Bombay Shamrao Vittal Co-operative Bank, Ltd., on the 28th December last. All those who had been connected with the management of the Branch since its inception had assembled in the spacious Hall of the office to welcome the distinguished guest. After light refreshments, the following address of welcome was read :—

Dear Sir,

It is with the greatest pleasure that we, the members of the Managing Committee of the Mangalore Branch of the Shamrao Vithal Co-operative Bank Ltd., welcome you to our midst to-day, and we are thankful that we have been given the opportunity of doing so. That you so readily consented to comply with our wishes by accepting our invitation is proof of the abiding interest you take in the activities of an Institution of which you were one of the chief founders and pioneers. The Bank has now justly won the esteem and regard of the department and the public alike as one of the premier and leading co-operative societies in India. Had it not been for your valuable guidance this Bank would never have risen to the position it occupies to-day. During the early years of its existence, when it required gentle nursing and tender care, it was your masterly counsel and sound grasp of first principles which, together with your inspiring enthusiasm, sustained the workers who were at the helm of the Bank's affairs in their uphill work.

It is with pride that we think of your various other activities in the field of Co-operation. The Bombay Co-operative Housing Association, and the Saraswat Housing Societies in Gandevis and Santa Cruz, which have set such a splendid example to many another venture of their kind, owe their success chiefly to you; and they are the standing monuments of your indefatigable exertions on the non-credit side. The Bombay Co-operative Quarterly—one of the leading Co-operative journals in India—owes its name and fame chiefly to your labours.

adopted for granting loans, how repayments were fixed, what was the condition of the borrower at the time of taking a loan and what is his present condition. If we make a searching enquiry into all these matters we will find that his condition has not improved and that to be the only cause for arrears. If we want punctual repayments his income must also be punctual. We have not till now attempted to secure for him this position. We are proud that our District is called the granary of the south. But the vicissitudes that the agriculturists of this district are experiencing during the last two decades are too many floods, some scarcity years, dull market for crops and so on. So we as co-operators must find out ways and means to improve the economic condition of the agricultural population and thus wipe out not only the overdues but the entire indebtedness.

REPORT

OF THE

XVII Madras Provincial Co-operative Conference

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THE MADRAS JOURNAL OF CO-OPERATION

The good, substantial, and enduring work done by you in the Bombay Provincial Co-operative Bank and the Institute has rightly claimed the attention of the foremost Co-operators both official and non-official, and you had the unique honour of presiding at the Provincial Co-operative Conference at Madras in 1921.

"Realizing as we do the immense potentialities for good that are latent in the Co-operative Movement, we are anxious that we may be enabled through the instrumentality of this Branch to advance the true economic interests of the Community of which over 400 persons are already members of this Branch. The difficulties of the task are various, and not the least of them lies in the application of the principles of Co-operation in the practical working of the Bank's affairs from day to day. We shall be grateful for any enlightenment that you may be pleased to give us out of the rich store of your experience and mature thought.

Thanking you once again for having kindly responded to our invitation."

2. On the 29th December, Rao Bahadur S. S. Talmaki paid a visit to the South Canara Central Co-operative Bank, Ltd., at Mangalore. The distinguished guest was received by Mr. B. Ananda Rao, the Vice President of the Bank. Among those present on the occasion were Mr. B. Madhava Row, the Deputy Registrar of Co-operative Societies, Mr. Ullal Mangesha Rao, the Editor of "Sahakari," and Messrs. G. Somashekar Rao, R. W. Bhandarker, M. Ramakrishna, the local members of the Board of management. After light refreshments, there was an interesting conversation on various topics and phases of co-operation.

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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THE SALEM DISTRICT URBAN BANK, LIMITED, CIRCULAR.

It has been suggested to the Central Bank that the following principles should be observed in fixing the periods of loans. Unions are requested to examine these suggestions, criticise them and add to them and to send their views to the Central Bank.

2. In the first place, the draft is not intended to be provisions of law. Wherever circumstances permit, they may be departed from; but full explanation should be given for the deviation.

3. Some loans (e.g. for purchase of seeds, manure, family expenditure, kist payment etc.) have to be paid out of current income i.e., income derived in the year when the loan is taken. Obviously the period should not exceed one year.

4. Some loans (e.g. for payment of debts, purchase of land or cattle, wells etc.) have to be repaid partly out of current income arising from the application of the loan and partly out of savings and partly out of other income arising from the borrower's occupations. The period should depend on the total amount that the borrower can spare towards repayment and also on the purpose of the loan. If the period exceeds 5 years, the loan cannot, under existing rules, be sanctioned. With this outer limit the period should be carefully fixed. If a period longer than is necessary is fixed in the circumstances of the particular borrower, there is danger that the surplus will be frittered and the loan, instead of benefiting the ryot, would eventually go to add to his indebtedness. For example, it may be advisable to allow generally three years period for repayment of a loan of Rs. 100 for purchase of cattle; but if the borrower has a total income, say, of Rs. 1,000 per annum it will be no hardship to fix one year as the period of repayment. Co-operatively it will be wrong to allow a longer period in such a case.

5. Short term loans should not generally be advanced unless it can be repaid from earnings from crops. They should never be sanctioned unless they can be repaid from the estimated *net earnings from all sources derived in the year of disbursement*. The period of a short term loan should not invariably be one year; the repayment may be directed in one or two instalments. The times when the instalments fall due should be fixed with reference to the periods when the borrower gets his income. For example, in the case of a weaver, it is not only desirable but co-operatively necessary that the instalments must be

fixed as payable week after week. So also in the case of artisans who sell their products at fares.

6. Loans for agricultural purposes should, as soon as produce is ready, be substituted by produce loans and the period of such loans should be just enough to cover the time of sale. Produce loans to hold produce for a better market should not be granted beyond six months; if such loans be not so discharged, the Society should be at liberty to sell the produce at the risk of the borrower.

7. Loans for trade or business should generally be granted for periods less than a year and made payable in *monthly instalments*. In the case of punctual repayers, with continuous repaying capacity, such loans may be repeated year by year. In the case of trustworthy in the opinion the society such members may be given a cash-credit which need not, in most cases, exceed one fourth or one third of the annual requirements (unless where the member lays in stock for long periods) but the concession can be given only to societies classified as "C" (1) by the Central Bank.

8. Loans for the purchase of cattle and sheep should be repayable in three years; unless where the member has other income in which case the period should be suitably reduced.

9. Loans for the purchase of land should not usually be granted because, (1) such loans exhaust the maximum borrowing power of the society, (2) such loans bear interest at nine and three eighths per cent and no land pays such a rate. If however an applicant has bulk of the purchase money ready and wants only a small balance, his application for a loan may be dealt with according to merits. If the total income from the land and his other income be such as to enable repayment within the period of five years, the loan may be considered.

10. Loans for land improvement and for sinking and improvement of wells should be sanctioned only when the borrower is capable of discharging the loan in five years. The panchayat must report specifically how such discharge is possible and a report should accompany showing what the estimated cost of improvement is, whether the entire loan can be entrusted to the borrower in one lump sum or should it be given in instalments, and if so how many? Does he agree to furnish account of expenditure for each advance? What will be the enhanced annual income out of such improvement.

11. Loans for redemption of prior debts should be carefully scrutinized and the following conditions should be carefully observed.—

(a) Under no circumstances should the period exceed five years.

DISTRICT NEWS

- (b) A report should accompany showing fully how and when the prior debt was incurred, for what rate of interest it bears and how the borrowers has been paying instalments up-to-date of application,
- (c) It should be specially explained what advantage the member gets by transferring his debt from the private creditor to the society. Care should be taken to watch that the private creditor does not foist bad debts on the society;
- (d) There must be no likelihood of the borrower running into debt again, *i.e.*, by borrowing to repay the debt to the society, that is to say, how far are his ways and living proportioned to his income and leave a surplus;
- (e) The society should make payments direct to the credit in the presence of the borrower and the debt bonds discharged and retained by the society. If the creditor gives a receipt it should be stamped with one anna unless he is also a member of the society and
- (f) Preference should be given to applicants who by the loan can redeem all their debts and to those who have borrowed at very high rates of interest.

12. Loans for house-building and repairs should be capable of being repaid in three years. As houses fluctuate in value, especially in rural areas, there should invariably be collateral security - agricultural land or surety—in addition.

13. Loans for non-productive purposes should never be granted. If any be sanctioned, full explanation should be furnished. The mere fact that the bye-laws include some purposes does not mean that loans should necessarily be granted for all such purposes. The bye-laws are meant to provide in law for extreme cases also. It is in the discretion of the society to sanction or regulate a loan.

14. Form "B" must continue to be sent but it does not contain enough information. Societies are advised to add an explanatory memorandum to each form explaining each loan each special deviation. The borrower should be questioned at the panchayat meeting to furnish particulars and the panchayat should, from their local knowledge, verify them. If the record shows that the panchayat has carefully bestowed its mind on the circumstances of each loan and adduces sufficient justification for deviation from the lines of the circular, there will be little occasion to return loan applications for further information.

15. Unions are also requested to carefully scrutinize all applications and themselves obtain additional information wherever necessary before forwarding the loan applications to the Central Banks; they should also issue instructions to the Supervisors and Inspectors working under them to observe these instructions and to help the societies to prepare the necessary reports.

(Sd). T. R. NAGARAJA RAO,
Superintendent.

THE SESHACHALAM READING ROOM AND LIBRARY.

A generous gift of Rs. 240 was given by the widow of late Mr. Seshachalam Naidu Garu and with this amount as the nucleus the above Reading Room and Library was opened to commemorate late Mr. Seshachalam Naidu Garu who was the president of our bank. M.R.Ry., C. Duraiswamy Aiyangar Avl., B.A., B.L., presided over the function and opened the Reading Room. An amount of Rs. 50 on 15-12-29 and a further amount of Rs. 100 on 9-3-30 were sanctioned by the general body from out of the common good fund for the up-keep of the Reading Room and Library during the previous year. An application to the Government through the Registrar of Co-operative Societies for a grant of Rs. 250 for the purchase of books was made in February 1930, and the sanction of the same is awaited. The directors are glad to state that the Reading Room and the Library is very popular and is resorted to both by members and outsiders in large numbers.

THE KULITALAI CO-OPERATIVE LAND MORTGAGE BANK LTD., KULITALAI.

Mr. K. R. Sreenivasa Iyengar, Retired Member of Council, Mysore State and President of the Mysore Central Land Mortgage Bank Ltd., paid a visit to the Kulitalai Land Mortgage Bank on 1-1-31 and he recorded his impressions on the working of the Bank as follows in the Vistors' Book:

"I had the pleasure of visiting the Kulitalai Land Mortgage Bank Ltd to-day and discussing its working with Mr. Annadurai Ayyar Secretary of the Bank and the Deputy Registrar of Co-operative Societies Mr. O. N. Ramaswami Ayyar who was also present. This is one of the earliest Co-operative Land Mortgage banks started in this Madras Presidency and has a very successful record of work to show during the past three years. That the bank was able to secure advances to the extent of about half a lakh of rupees towards debentures to be floated by it and then to float debentures successfully without any guarantee from Government in respect of either in interest or the principal of the debentures, speaks volumes for the trust and confidence placed in the Office bearers of the Bank by the public and particularly those who subscribed to the debentures. That such trust and confidence was fully justified is shown by the result of the working of the Bank. It is a very satisfactory feature of the bank that there has been no case of overdues or default in respect of the loans issued by it. The Bank is evidently working on very safe, sound, satisfactory lines. The credit for this is, I

understand, due mostly to the Secretary Mr. Annadurai Ayyar. I wish to express my best thanks to him and also to the Deputy Registrar Mr. Ramaswamy Ayyar for furnishing me with all the information that I wanted about the Bank and its lines of work."

THE THIRD BANDAR TALUK CO-OPERATIVE CONFERENCE.

The Third Bandar Taluk Co-operative Conference was held at Gudur on 16-11-30 under the presidency of Mr. G. Sriram Babu Naidu. We publish below extracts from his Presidential Address dealing with some important aspects of the movement.

"Co-operators are aware of the fact that overdues in this Presidency are swelling up by leaps and bounds. Experts in OVERDUES AND THEIR CAUSES. Co-operation are trying to find a way out. Some attribute the increase of overdues to want of proper supervision of societies and go on prescribing forms and reports to collect statistics and are dinning into our ears the necessity for employing efficient men for collecting the required information. They are in a way right. The real causes, in my opinion, appear to be those that arise out of our neglect to adhere to the essential principles laid down by the MacLagan Committee. The Committee stated that in the formation of a society *the most essential requisite should be a careful selection of honest men as members.* It further laid down that *if Co-operation is to be real and not a sham, every member of a society should have a knowledge of the principles of Co-operation.* The members of our societies do not seem to have understood the real significance of the Co-operative Movement. They look upon a co-operative society as a mere money-lending institution, and approach it with no higher ideals. The office-bearers in turn lend to them caring only for the security behind the loan. The repaying capacity is not generally considered properly. They do not properly understand the consequences of their action in admitting persons of solvency but with no repaying capacity. By this act of theirs they allow the current of overdues to run counter to the flow of money. If this counter current of overdues gains strength year after year the flow of money will be turned back. To-day we are facing that situation. Though there are surplus funds in the Apex Bank and the Central Banks, the primary societies are starving for want of money on account of heavy overdues from their members. If the office-bearers are careful in selection of men, the money which is now partly lying idle and which has been partly invested outside the movement by these Central Organisations would have been utilised in relieving the sufferings of the members of Primary Societies. The other cause for the growth of Overdues is that loans are

not given exclusively for productive purposes or for necessities such as essentials for daily life. The borrower should be required to satisfy the office-bearers that he is in a position to repay the loan from the increased productive capacity or by the exercise of Thrift which would enable him to effect a margin of income over expenditure and would suffice to meet the instalments of loans as they fall due. The Office-bearers should also exercise a vigilant watch to see that the money is expended on the purpose for which the loan is granted. If these principles are strictly followed there would be no question of overdues and no cause for alarm in the co-operative movement.

“Now with the establishment of the Co-operative Central Land Mortgage Bank there is a desire on the part of the LAND MORTGAGE BANKS. villagers to have primary Land Mortgage Banks started in their midst. The starting of these Banks and their utility to the majority of the people yet remains to be seen. The Burmah Committee on Co-operation states that it will be vain to hope for any immediate relief from the present crisis in the Co-operative Movement by the establishment of Land Mortgage Banks. It sounds a note of warning and advises that the Land Mortgage Banks should be started with very great care and caution. I understand that in some societies several adjustments are taking place. When a personal loan becomes overdue it is converted into a mortgage loan. Where the Land Mortgage Banks are established, the short-term loan of an ordinary credit society is transferred as a long-term loan in a Land Mortgage Bank. This method of converting loans from personal to mortgage and from short-term to long term may go on for sometime. This practice has to be condemned. But as there were no facilities for long-term credit in the past and as the borrowers abused their powers and utilised short-term money for long-term needs, we have to tolerate it for the present. I trust that this bad practice will be stopped soon. Since long and short term loans are available to the ryots, care should be taken that they do not abuse the credit facilities and go on borrowing in both places without due regard to economy and their repaying capacity. Co-operators should exercise great caution to check such tendency.

“You all know that co-operation is intended to make the weak strong and the poor rich. This can be accomplished only WHAT A SOCIETY SHOULD DO when people understand the true principles of Co-operation. You all know that co-operation is a movement which has grown out of circumstances and is even now shaped by the circumstances though in all its faces it has also embodied a certain lofty strain of idealism. The ideal is still vague and still struggling for expression. In an incessant conflict between what may be called the higher and lower aspects of the movement, the higher is often forgotten

and the lower adhered to. All co-operators are expected to create a moral atmosphere among all members and to see that all acts of wastefulness are avoided. This can be done only when there is that amount of mutual knowledge among members which is expected from all those that share the unlimited liability. A society is further expected to undertake things on collective responsibility which cannot be done by single individuals. From our experience you know that each member for himself cannot command the same credit which a society as a whole commands. This principle must not be forgotten.

“You are also aware of the fact that in our country many depend upon a single earning member. This is specially the case with regard to middle class men. It is the duty of a co-operative society to see that no one is a burden to another and to provide such Cottage Industries as may be suited to the place in the house of every member and thus increase the earning capacity of the family.”

The Triplicane Urban Co-operative Society, Ltd.

SOUVENIR VOLUME.

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THE SECRETARY,

Triplicane Urban Co-operative Society, Ltd.,

Triplicane, Madras.

THE SOUTH ARCOT CO-OPERATIVE DIRECTORS AND SUPERVISORS IN CONFERENCE.

The Present Position and Programme of Work.

On the 6th, 7th and 8th instant, the Supervisors working in the several unions in the District met at Vadalur and discussed points requiring special attention in the present state of co-operative affairs in the District so far as duties and responsibilities devolving on them were concerned. The Deputy Registrar of Co-operative Societies, Mr. P. N. Damodara Mudaliar, presided on the 8th instant. The following instructions as a result of three days' discussion were issued to the supervisors :—

1. Each Supervisor to be in charge of 15 societies for the present, extending to 20 and 25 in course of time, if situations improve. If a union cannot afford to have two Supervisors, one may do for the present.
2. Once in every six weeks the Supervisor should visit a village society, bring accounts upto date, verify every loan and ascertain liability from parties. He should certify to these, rendering himself liable for irregularities thereafter. Pass books should be scrutinised.
3. The Supervisors should prepare loan applications advising members to apply for short term loans.
4. He should open audit defects register and enter them in it certifying to it in his Diary.
5. He should attend to the revision of property statements reporting any difficulty with the Karnam to the Deputy Registrar through the union. The over-hauled societies should be super-audited.
6. They should see that the by-laws are strictly observed.
The Secretary should write the accounts and the President should keep the cash. Resolution authorising President or Secretary to issue receipts should be passed. No society should have cash balance beyond Rs. 5. No reloaning out of collections should be made. It should be reported to the Central Bank, warranting the latter to file arbitration proceedings in respect of such loans.
7. There should be no arrears of Share Capital, Reserve Fund or Supervision Fund. Their importance should be emphasised.
8. The Supervisors should carefully watch the repaying capacity of every member and give definite information thereon when required to do so.
9. Defaulting Panchayatdars should be eliminated as far as possible.
10. A list of loans unrealisable except by sale of defaulters' property should be drawn up and submitted within one quarter.

On the 9th instant, the Directors of the Central Bank, Federation and the Presidents and Secretaries of the Supervising Unions were assembled in Conference at the instance of the President of the Federation at Vadalur under the Presidency of Mr. B.N. Damodara Mudaliar, Deputy Registrar of Co-operative Societies at 2 p.m. The proceedings lasted for 5 hours. About 40 Co-operators besides the Supervisors were present, prominent among those being Messrs. R. Srinivasa Aiyangar, R. Krishnaswamy Aiyangar, D. P. Tatachiar, Veeraswami Reddiar Rao Sahib Kolandaivelu Udayar, R.A. Sivananda Mudaliyar, M. Singarachariar and Seshadri Iyengar, Mr. K. Narayanaswamy Mudaliar, Sub Deputy Registrar of Co-operative Societies and Mr. K.L. Narasimha Rao, Director, Provincial Co-operative Union, Madras.

The proceedings began with prayer and Co-operative songs.

The Parvathipuram Supervising Union read a welcome address to the Deputy Registrar which was suitably replied to, laying stress on the overdues in the Central Bank, the amount covered by liquidation and arbitration proceedings, the difficulty of running co-operative banking in that state of things, the need for infusing confidence in the minds of the depositors by showing a better record of work, the fairness of taking with them those that lag behind and the taking of legal steps against chronic defaulters.

The Vadalur Ramalingaswami Loan and Sale Society also presented an address to the Deputy Registrar which was also suitably replied to, adverting to the existence of the Central Co-operative Loan and Sale Society and the scheme for improvement that he had suggested in consultation with the management of the Central Bank. A successful running of such a concern would, in his opinion, improve the economic prosperity of the ryots. The Government also were prepared to help the ryots in marketing concerns.

The first subject that was taken up was the one relating to the preparation of property statements. The suggestion was, in view of the general feeling of their inaccuracy, that the work might be taken by the Department instead of leaving it to the societies as heretofore. The pros and cons were discussed, the general opinion tending in favour of the suggestion.

The next subject was the step to be taken for collecting the overdues and the rectification and consolidation of societies. On this important subject Messrs. Narasimha Rao and R. Krishnasawmi Iyengar spoke at length, laying stress on the duties devolving upon the Panchayats of societies and unions. Mr. R. A. Sivananda Mudaliar spoke about overdues and how to check them. Mr. R. Krishnasawmi Aiyangar prepared a long memorandum touching the work of supervisors, panchayats, what the societies and the unions should do in their panchayat and governing body meetings and the form of inspection to be adopted by them and

had given the same to the Chairman a few days before the meeting. A lot of suggestions contained therein were discussed and accepted, subject to variations here and there.

The next subject was the one relating to the grant of short term loans. The proposal was that members should apply for half the loan to be utilised for short term purposes. There was sharp differences of opinion on this topic. The existing proportion of 1/3 was advised to continue by some. M. K. L. Narasimha Rao exhorted the audience to accept the proposal relating to the period of repayment to depositors being at the most 3 years and the grant of long term loans to 7 years and said that more was, in that state of things, a bad financial proposition. The present state of overdues was largely attributable to free grant of long term loans without a careful consideration of the repaying capacity of the borrower. If a depositor was not paid at maturity, a single instance might spell disaster to the Bank. The financing Banks being balancing centres, the loans must be granted in such a way that the lender might discharge his own obligations in time. To borrow for a long time and not being in a position to repay would, in the long run, only ruin the ryot population. So far only 2 per cent are attracted to the movement. It is not as if the present depositors would not find outlet by advancing to the rest of the population who might borrow and repay in time. They must therefore consider that short term loan will prove more useful to them in relieving their distress, inspiring confidence at the same time in the depositors, whose deposits will surely be repaid in time out of recoveries. Some representatives felt that the change was somewhat sudden. Whereupon Mr. R. Srinivasa Aiyengar and Mr. D.P. Tatachiar emphasised the need for altering the present policy in the interest of the lender and the borrower. A *via media* was suggested, whereby long term loans should be restricted to 60 per cent and short term loan to 40 per cent.

The next subject was the one relating to the appointment of clerks in societies. If finances of societies would permit of it, the assembly recognised the usefulness of appointing a clerk for each society or a group of neighbouring societies.

It was generally agreed that with a view to compare notes and settle policy and programme from time to time, a quarterly meeting of representatives of Unions and Supervisors was necessary and desirable.

The starting of societies with a view to supply the needs of the consumer and the seller of produce was also discussed. The short term loan had bright prospects in connection with these transactions. The opening of branch banks or utilising the existing Urban Banks and Transmitting Agent Societies was also discussed.

With a vote of thanks to the chair and those present, the Conference was dissolved at 7 p.m.

Conference Resolutions

1. THE TANJORE DISTRICT CO-OPERATIVE WORKERS' ASSOCIATION TIRUTURAIPUNDI.

The second conference of the Employees held at Tanjore in the Co-operative Buildings, under the Presidency of M.R.Ry., T. Adinarayana Chettiar Avargal, Bar-at-law, President District Urban Bank, Salem passed the following

RESOLUTIONS:

1. This conference expresses its heartfelt sympathy to the agriculturists for the loss sustained by them on account of the recent devastating floods and recommends to the Central Banks, Tanjore and Kumbakonam,
 - (i) to grant extension for the repayment of dues in all deserving cases, and
 - (ii) to grant 10 year loans as a special case considering the present afflicted condition of the District.
2. This conference express its sincere thanks to the gentlemen who have helped us with donations, messages of hope and blessings and advice.
3. This conference requests the employees in the movement to do propaganda work in rural areas on the the economic aspects of co-operation by preaching the evils of drink, insanitation, litigation and waste in private and public life by the under current of fashion and civilisation.
4. This conference requests all co-operative institutions to treat the days spent by their employees in attending conferences of the association as on duty, wherever such a practice is not invogue.
5. This conference requests the co-operative institutes in the presidency to act as unemployment bureaus by maintaining a register of the men trained by them and finding suitable employment till a provincial association is formed.
6. This conference is of opinion that the co-operative employees of this district are inadequately paid and requests the various co-operative institutions having a paid staff to effect a revision of pay in all cases enabling them to get a living wage.
7. This conference recommends to all co-operative institutions to fix the starting pay of their employees at not less than Rs. 30 and to adopt the fundamental rules for granting leave and leave allowances to their employees.

8. This conference requests the co-operative institutions to make rules for the immediate institution of contributory provident funds to their employees fixing the contribution payable at 1/12th of the pay.

9. This conference is of opinion that there must be interchange of the field and the clerical staff employed by the co-operative institutions to ensure the possibility of men to undertake the work in one or the other of the branches and requests the Central Banks to initiate this reform immediately.

10. This conference requests the Hood Co-operative Institute to arrange for refresher courses for the employees of the various co-operative institutions.

11. This conference is of opinion that the staff of the co-operative institutions should be placed on a provincial or at least a district cadre of service and should be governed by the same code of laws in respect of their pay and prospects as in the case of Government inspectors and therefore requests the Co-operative Federation and Central Banks to take necessary steps in furtherance of the object.

12. This conference requests the co-operative employees to represent their grievances, if any, in the matter of their pay and prospects etc., to the managing committee of the association who will do the needful in the matter.

13. This conference requests the editors of dailies and co-operative journals to kindly further the cause of the employees.

14. This conference requests the Registrar to appoint at least 50 per cent., of the Inspectors from among men who have served as supervisors, as before, as it is of opinion that such recruitments are more conducive to the growth of the movement.

15. This conference requests all the co-operative societies and workers to encourage the co-operative institution for the supply of stationery, forms, books etc.

16. This conference exhorts Co-operative Workers in the Presidency to immediately form District Associations so as to facilitate the formation at an early date of a provincial association.

2 THE SOUTH ARCOT CONFERENCE OF CO-OPERATIVE DIRECTORS & SUPERVISORS.

Resolutions.

1. Resolved to request the Registrar to take up the preparation of property statements and their revision and to request the Revenue and Registration Departments to notify to the societies all changes and mortgages.

2. Resolved to request the societies to collect the arrears of share capital and invest the same as share capital in the Central Bank. The entire paid up share capital should be invested in the Central Bank as share capital. The reserve fund should be fully invested in the Central Bank as reserve fund.

3. Resolved that the memorandum of instructions be circulated to all unions.

4. Resolved to request the Central Bank to issue short term loans to the extent of not less than 40 per cent. and long term loans to not more than 60 per cent.

5. Resolved to request the Bank to consider the following matters to encourage short term loans:—

(a) The individual maximum borrowing power should be fixed with reference to member's needs and his properties that can be mortgaged as security.

(b) In accordance with the borrowing power fixed as above, the seasonal short term loan may be disbursed through the transmitting agencies or branch banks as may be decided by the Bank.

6. The conference is of opinion that a society or a group of neighbouring societies may appoint a clerk to attend to the working of one or more societies according to their financial condition.

7. Resolved that the consolidated tour programme of Supervisors for the next six months be adopted and that these programmes should not be deviated from without special sanction of the governing body of the union. Resolved that the forms for the inspection of a society on a first visit and on a second visit by a Supervisor be adopted.

8. Resolved that the governing body members be requested to visit the societies allotted to them and send reports to the union.

Correspondence.

1. THE DEVADANAM DEIVANDRAGULAM CO-OPERATIVE SOCIETY—CANCELLATION OF REGISTRATION.*

I regret very much that it was not possible for you to revise your proceedings No. F. 6154/30 of 15-10-30 cancelling the registration of No. 301 Devadanam Deivandragulam C. S. I, however, cannot subscribe to your opinion based from the past history of the society that "it is not likely, that it will ever work successfully." Acquainted, as I am with the present state of the society and judging from its future prospects, I am, however, of the opinion that the revised society may work successfully.

In the course of the correspondence regarding the cancellation of registration of No. 301 Devadanam Devandragulam C.S., some interesting and doubtful technical questions—such as (1) "Does a primary credit society cease to be body corporate under Act II of 1912 if its membership, at any time, falls below 10? (2) Does a meeting convened and attended by all the members on roll of a society whose membership at the time of meeting however has fallen below the statutory limit of 10, constitute a legal general body meeting of the society? (3) What is the legal procedure to revive a society, whose membership has suddenly fallen below the statutory limit of 10? (4) Is not the Deputy Registrar obliged to consult the Supervising Union before he recommends to the Registrar the cancellation of an affiliated society, even though the cancellation is recommended under Section 40,—were raised by me and I ardently expected to have the authoritative ruling of the Registrar in these matters. I regret to say that none of your letters throw any light on the doubts I have raised. For future guidance, I therefore request you to give definite rulings on the above points.

Finally, I may be permitted to observe that your action in refusing to withdraw your order cancelling the Registration of No. 301 Devadanam Deivandragulam C. S. has done much to discredit the work of the Union in the eyes of the Co-operative Public, particularly the affiliated societies. The fact that the registration of a society revived by the Union had been cancelled by the Registrar in spite of the Union's protest is sufficient to show to the public what little weight and influence the Supervising Union commands with the superior officers of the Co-operative Department, and has brought the activities of the Union into derision and futility and has rendered the task of supervising affiliated societies at once more arduous and less effective.

* Copy of letter addressed on the subject to the Registrar of Co-operative Societies, Madras, by Mr. P. S. Chinnavenkata Raju, the President of the Rajapalayam Co-operative Union.

Extracts from Foreign Journals.

MY POINT OF VIEW.*

BY MR. J. P. Warbasse.

CREDITS FOR THE PEOPLE.

"I have just attended a meeting of experts on what is called "mass credits", or credits for the masses—the loans of money in small amounts to workers or people of small financial resources. It is always to me a thrilling experience to observe the work of the small co-operative banks in meeting the needs of the small borrowers who require emergency loans. What the credit unions in the United States are doing in this field represents a form of banking that touches most closely the lives of the people.

"Outside of co-operative or credit union banking, there lie the high rates of the cold business enterprises which grant small loans at from twelve to fifty per cent interest, the loan sharks who exact from fifty to 100 per cent, or the pawnbrokers who demand chattels as security. There is also an increasing number of high class big banking institutions which make small loans to their employees at from nine to twelve per cent, but these are not accessible to the mass of working people. Furthermore, the co-operative form of banking is the only form in which the people who need the credit apply the self-help principle and organize to control their own credit institutions.

HOW CREDIT UNIONS SPREAD.

"In the United States, by far the most effective work in this field is being carried on by the Credit Union Extension Bureau. As a result largely of its work there are now credit union laws in thirty-two states and 1300 credit unions have been organized in the United States. In fourteen states there are enough credit unions to form Credit Union Leagues. In course of time, these Leagues will federate to form the National Credit Union League. The loans made by these credit unions in 1929 amounted to \$ 62,000,000. They have \$ 45,000,000 capital and 300,000 members. All of these figures are steadily increasing. From 1890, when the Credit Union Movement was first established on this continent by Desjardines, it has grown continuously. This growth has been especially noteworthy during the past ten years.

"According to the enabling acts which now exist in the thirty-two states, above referred to, seven persons with five dollars each may incorporate to start a credit union. Each member has only one vote, loans may be made to members only and the surplus savings are distributed as dividends on stock.

*From the "Co-operation" (New York) for December 1930.

"Co-operative banking, I think, should distribute the surplus savings to depositors and borrowers in proportion to the interest accruing on capital deposited or borrowed rather than wholly to stockholders. But this credit union practice seems to be the form most easily promoted in this country of dividend hunger. Furthermore, it must be borne in mind that the depositor can take out stock for his deposits. While this form of banking may charge as much as one per cent a month for loans, it may charge less than this and give much consideration to the borrower. The borrower must be a member of the society, and a stockholder, and thus, he gets back in dividends some of the interest that he pays.

CREDIT UNIONS NOT ENOUGH.

"It was interesting to observe at this meeting that, in their enthusiasm, the credit union propagandists think of the credit union as the most practicable instrument for meeting all of the working man's difficulties. One speaker went so far as to say that with the credit union the working people of this country needed no other agency to solve labor's problems. I was struck also by the fact that the speakers seemed not to realize that the credit union has its value in its cooperative features, that it succeeds only as it substitutes the service motive for the profit motive, and that it therefore is naturally part of the co-operative movement. The control of credit and the supplying of credit through a credit union or co-operative bank must be organised and conducted on the same basis as other co-operative activities. No purpose of profit animates co-operative insurance, medical care, entertainment, housing, the supply of commodities, or any other of the co-operative services. Co-operation lifts useful services out of the field of profit and organizes them for the people who need the service. And all of this is done by certain very definite methods which are known as co-operative, and which were established by the pioneers of Rochdale, by such leaders as Raiffeisen, Schulze-Delitsch, and others in the first half of the last century.

"No single field of co-operation is all sufficient. If it is important that the people who need credit should supply it for themselves co-operatively, so is it important that they should do the same with insurance, housing, and commodity supplies. One form of co-operation leads to another. People who start a co-operative store and do not proceed toward banking and other services fail to get the full benefit of co-operation, just as the co-operative bank that does not lead to some form of co-operation is not fulfilling its function.

"At the meeting, to which I refer, the speakers apparently thought of the credit union as a palliative for the present economic system. Such an attitude puts the credit union movement in the class with welfare work, charity, and schemes to make it easy for other people to be poor and willing to keep the profit system alive and dominant.

A GOAL TO AIM AT.

"Undoubtedly, there are persons in the Credit Union Movement in the United States who have caught the vision of the possibilities of this movement if used as an entering wedge to something larger. Their number will increase as the movement grows. This is its hope, and the eventuality that gives it fundamental significance.

"A fusion of all kinds of co-operative organizations is the end toward which the co-operative movement leads. It is such a fusion that has created the national co-operative unions in forty countries, and it is the fusion of their two hundred thousand co-operative societies, with 60,000,000 members, that forms the International Co-operative Alliance. These great federations of co-operative societies are composed of every existing form of co-operation. Out of this international federation is growing the international co-operative banking society as well as international co-operative insurance and wholesaling.

"That co-operative banking in the form of the credit union is a palliative measure for victims of the present system is testified to by the fact that, as people perfect their co-operative organizations and do more and more for themselves in their co-operative societies, they are less and less in need of credit loans. People who are sufficiently proficient to supply all or most of their needs through their co-operative society, are less apt to suffer emergencies which require the appeal for credit. I know groups of people who conduct for themselves co-operatively their own distributive stores, wholesales, warehouses, factories, farms and mills, their own housing, banking, entertainment and medical care, and their own insurance against death, sickness, and unemployment. Such people are the least apt to suffer emergencies which call for the need of credit. They have organized resources which supply their needs and make the appeals for credit unnecessary.

"The credit union movement when allied with the consumers' co-operative movement works towards the end when the credit union shall become unnecessary. It is a movement which, when rightly directed, succeeds by helping ultimately to create an economic society in which the worker stands no longer in the need of emergency credits, and in which the credit union is no longer needed. This is the highest function of any organization, to serve its purpose and leave its beneficiaries so well situated as no longer to need it. It is the parental function, which the wise parent aims to perform for the child.

"The credit union at this particular period is much needed and is playing an important part in the economic development of this country. The ideal towards which it leads is very remote. But this ideal cannot be lost sight of, co-operation is not a reformist movement. The function of the credit union is not to ameliorate the evil conditions of the profit system. It is more fundamental than this. The ultimate hope of the credit union lies in its catching the larger vision, allying itself with the consumers' co-operative movement, and moving on toward the organization of society upon the service basis."

Reviews

1. THE CO-OPERATIVE LEAGUE YEAR BOOK 1930, U. S. A.

The Co-operative League of the United States of America must be congratulated on its successful attempt in bringing the first Year Book, giving a national survey of the co-operative movement. The Central Exchange of Wisconsin has the honour of being the first in collecting and publishing information regarding co-operative societies within its area of operations, in a classified form. Later on, for four years, the Northern States Co-operative League published a Year Book under the editorship of its General Secretary Mr. V. S. Alanne. In the year 1928, the Congress of the Co-operative League wanted to publish a National Year Book in 1930 and passed a resolution to that effect, giving the editorial responsibility to Mr. V. S. Alanne. And the present National Year Book 1930 worthily and justly is made a continuation of the Year Book of the Northern States' League which ceased its separate publication since 1928.

The Year Book contains valuable articles from leading co-operators like Messrs. J. P. Warbasse, the author of the world renowned book, "Co-operative Democracy", George Keen, General Secretary of the Co-operative Union of Canada, Cedric Long V. S. Alanne, A.W. Warinner and others on the important features and problems of the Co-operative Movement in the United States of America. It also contains the reports of the Sixth Congress of the Co-operative League held at Waukegan, Illinois, Proceedings of the Eighth Annual Convention of the Northern States' Co-operative League held at Superior, Wisconsin, Convention of Eastern States' Co-operative League and Wholesale held at Maynard, besides exceedingly well written and very interesting, short histories of co-operative societies in the several States of America. A perusal of the proceedings of the several conferences and the histories of the various types of societies give the reader a true conception of the glories and achievements, as well as the shortcomings and failures in co-operative effort in a land where ideas of capitalism and individualism are the vogue. The statistical material, of course, is not full and cannot be reasonably expected to be full either. And in this connection, the Editor remarks "the collecting of the information in this first National Year Book has been as difficult as the collection of rare specimens in the world of scientific research." This difficulty will beset every pioneer enterprise, but when once the rough ground is broken, the path becomes easy. And we hope, in the coming years, the book will not only contain more information, and much statistical data, but also some general information, as in the People's Year Book issued every year by the British Co-operative Union in England.

K. L. N.

REVIEWS

2. PEOPLES' YEAR BOOK. 1931.

The People's Year Book for the year 1931 being the 14th Annual of the English and Scottish Co-operative Wholesale Societies keeps up the reputation established by the previous publications. It is a veritable encyclopedia of international co-operative information. Over and above the detailed account of the co-operative movement in England, there is an usual section dealing with co-operative movement abroad. We are glad to note that the small section dealing with India is very much better than its predecessors on the same subject. Another section called the Year of Progress surveys as usual the achievement of the British nation in literature, drama and art etc. The Section called 'the State of the Nation' is made more illuminating than usual by many tables of statistics.

There are two sections which deserve special mention. One called "Rationalisation in relation to Co-operation" and it deals with that all absorbing economic topic as it has affected the co-operative movement in England, Germany, France, Belgium, Switzerland and Finland. We are glad to note that the place of honour among the articles under the heading 'Questions of To-day' has been given to India and that article is from the pen of Mr. C. F. Strickland, I.C.S., (retired), one of the former Registrars of Co-operative Societies, in the Punjab. The article is written from the point of view of a member of the steel frame and contains observations and statements which no nationalist Indian will endorse. The best reply to Mr. Strickland's article is contained in an article called "England and India" by Mr. D. Bosten published in the Millgate Monthly for January 1931. Our readers who generally are liberal in their political views will do well to read the latter article before forming their opinion about India based only upon Strickland's article.

The book, as usual, contains many fine illustrations and we congratulate the Co-operative Wholesale Society Ltd., on this excellent Annual of theirs.

S. K. V.

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REVIEWS

Grain banks seem to be doing some good work, but the rate of interest charged varying from 12 to 25 per cent is abnormal for co-operative institutions.

We are glad to note that the Teachers of Coorg will realise their great responsibility, and become, as their brethren in other parts of India have, prominent leaders of the movement.

We congratulate the workers on the good work done and hope the same rate of progress would be maintained in the current year as well,

S. K. Y.

4. REPORT ON THE WORKING OF CO-OPERATIVE SOCIETIES IN PUDUKOTTAH STATE.

The report on the working of the Co-operative Societies in the Pudukottah State during the fasli 1338, that is, from July '28 to June '29 deserves to be studied in comparison with the report of Coorg mentioned above.

Pudukottah is a small Indian State covering an area of less than 1,200 square miles and having a population of just over 4 lakhs of people. It is smaller than Coorg, but more densely populated.

The Registrar of Co-operative Societies has to do also various other functions as District Registrar, Registrar of Village Panchayats and Registrar of Joint Stock Companies. He is the head of the Department of Agriculture also. The paragraph dealing with the general progress of the movement tells the sorry tale that only two societies were registered during the year bringing the total number of societies in the State to 144.

While strenuously following the policy of rectification and consolidation and not giving much scope for expansion, the central bank has to invest its surplus funds in private banks in the mofussil and it is rejecting fresh deposits. Overdues under principal and interest have increased from 61'31 per cent and 43'42 per cent to 66'08 per cent and 44'59 per cent respectively; being an area entirely to depend upon timely rains, the hope is expressed that when general conditions improve, collections would become better. The real cause of stagnation is to be found in page 12 of the report where details are given about the purpose of loans. More than one-fifth of the loans granted during the year amounting to nearly one-third of the total amount granted was for paying up prior debts. We would earnestly invite the attention of the authorities to an illuminating article on the subject written by our President which appeared in the January number of our journal. It is time that the authorities realise the limitations of the co-operative movement and try to confine themselves exclusively to short-term and at best to intermediate loans.

REPORT

3. ON THE WORKING OF THE CO-OPERATIVE
SOCIETIES IN COORG

for the Year 1929—30.

The Report on the working of Co-operative Societies in Coorg for the year ending 30th June '30 is an interesting document showing satisfactory progress of the movement in that small area.

Our readers perhaps know that the total area of Coorg is only 1,582 square miles and the total population is 1,74,000, that is, just about one-fourth of the population of the city of Madras. Yet, Coorg has got all the paraphernalia of a province with its Legislative Council etc.

The Registrar of Co-operative Societies is performing many other functions as well. He is the Registrar of Joint Stock Companies, Income-tax Officer, Collector under Acquisition Act and Deputy Director of Land Records and Agriculture. Yet in spite of this, the progress achieved seems to be quite fair.

As the report points out the year under review was a bad year for the agriculturists who form the bulk of the population, as most of the country produce, coffee, paddy etc., fetched very low price.

One remarkable feature of the movement in this province is that the reserve fund built up by the movement is slightly in excess of the paid-up share capital and these two items together come to nearly 60 per cent of the working capital of the movement. It is also worthy of note that Co-operative Stores are doing satisfactory work and "are steadily gaining popularity as the prices of goods supplied by the stores compare favourable with the prices obtaining in local shops."

The Central Bank still remains of the old type having individuals as members with the right of borrowing. An urban bank should be started for the use of such members and the Central Bank has to be converted at an early date into a banking union of the pure type.

We are glad to learn that a Federation of unions has been registered and we look forward to the good work the federation is expected to do in promulgating the principles of co-operation and making unions realise their responsibility and do efficient work. The Central Bank and the Primary Societies who spend their common good fund on many useful charitable purposes will do well to pool their resources and enable the Federation to hold training classes for official and non-official workers and for enabling some of them to go out into the broad world and see for themselves the working of co-operative societies in other parts of India. This will widen their mental horizon and give them fresh enthusiasm for work which otherwise would easily fall into a rut and become very uninteresting.

Side by side with the attempt to speed up collection and do rectification and consolidation there must be healthy expansion. The authorities must see that the mistakes of the past are not repeated in the new societies to be started. The prospective members should be definitely told that co-operative societies would not bring the millennium immediately but would enable them to tide over immediate difficulties by granting them short-term loans. Societies intended to help the ryot only with short-term loans can be started all over the State and that is the line of expansion that should be tried. The movement should not be stifled in the name of efficiency.

The State Co-operative Institute, the only Supervising Agency does not seem to be in a very flourishing condition. We are sorry to note that retrenchments have to be effected owing to the lack of financial support and that the place of one supervisor was abolished. The whole movement should look upon the Central Institute as their own and finance it liberally. The State which spends only less than Rs. 6,000 on the Department ought to subsidise the Institute and make it the brain of the movement as a whole. We hope the Institute will chalk out a definite programme of work and win the sympathy of the Durbar and earn enough finance to maintain itself efficiently and do useful work. We look forward to a better record of work in the next report.

S. K. Y.

5. REPORT OF THE U.P. CO-OPERATIVE UNION.

The report submitted to the General Body by the members of the Executive Committee about the working of the Co-operative Union of the United Provinces for the year 1929-30, which is the second report of its kind, would be read with great interest by readers outside the province.

The readers of Madras would do well to note that this Provincial Union is the centralised non-official agency and all the supervision done outside the Department is under its own direct management. The government gives a grant based upon supervision charges realised from banks and during the year under review the income exceeded Rs. 1,40,000 and the expenditure also came a little over this figure. The report pleads for more funds with a view to enable the Union to expand its activities and employ more supervisors. It has got now 181 Supervisors whose salaries range from Rs. 30 to 75.

We are glad to note that over and above the regular work of Supervision, the Union is carrying on experiments in rural reconstruction and in consolidation of holdings. It has also taken up the work of training supervisors and pleads for the extension of the period of training, a plea which will be echoed by all those who have real experience in

the matter. The Union also runs an English Journal and a Hindi Journal for which it receives some grant. Another matter among the minor activities of the Union deserving special mention is the encouragement of Thrift by the Union by distribution of home-saves.

The Registrar continues to be the ex-officio President of the Union and a Provincial Conference was held under its auspices. We congratulate the Union on its good work and hope it will have further facilities for carrying on its disinterested service.

S. K. Y.

6. "INSURANTUS THE FIRST"—A DRAMA ON INSURANCE

BY MR. K. RANGASWAMY IYENGAR

Published in the 'Indian India.'

Through the medium of a short drama the author puts forward compulsory national insurance as the solution for bringing happiness and contentment among the rural folk who are now a prey to cruel taxation, greedy money lenders and high prices. The dramatis personae are given names which can be easily identified with the terms in insurance. King Insurantus is rudely awakened from the dream of placid contentment and serene security into which his self-seeking ministers, Banko, Savingson and Fundit had lulled him. The rebel leader is an ex-revenue Collector Sentimen who was moved to deep indignation at the poverty and misery of the peasants. He is defeated by Premius, the commander-in-chief, chiefly with the timely exhortation of the citizens by Provisionne Destinnee, the king's adviser. The ministers are dismissed, Provisionne Destinnee becomes the prime minister, the king awakes to his responsibilities and under this aegis Premius is asked to create in the land a compulsory "National Militia" to which every family must contribute a member and the rich should in addition to this, pay in proportion to their income. "This compulsory national militia" is only a timely disguised term for compulsory national insurance. Thus the king at last finds that the only panacea for all the ills from which his people were suffering is "compulsory national Insurance." The result is immediately visible, because the people are all happy under the new regime and the king feels secure on his throne.

Y. S.

Special Types of Societies.

AUDIT CERTIFICATE OF THE KULITALAI CO-OPERATIVE LAND MORTGAGE BANK LTD.

The accounts of the Kulitalai Co-operative Land Mortgage Bank Ltd. No. R. 249 for the Co-operative year ending 30—6—1930 as audited by M.R.Ry. A.L. Tyagaraja Aiyar, Inspector of Co-operative Societies, are passed.

2. This is the fourth year of the Bank's working. There were 62 members at the beginning of the year with a paid up share capital of Rs. 8,930. The number of members increased during the year to 95 and the share capital to Rs. 11,630 on 30—6—1930.

3. There has been an increase in the transactions of the Bank during the year. Consequent on the establishment of a Central Land Mortgage Bank at Madras during the year under audit to finance the primary Land Mortgage Banks, the by-laws of this Bank were amended enbloc so as to be in conformity with those of the Central Land Mortgage Bank and the provisions for the floating of debentures have been deleted in the new by-laws. Hence there was only a small increase in the issue of debentures in the year under review from Rs. 100 to Rs. 150 in the case of debentures issued to members and from Rs. 21,500 to Rs. 26,700 issued to non-members. The debentures taken by Government remained the same as at the beginning of the year viz. Rs. 21,600. The Bank borrowed to the extent of Rs. 17,850 from the Madras Central Land Mortgage Bank Ltd., during the year. The Bank met its obligations to its creditors punctually.

4. Forty four loans amounting to Rs. 71,396 were outstanding at the end of year as against 27 loans amounting to Rs. 43,945 at the beginning. There were no arrears of instalments due from members either under principal or under interest.

5. 13 meetings of the Board of Directors and two General Body meetings were convened of which 3 of the former were adjourned for want of a quorum. The attendance at meetings has been fair and the directors have to be congratulated on another successful year of working.

6. The Bank earned a net profit of Rs. 1,247-7-0 in the year, of which 25 per cent viz., Rs. 311-14-0 should be carried to the reserve fund. The balance is available for distribution as laid down in by-law No. 56 of the Bank. The undistributable profit of Rs. 9-14-0 should also be carried

SPECIAL TYPES OF SOCIETIES

to Reserve Fund. Deducting therefrom Rs. 8-11-0 the interest accrued on reserve fund, the Bank is requested to remit Rs. 313-1-0 to the Central Land Mortgage Bank, Madras, towards Reserve Fund. The Reserve Fund already invested in the Trichinopoly District Urban Bank should be transferred to the Central Land Mortgage Bank, Madras. The total Reserve Fund to the credit of the Bank will then amount to Rs. 676-7-0.

7. The Society is utilising its collections for the re-issue of loans without making any provision for the formation of a sinking fund. The Society should seriously take up for consideration the question of the desirability of the formation of a sinking fund.

The Bank is classified under class I "A".

G. P. VENKATA RAMAN,
Deputy Registrar.

ERATTA.

Substitute the following for resolution No. 14 of the last Madura Ramnad Dt. Co-operative Conference, printed at page 252 of the Madras Journal of Co-operation for October 1930:—

Copy of Resolution No. 14.

This Conference resolves that the District Federation be abolished.
Proposer: Mr. Appanu Goundar of Kamayagoundanpatty.

Seconder: G. Venkatanarayana Iyer of Edayakottai.
A notice was sent by a number of delegates that the subject should not be discussed at this conference. This was raised as a point of order.

Mr. Nagaswami Iyer raised a point of order that as the Reception Committee did not put forward this resolution it should not be considered. The point of order was ruled out. But the sense of the house was taken whether the subject should be discussed. The house expresses itself by a large majority against the resolution being discussed. So it was dropped.

(Sd.) V. RAMADAS,
24-8-30.

True copy.
S. SUNDARESAN,
Secretary, 14-12-30.

G. Os. and Circulars.

OFFICE OF THE DEPUTY REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, 1st November '30.

M. R. RY. S. P. PERUMAL PILLAI, AVL., B.A.
Deputy Registrar.

CIRCULAR.

Subject :—Recovery of co-operative arrears through the Revenue Department—furnishing of encumbrance certificates along with applications for execution.

The practice of sending of execution applications pertaining to mortgage decrees unaccompanied by encumbrance certificates to the Revenue Department for realisation of co-operative arrears, has resulted in most cases in considerable delay and confusion. This practice will therefore be discontinued, and in future no application for execution received from any society will be forwarded to the Revenue Department unless accompanied by the necessary encumbrance certificates. In the case of surety decrees applications for execution should be accompanied by full particulars of, and encumbrance certificates for, the properties of the principal borrower and his sureties against which the society desires to proceed.

Unions are requested to communicate these instructions to affiliated societies and to see that they observe them in future. It would be advisable that all applications for execution should be sent by societies through their union so that the institutions see that the above instructions have been followed and also that unions may be in a position to rectify any defects in the applications. This would save considerable time and correspondence both for the society and for this office, and would result in speedier realisation of arrears. Unions are therefore urged to have this procedure adopted in future.

CIRCULARS

OFFICE OF THE DEPUTY REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, 1st December 1930.

M. R. RY. S. P. PERUMAL PILLAI, AVL., B.A.
Deputy Registrar.

Subject :—Arbitration—decrees of primary societies—seal of Arbitrator affixing of.

Several arbitrators when passing decrees against members of primary societies, do not affix their seals to the decrees, but send the decrees to the office for affixing the office seal. This practice should be discontinued, as it is the seal of the Arbitrator and not that of the Deputy Registrar's office that should be affixed to decrees.

Arbitrators are therefore requested to kindly affix their seals to all decrees passed by them in future. If they do not possess proper seals, one of the type given below should be affixed and should bear the initials of the arbitrator at the centre.

To all Unions for favour of informing Arbitrators.
Copy to the Chingleput District Federation.
" Conjeevaram Central Bank,
" E, Section stock file.



1st February 1931.

P. C. U. Circulars.

DRAFT CONSTITUTION FOR THE MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

The last Provincial Co-operative Conference passed a resolution directing the Provincial Co-operative Union to formulate a draft constitution for the Conference and to place it before the next conference for approval. The following draft is published for consideration and criticism by the constituent bodies of the Provincial Union. A revised draft will be prepared in due course in the light of the criticism of the present draft and of suggestions for its improvement that may be forthcoming in time.

1. The work of organising the conference shall vest in a body called "The Provincial Conference Committee."

2. The constitution of this Committee shall be as follows:—

(a) The members of the Executive Committee of the Provincial Co-operative Union, or a special committee thereof elected by the Executive Committee.

(b) The Presidents and Secretaries of the Madras Central Urban Bank, the Madras Central Land Mortgage Bank, the Triplicane Urban Co-operative Society, the Central Co-operative Printing Works, and the Christian Central Co-operative Bank.

(c) Not more than five persons to be co-opted, if necessary, by the other members.

3. One of the Secretaries of the P. C. U. nominated by the Executive Committee shall work as the General Secretary of the Conference. The Secretaries of the Madras Central Land Mortgage Bank, the Triplicane Urban Co-operative Society, the Central Co-operative Printing Works and the Christian Central Co-operative Bank, shall act as Joint Secretaries. The Secretary of the M. C. U. B. shall be the Treasurer of the Conference Committee.

4. The Conference Committee shall invite subjects for discussion, consider the resolutions passed at the various divisional, district, taluka, union and other group conferences of different types of societies with a view to formulate subjects for the Provincial

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Conference and shall include in the list such subjects suggested by individuals, societies, or other institutions as in the opinion of the Committee are of sufficient importance to be brought up before the Conference.

5. The subjects selected for consideration by the Conference shall be notified in the Madras Journal of Co-operation and the Tamil and Telugu Journals and in the local papers, and brief notes thereon invited.

6. Such of the notes as the Conference Committee thinks fit to print may be printed for being supplied to the delegates of the conference at a price to be fixed by the Committee.

7. The Committee shall frame draft resolutions and publish them at least two weeks before the dates notified for the holding of the Conference. The Committee shall also fix the programme and dates of the Conference.

8. The choice of the President shall vest with the Committee. Endeavour shall be made to secure the services of prominent co-operators who may be men of distinction either in this province or elsewhere.

SCHEME FOR REPRESENTATION AT THE CONFERENCE.

1. The Madras Provincial Co-operative Union, the Madras Central Urban Bank, the Madras Central Land Mortgage Bank, the Triplicane Urban Co-operative Society, the Central Co-operative Printing Works and the Christian Central Co-operative Bank may each elect 5 delegates.

2. The Andhra Sahakara Sammelanam and the Tamil Nadu Co-operative Federation may elect 10 delegates each.

3. District Central Banks and District Federations may elect three delegates each.

4. Co-operative Training Institutes may elect two delegates each.

5. Local Supervising Unions may elect one delegate each.

6. Limited Primary Societies with a working capital of not less than Rs. 50,000 may elect a delegate each.

7. Unlimited Primary Societies with a working capital of Rs. 50,000 may elect one delegate each.

8. Societies in which other registered societies are members, other than those mentioned above, may elect a delegate each.

9. The Registrar may nominate 10 delegates to represent the Department, if he wishes to do so.

10. Such of the members of the Conference Committee as are not elected by any of the above constituencies shall be deemed ex-officio delegates.

11. The Provincial Conference Committee may elect as delegates distinguished co-operators or representatives of any special types of societies which are not given representation, but the total number of such delegates shall not exceed 25.

12. The names of the delegates should be sent up to the Conference Committee at least three clear days before the date fixed for the open session of the Conference.

13. Delegates whose names are not so sent up shall not be entitled to vote at the Conference, though they may attend and speak with the President's permission. But the Conference Committee may waive the rule and admit them as properly elected delegates, if it thinks fit to do so.

14. The travelling and boarding expenses of the delegates shall be borne by themselves or by the bodies which elect them.

15. The Conference Committee shall have power to issue invitations to visitors for the Conference. Persons so invited may also be specially invited by the Conference Committee to take part in the discussions. The guests so specially invited shall be at liberty to speak on any subject placed before the Conference, but shall not vote on any resolution or motion. The President of the Conference may also at his option permit any of the visitors to address the Conference at his option.

16. The President of the Provincial Co-operative Union shall be the ex-officio Chairman of the Conference Committee.

17. The delegation fee shall be Rs. 2 in the case of the representatives of the Primary Societies and of Supervising Unions; Rs. 5 in the case of the representatives of Training Institutes, Central Banks and Federations, and Rs. 10 in the case of the representatives of the Provincial Societies and Language Federations. The Conference Committee shall have the power to reduce or remit the delegation fees in any particular case, if it thinks fit to do so.

RULES OF PROCEDURE FOR THE CONDUCT OF
CONFERENCE BUSINESS.

1. (a) The President shall preserve order, and all points of order shall be decided by him.
(b) No discussion on any point of order shall be allowed except with the consent of the President.
(c) Any member may at any time submit a point of order to the decision of the President.
(d) The President shall have all powers necessary for the purpose of enforcing his decisions.
2. When any member submits a point of order to the decision of the President, any other member who may be then speaking shall resume his seat and cease speaking until the point of order is settled.
3. (a) In discussing questions coming before the Conference for consideration, a member shall speak from his place, shall rise when he speaks, and shall address the President.
(b) At any time, if the President rises, any member speaking shall immediately resume his seat.
4. Delegates and others who are entitled to speak at the Conference may address either in English or in an Indian language at their option.
5. When, in the opinion of the President, a resolution has been sufficiently discussed, he may close the discussion by calling upon the mover to reply, provided that the President may in all cases address the Conference before putting the question to vote.
6. Every resolution or amendment shall be resolved in the affirmative or in the negative according to the majority of votes.

Votes may be taken either by show of hands, the President declaring without counting "the Ayes have it" or "the Noes have it" or by division, and shall be taken by division, if any delegate so desires, except when the President thinks fit to ascertain whether in the view of the majority of the delegates a poll is necessary and declares that such view is against a poll being taken.

V. RAMADAS PANTULU,

President.

To All members of the P. C. U.

City News.

Under the auspices of the Madras Provincial Co-operative Union, a meeting of Co-operators of Madras was held at the Union premises at 4 p.m., on Sunday the 1st February, under the presidentship of Mr. V. Venkatasubbaiya.

Among those present were Messrs A. Sivarama Menon, Dr. P. J. Thomas, Mrs. A. H. A. Todd, Mr. Chennakrishna Chettiyar of Salem, besides representatives of the Depressed class societies' in the city.

CO-OPERATION AND DEPRESSED CLASSES.

Mr. G. Sriram Babu Naidu explained to the audience that Madras co-operators should be proud of their District Bank which had taken upon itself the task of financing the Depressed Class Societies within its jurisdiction and that proposals for their rectification and development had been already considered by the Board of Management of the District Bank. He further pointed out that the Bank is prepared to grant aid to deserving persons in the several societies, if suitable persons came forward for the proper development of those societies, and that the members of societies should not be content with mere collection from defaulters, but should devise ways and means for the expansion of their business, based, of course, on proper securities. In fine, he said, they should show to the world that the depressed class societies would be better off when they are financed by a local institution intended for all societies, both the caste societies and the depressed class societies alike. He also thanked the Department for placing at the Bank's disposal the services of Government Inspectors for the rectification of depressed class societies.

Some members complained about long delay in the sanctioning of loans in the past. Mr. V. Venkatasubbaiya pointed out that there would not be any delay in future, if all the information required in that behalf was furnished along with the loan application itself; and further said that as the Government Inspectors are also now working under the control of the Bank, there would not be any room for complaints.

CO-OPERATION AND UNEMPLOYMENT AMONG WEAVERS.

Mrs. A.H.A. Todd, a director of the Salem Weavers' Co-operative Society, explained to the audience that several weavers were thrown out of employment on account of slump in trade. She was approached by

the weavers. A Society was started with a view to find employment for them. She was able to collect about Rs. 15,000 as share capital and this was invested in buying yarn and paying the wages of the weavers. Then there was another difficulty, that of finding a market for the cloths produced. On the advice of Dewan Bahadur R. Ramachandra Rao, the goods were entrusted to the General Swadeshi Stores in Madras for sale. As they were slow in pushing on the sale, she took up the work herself in right earnest to find a market for the goods of the society. Some samples of *Sarees* and *Dhothies*, manufactured by the society, were exhibited and it was found that they were spun out of Indian Yarn and that their prices were also considerably cheap. Mrs. Todd felt sorry for the misrepresentations made by some of the members in the Legislative Council who spoke on the cut motion, when a supplementary demand for helping the Salem Weavers came up for consideration before the House on 31st January 1931.) That was the most unkindest cut of all.

It was finally decided to keep a stock of these goods in the Madras District Co-operative Central Bank, Ltd., at 20, Second Line Beach, Madras, for sale among co-operators.

With a vote of thanks to Mrs. Todd, the meeting came to a close at 6-30 p.m.

An Appeal. TO SAVE THE WORLD'S MOTHERS.

CO-OPERATIVE WOMEN ASK FOR LEAGUE ENQUIRY.

The International Co-operative Women's Guild has addressed a letter to the Health Section of the League of Nations asking that the admirable work done in its investigation into the causes of Infant Mortality should be continued by a similar investigation into Maternal Mortality.

The Guild states that figures it has received from 23 countries indicate that the high maternal mortality rate, which has already caused anxiety in several countries, is a widespread phenomenon, and that whether high or low the rate has either remained stationary or shown a tendency to rise in recent years. It points out moreover, that the League's Report on Infant Mortality itself reveals the need of greater care of the mothers, in as much as it shows the large and stationary proportion which still-births and deaths of infants within the first 24 hours bears to the total death rate. It urges that a comparison of conditions and methods between countries having a low and high maternal mortality rate, such as an international enquiry would make possible, should give invaluable information to those who are working to prevent the continued tragedy of unnecessary death and suffering among mothers and children.

From the reply received it appears that a recently constituted Committee of the League is to report further on the whole question of Maternal and Infant Welfare, and that this Committee itself may find such an investigation necessary to its work. Co-operative women who are convinced that more study of the causes and prevention of maternal mortality is urgently needed, will watch anxiously for the results of the Committee's activities. It is understood that some of the national Guilds have approached their national representatives on the League Council on the matter, and this should be of value in ensuring that the necessary investigation will be sanctioned.

THE 2. Maharajapuram Rural Reconstruction Centre

Report for the Quarter ending 31—12—'30.

The original members constitute the Sub Committee without alteration. The committee met only once during this quarter.

CO-OPERATION.

The Pancayatdars of the Co-operative Societies in Maharajapuram, Sundarapandiyam and Pudupatty are taking strenuous efforts to show a good result in the ensuing collection season. Besides, the Rural Reconstruction Inspector is entrusted with societies in the above mentioned 3 villages. The Supervisor of the Sundarapandiam Co-operative Union would attend to the collection work in the rest of the 10 societies in the Union area. It has been formally resolved in one of the meetings of Governing body that the Governing Body Members should divide the societies in the Union area among themselves to attend to the collection work. But it is yet to be realised how far the object will be best achieved in the present condition of the depression in prices.

LAND MORTGAGE BANK.

Out of the loan applications amounting to nearly Rs. 20,000 received, at first, about Rs. 9,000 and odd was sanctioned by the Madras Central Land Mortgage Bank Ltd. of which only Rs. 5,000 have been so far availed of by two members of the Maharajapuram village. It was anticipated that more members could be enlisted in the Land Mortgage Bank after first disbursement is made. But instructions have been received from the Central Bank to stop further applications. It is regrettable to note that the progress of this long expected bank meets with obstacles even at the very outset.

Magic Lantern lectures on co-operation were delivered by our Inspector in Sundarapandiam, Watrap, Ramasamiapuram and one or two hamlets, all being situated in the Sundarapandiam Co-operative Union area.

EDUCATION.

With regard to the compulsory education of which mention has been made in the last quarterly report, to our great surprise, despite the endeavours of our Honorary worker for the past 3 years, we received a letter from the Inspector of Local Boards that the scheme has been dropped. It seems that the Deputy Director of Public Instruction reported to the Inspector of Local Boards that the Muhamadans of this (Maharajapuram) village were not in favour of compulsory education. After all, the Muhammadans form approximately 1/15th of the population in the Maharajapuram village Panchayat area. Simply because this community did not give their consent to shift their school into the premises of the management school as was demanded by the Deputy Inspector of Schools for introducing the compulsory education

District Conferences.

THE IV CHITTOOR DIST. CO-OPERATIVE CONFERENCE.

The IV Chittoor Dt. Co-operative Conference will be held on 21st and 22nd February 31 under the presidency of M. R. Ry., C. V. Venkatramana Iyengar Avl., in the premises of the Dt. Board High School, Chittoor. It will be opened on the morning of 21st by Diwan Bahadur B. Munisami Naidu Garu, Chief Minister to the Government of Madras. Mr. C. Venkataramana Iyer Avl., advocate President of the Chittoor Dt. Central Bank, Co-operative Town Bank and Dt. Co-operative Federation has been elected Chairman of the Reception Committee of the Conference."

"The Industrial and Agricultural Exhibitions to be held under the auspices of the Conference on the 21st of February 1931 will be opened by the Hon'ble Mr. P. T. Rajan Avl., Minister for P.W. Department on the morning of the 22nd February 1931. The exhibitions will continue for a week from that date in the premises of the District Board High School, Chittoor.

The Directors of Agriculture, Industries, Veterinery and Fisheries. The American Agricultural Institute, Katpadi, and others have all been addressed and are expected to participate in the exhibitions.

All the Industrial concerns and the agricultural enterprises are requested to send all their exhibits to the exhibitions. As already announced no charge will be levied for booth and furniture that may be required by the exhibitors. The Exhibition Committee and the Reception Committee of the Conference appeal to all Industrial and Agricultural manufacturers to participate in the exhibition.

For other particulars they are requested to apply to the Secretary, The Industrial and Agricultural exhibition, Chittoor.

scheme, the scheme was dropped and the rest of the population lost this opportunity owing to the inelastic nature of the Muhammadans. But however attempts are still made to some how or other bring the Muhammadans' school into the premises of the management school and to once again request the Inspector of Local Boards to introduce the scheme.

VILLAGE PANCHAYAT.

The President of the Sundarapandiam village Panchayat Mr. S. Ganapathi Iyer (who is also the Secretary of the Sundarapandiam Co-operative Union) does his best towards the improvement of the village, in spite of the oppositions raised in various quarters of the village. During this quarter one more street has been taken for improvement. After having finished earth work, gravelling is taken up and it is nearing completion. The total estimate of the work is Rs. 980, half this sum is granted from the provincial funds and the other half is met from the funds of the Village Panchayat. A well is taken up for improvement and to build drains from it, the total estimate being Rs. 280 and the last item is to build one bathing ghaut in the adjoining Arjunanadhi river the estimate being for Rs. 350. The last two items of works are in progress now. They are expected to be finished by the next quarter.

Maharajapuram village Panchayat has taken up two main items of work. One is levelling a street and building side drains leading from a well. But this is purely a Taluk Board work; the village Panchayat has undertaken to work out the scheme with the estimated cost of Rs. 1,530. The other work is the construction of a school for the Adi-Dravidas. There was already a school for them in the Cheri itself with thatched roof and quite insufficient even to accommodate 20 students. The surrounding of the school may well be conceived in so far as the school is located in a 'cheri'. Now the Panchayat with the aid of the Provincial grants has constructed a field building far remote from the 'cheri' and within the premises of the management Elementary school, to be utilised as the school for the Adi-Dravidas. The school building is well ventilated and is a 'stepping stone' to remove the feelings of untouchability from the minds of the caste people as it would be seen in course of time.

It was demanded by the Deputy Director of Public Instruction that all the schools for boys, in this village Panchayat area, should be in one and the same place if compulsory education should be introduced. Hence this school was constructed in the compound of the management Elementary School. Oppositions were raised by many orthodox big-wigs of the village who with a strong motive of caste prejudices put many obstacles on the way. Our Honorary worker explained the situation clearly and convinced them. In the existing condition of the village many of the undertakings of the village Panchayat, but for our Honorary worker, could hardly have been accomplished. Such hindrances in running the village Panchayat often occur partly due to a small number of people of quarrelsome disposition, and partly due to the villagers claiming ownership, what we call in Tamil 'Mamool'. It would not

be exaggerating if it is said that our Honorary worker tackles the situations well, appeals to some of the villagers who stand in the way of the village Panchayat, threatens some and exhorts the President of the village Panchayat and thus serves as an accelerator to quicken the works undertaken by the village panchayat.

A contribution of Rs. 200 from the Provincial grants and a sum of Rs. 300 that would be met by the village Panchayat constitute the total estimated cost of the Adi-dravidas' School viz Rs. 500. The construction of the school may be said to have been completed during the quarter in review except for some minor items of work being still carried on.

The Pudupatti Village Panchayat is slowly awakening from its past slumber. It has been resolved in one of its meetings to lay the Gopalapuram-Pudupatti road, the distance between the two villages being $1\frac{1}{2}$ miles. This new road connects Pudupatty with Watrap road, (District Board road). The President of the Village Panchayat is trying to raise local contribution by taxing housewar and the villagers mostly consent to contribute as such. Most probably the work would be commenced in the next year.

SANITATION.

Besides what have been mentioned in the above paragraphs, two thottis in each of the village, Sundarapandiam, Pudupatty and Maharajapuram, attend to conservancy work. With the amount of Rs. 1,110 sanctioned by the Sivakasi Taluk Board for lighting the streets in the three villages in question, stone pillars have been erected in Sundarapandiam, and in Maharajapuram Rural Reconstruction Centre Head quarters and Pudupatty; pillars are being cut and dressed in the neighbouring hills. By the commencement of the next quarter the work would be finished.

COMMUNICATION.

During this quarter no work except the heaping of the well concur on the Maharajapuram-Watrap road, was done. The Village Panchayat had to attend to the other works, mentioned above, which as per the orders of the Inspector of Local Boards ought to be finished by February, 1931. Since the lead given for the well-concur is insufficient, the estimate has to be revised and lastly the Panchayat has not received the Ramnad District Board contribution. For the reasons enumerated above, the road work has been temporarily suspended during this quarter. Very soon the work will be resumed.

With regard to the Mahazar petition submitted for the opening of an experimental post office at Maharajapuram, no definite reply has yet been received.

AGRICULTURE.

In the demonstration plot, selected by the Agricultural Demonstrator, Kichili-samba has been sown. Deinha was applied as green manure. Kichili-Samba has been sown up to 3 years, Nellore Samma upto nearly $4\frac{1}{2}$

acres and Karungani seeds upto nearly 50 acres in this village. The crops show a good sign of bumper produce. During one of the visits of the Agricultural Demonstrator, he had brought with him a meston plough and demonstration was made with the plough. Many farmers ploughed themselves with it and have realised the superiority of the plough over the country ploughs. There is a proposal to purchase some 3 or 4 meston ploughs from out of the rural reconstruction funds to be lent to the villagers. On the 15th December last, the Deputy Director of Agriculture visited Maharajapuram to inspect the Demonstration plots.

COTTAGE INDUSTRIES

As already mentioned in our last quarterly report, 50 charkas made at the personal expenditure of our Honorary worker are at the disposal of the public to be given at the net price. Some half a dozen of them have been sold.

POULTRY KEEPING.

There are on the whole 8 fowls. 6 of them are white leghorns, one Rhode Island Red Pullet and one Rhode Island Cock. The last one was bought from Y. M. C. A. Rural Reconstruction Centre, Ramanathapuram (Coimbatore) in addition to 4 Rhode Island Red eggs and 11 white leghorn eggs.

With regard to dyeing, no demonstration is taking place at our centre. But our Inspector furnishes those who are interested in it, informations to try one or two colours at home.

RURAL RECREATION AND PLAY GROUNDS.

Volley ball is played with keen interest at Maharajapuram. Twice in a week at least there will be friendly matches. Some of the players have provided themselves with Badminton bats and there is a proposal to start Badminton game.

The Village Panchayat Library is best used at least by some of the villagers and the villagers are very often entertained with gramophone.

STAFF

Fortnightly diaries and monthly tour programmes are being sent regularly by our Inspector. He strictly adheres to the tour programme with reasonable deviations then and there.

In concluding this report, I render my hearty thanks to the Presidents of the Ranamad District Board and the Sivakasi Taluk Board for having co-operated with us in our undertakings and I request them to help us in future also, and by their hearty co-operation, make this centre a success.

A. SRINIVASACHARI,

Convener.

27—1—'31.

3. Indukurpeta Rural Reconstruction Centre.

Report for the Quarter ending with 31—12—30

During the quarter under reference, the committee was reconstituted in November 1930 by the Provincial Rural Reconstruction Committee and Messrs K. V. Raghavachari, M. Venkatarangaiah and D. Swami Doss were elected with Mr. K. V. Raghavachari as the convener. The number of members of the Committee was thus reduced to three.

2. Owing to the heavy rains during the quarter there was not much scope for active work. The work shown in the previous report to have been begun was continued.

3. The Supervisor has been instructing the panchayats on the provisions of the new Local Boards Act and convening meetings for the election of Vice Presidents newly created under the Act. He has been giving instruction on the improved methods of castrating bulls. He has supplied 12 bags of Vempalli seeds to agriculturists to raise green manure.

The Revenue Department called upon the villagers of Mypaud and Somarajupalli to remove the pricklypear on the bunds of their tanks or otherwise to pay Rs. 800 and 400 respectively for removing the same. The Mypaud village panchayat induced the ryots to do it by contributing their own labour. As the Somarajupalli villagers did not do so, a sum of Rs. 400 was levied against them for the purpose. The village panchayat took the contract, and removed the prickly pear. The profits will be utilised by the panchayat.

4. The thrift organisation among fishermen continued to do good business and evoke interest among them. The total collections during the quarter were Rs. 46. The fishermen have been paying regularly except during the very heavy rains. It is gratifying to report that the fishermen school maintained by this Committee is showing good progress. There are 50 boys and girls attending the school and the progress made by them must be said to be satisfactory having regard to the backward class.

The fishermen of Mypaud assembled at Mypaud passed a resolution in December last regarding the fisheries department to open a fish curing yard at Mypaud. A communication has been received from the Assistant Director of fisheries to the effect that a yard would be opened provided the fishermen showed their bonafides and earnestness by depositing Rs. 150 which would be refunded after a time, if the fishermen evinced interest and showed good business in the fish curing yard. The supervisor is taking steps to induce the fishermen to make the deposit.

5. The Supervisor has been persuading the Yanadies at Mypaud and Narasapuram to send their boys to school. He has been able to get a few admitted into the village schools at Mypaud and Narasapuram but the

prevalence of cholera in the locality scares them away. It is hoped better progress will be made hereafter.

6. The Supervisor with the help of the prominent villagers of Mypaud was able to collect Rs. 250 the amount of contribution required by the Taluk Board of Nellore for continuing the Ayurvedic Dispensary at Mypaud.

The Ayurvedic Dispensary at Lebur was unfortunately closed by the villagers owing to factions in the village. This dispensary was being maintained from the common good fund of the local co-operative society, contributions by members of the society, besides grants made by the Local Boards. Owing to the quarrels among the managing members it was closed. Steps are being taken by the Supervisor to have the dispensary reopened. It is needless to say that it was doing very useful work hitherto.

7. The fishery right of the Mypaud tank was leased to the village panchayat for a period of three years at a rent of Rs. 30 per year. The village panchayat sold the right this year by auction to the fishermen who bid the same for Rs. 156 thus bringing a net profit of Rs. 126 to the village panchayat.

8. The earth work for the formation of a new street in Mypaud was taken up by the panchayat. The Registrar General sanctioned an estimate of Rs. 1,500. One half of it will be paid by the Registrar General and the other half will have to be borne by the panchayat. The panchayat has taken steps to begin work in January in 1931.

9. During the quarter 160 viss of cotton was distributed among spinners. 631 varas of yarn were sold by the spinners who used a portion of their production for themselves. 678 yards of cloth was woven by the weavers in this centre. Out of this 324 yards of value of 243 were sold for cash and the remaining cloth was kept with sympathisers for sale. A sum of Rs. 250 was lent to this committee by Mr. Kakutur Sundararami reddy and Biradavolu Venkata Reddi ear marked the same for production of Khaddar and the amounts are received by the hands of the local Khaddar committee. With the funds at the disposal of the Committee the supervisor has been purchasing cotton, yarn, and advancing wages to the workmen.

10. During the quarter the supervisor attended to the collection of overdues in Mypaud, Gangapatnam and Narsapuram besides Korutur and Venkanapalem. A sum of Rs. 4,322 in Mypaud, 205 in Gangapatnam and 100 in Narsapuram was collected by the supervisor. Owing to the abnormal fall of prices of Molagoluku paddy from 100 Rs. to 65 during this quarter and the scarcity of purchasers of Iswarakorra whose price fell from 60 in March last to 40 in December is mainly responsible for the growth of overdues with co-operative societies. It is feared that there may be no demand for paddy at all as indications show at present and it will not be a surprise if ryots find it very difficult event to pay kist.

11. The supervisor under requisition from some of the directors of the Triplicane Urban Co-operative Stores took statistics of the yearly availability

of paddy and the names of Dalalies and ryots who sell their produce. He collected the information required from 12 villages in this area. Figures showing the total quantity of Molagoluku sold by the ryots in each village are given below :—

Mypaud	... 475	Gangapatnam	... 390	Jagadevipeta	... 175
Narasapur	... 160	Mudivarthipalem	... 150	Ramudipalem	... 270
Korutur	... 180	Indukurpeta	... 575	Judithipalem	... 205
Lebur	... 680	Komarika	... 770	Nidimusili	... 235

Total ... 4,265

Most of these villages are served by good roads but a few could be reached by cart tracks. In this area there is only one Rice mill at Narasapuram. These figures show that this area alone can supply the quantity of paddy required by the Triplicane Urban Co-operative stores. Now that they have a purchasing staff stationed at Narasapuram the area can with very little effort be converted as a supplier of rice to the Triplicane Urban Co-operative Stores Madras, throughout the year enough for a years' consumption.

12. A statement of accounts for the quarter is given below :—

RECEIPTS.				CHARGES.			
	Rs.	A.	P.		Rs.	A.	P.
Opening balance	... 185	4	10	Contingencies	... 0	7	0
Permanent advance				Stationary	...		
from Provincial Co-operative Union	... 166	7	0	Postage	... 1	6	0
Other sources—				Establishment	... 225	0	0
1. Donations	...			T. A. of Supervisors	... 52	6	0
2. Suspense	... 5	0	0	House rent	... 3	0	0
				Magazine Andhra Patrika	6	2	0
				Lighting	... 2	7	0
				Physical Instructor			
				(Foot ball)	... 6	0	0
				Total	... 296	12	0
				closing balance	... 59	15	0
Total	... 356	11	10	Total	... 356	11	10

(Sd.) K. V. RAGHAVACHARI,

25—1—1931 .

Convener.

THE
4. Malapanagudy Rural Reconstruction Centre,
MALAPANAGUDY, BELLARY DISTRICT.
(Report for the quarter ending 31st December '30).

Night School:—The school is working well. In the months of October and November attendance was satisfactory, the average for the latter month being 24. But in December, owing to the harvest season, it was rather poor. On 20-12-1930, the Deputy Inspector of Schools, Hospet Range, inspected the school. He was quite satisfied with the progress of the school during the year. A village drama was enacted on 7-11-1930 in which some of the night school students took a prominent part.

Bhajana party:—Bhajana is conducted every Friday in the Urma Temple. On festival days special bhajanas are organised in the Malikarjuna temple. One such took place on Vijayadasami day when a special puja was also performed.

Village Panchayat:—The Panchayat is working quite satisfactorily. The Panchayatdars have taken deep interest in prohibition and they have made known to the people that a fine of Rs. 5 will be levied on the person who drinks and that a reward of Re. 1 will be given to him who catches a drunkard and brings him before the Panchayat. They are also interested in irrigation questions. Attempts are being made with the help of Public Works Department for the distribution of water to the paddy fields at the lower reach of Royt channel. Some of the Panchayatdars were deputed to attend the Ryots Irrigation Conference at Hospet on the 20th November in which various problems were discussed. By a subscription from the villagers a temple is being built and it is nearing completion. In December, the Panchayat met once and resolved to request the revenue authorities to consider the claims of villages regarding the site acquisition for village extension. Copies of the above resolution have been forwarded to the Thasildar, Hospet and the Revenue Divisional Officer, Hospet.

Village Health & Sanitation.—The general health of the village is good. Village lanes are kept clean. The landlords have promised to remove their dung pits from the vicinity of the village.

Distribution of Quinine.—Quinine is distributed once a week among the surrounding villages. People suffering from other diseases are directed to the Government hospital at Hospet for treatment.

Stud Bull.—It is quite well and is being used for service in the surrounding villages. It was given complete rest in October and in December it has done about fifteen services.

Agricultural Activities.—Though the yield of the dry crops which were harvested during these months was good on the whole yet it fell far short of the villagers expectation. The ryots are much affected by the fall in prices of agricultural commodities.

Dyeing and Calico Printing.—A proposal to start some calico printing at Chitwadi was made as early as October. The Secretary, Y.M.C.A., Ramanathapuram has been addressed on the point, but so far, in spite of repeated reminders, no reply has been received.

Bee-Keeping:—A set of bee-hive was got from the Y.M.C.A. Rural Reconstruction Centre, Ramanathapuram and a new set was made locally. But the attempts to secure some wild bee-colonies have so far been unsuccessful.

Village Library:—People are taking considerable interest in their library. A Kanarese weekly is being supplied. Besides, some old illustrated weeklies like that of "the Times of India" are also provided.

Educational:—The day-school was started at Kadiramapuram in September last had an average attendance of 12 to 15 students. The Deputy Inspector of Schools, Hospet, visited the school in October and recommended to it to the Government for grant. The night-school and the day-school at Kadinayakanahalli are progressing well. On 26th October, a temperance lecture was arranged at Kadiramapuram under the auspices of the District Temperance Propaganda Committee.

The Report of the Supervisors:—The Supervisors have submitted the report of their tours in the villages for carrying on propaganda on prohibition, khaddar, village sanitation, etc.

(Sd) NAGANNA GOUD,
Convener.

THE
Tirupachanur Rural Reconstruction Centre
Report on its working for the quarter ending 31—12—'30.

1. *Meetings.*—Two meetings were held during the period, three members alone having attended at both of them.

2. *Constitution.*—The Committee was reconstituted during this period, Mr. V. Srinivasachariar, Advocate and President, Central Bank, being nominated in place of Rao Bahadur K. Sitarama Reddiar, resigned. Mr. A. Nagaraja Iyer was constituted Convener, but owing to personal inconvenience he has not taken charge. He is likely to take charge early in January next.

3. *Direction.*—In view of the reversion of the Supervisor, R. Lakshmana Rao, Mr. R. Srinivasa Iyer, one of the members of the Committee was put in special charge of supervision work paying attention to the programme of work sketched by this Committee in conformity with the instructions and hints to Rural Reconstruction Supervisors issued by the Provincial Co-operative Union. A copy of this has been sent to the P.C.U. He would be given an honorarium of Rs. 35 per mensem. This is, however, a temporary arrangement. The tour programme and the weekly daries sent to this Committee by him would show that more intensive work has been done during the period in several directions with a view to improve the status and prosperity of the villagers.

4. *Finance.*—The Central Bank was requested to contribute a sum of Rs. 1,000, to the centre out of the Common Good Fund this year. In view of the financial position of the Bank which had to meet more pressing demands and as apparently there were numerous applications for grants out of this fund, the Central Bank felt obliged not to set apart any sum this year by reason whereof there is no grant this year to the centre. This regrettable circumstance has been duly communicated to the Central Committee whose further instructions are awaited.

The opening balance was Rs. 106-0-4. Rs. 250, being the 2nd instalment was received from the Central Committee and the closing balance was Rs. 194-2-10.

5. *Map.*—A map showing all particulars of villages in the area was prepared and sent for publication in the Madras Journal of Co-operation. Villagewar maps also have been prepared for the use of the Committee members.

6. *Village Statistics.*—They have been prepared for all the villages in the area. A programme of work suited to each village in view of the particulars disclosed in the statistics has been settled for adoption. In general they relate to the following :—

- (1) Street cleaning and levelling and lighting.
- (2) Drinking water in cherries.
- (3) Road formation and repairing mud roads.
- (4) Kudimaramat work.
- (5) Day school and Night school.
- (6) Co-operative Societies their rectification and satisfactory work after consolidation.
- (7) Village Panchayat activities and Taxation proposals.
- (8) Temperance propaganda.
- (9) Charka—Cottage industries.
- (10) Demonstration plots.
- (11) Manure pits.
- (12) Tree planting in porambokes.
- (13) Removal of prickly pears.
- (14) Paying attention to make use of the palmirah trees as a cottage industry and to encourage dairying.
- (15) To see to construction of level crossing gates in the Railway line wherever necessary.
- (16) Attending to the communal income of the villagers.
- (17) Starting of village post office.

7. *Tour programme and Diaries of the Supervising Member.*—These have been regularly received. A perusal of them reveals that close attention is being paid to all branches of activity such as attending to the assistance of Co-operative Societies and Village Panchayats and arranging for Magic lantern shows and Gramophone performances.

The Supervising Member was advised by the convener to attend to the following small things which generally escape the attention of the villagers :—

- (1) to see that all girls below the age of 10 are put to school along with the boys ;
- (2) to advise villagers not to make cowdung cakes but preserve the dung for manurial use. Firewood may be used instead ;
- (3) to get hold of a prominent man in each village and make him a village guide to carry the torch of rural up-lift with a view to create in the minds of the villagers rural bias ;
- (4) to attend to vaccination and re-vaccination through local board employees ;

(5) to advise people not to put buckets into the well for cleaning the vessels ;

(6) to advise private pit latrines for women ; and

(7) to advise Co-operative Societies' office bearers and members to obtain short term loans.

8. The head quarters of the Supervising Member has been V. Ariyalur which is within $3\frac{1}{2}$ miles of the several villages in the area. Some of the villages have been visited several times by him.

(1) Applications for organising Co-operative Societies in Kolathur and Kaverippakkam have been sent.

(2) Panchayat and general body meetings have been held in villages to attend to the work of rectification and collection of principal and interest. Pidagam and Tirupachanur show nil balance. Substantial collections were made in Pillur, Dalavanur and Olukkai. Interest was collected in Kandimanadi. No collection in Kandambakkam. The villagers have been generally advised to get encumbrance certificates in the case of mortgage loans.

(3) The provisions of the new Local Boards' Act relating to the abolition of Union Boards and the repeal of the Village Panchayat Act and bringing within its scope the Village Panchayats were explained to the villagers during this period. The starting of a Panchayat school in Pillur was attended to. The organisation of a Village Panchayat in Kandambakkam was suggested.

(4) An estimate for repairing the drinking water pond in V. Ariyalur was set on foot.

(5) The yarns spun in the area have been sent to Siruvanthadu for being woven. In Pidagam and Dalavanur yarn was spun in November.

(6) The library books and Swadesamitran are read by the villagers as usual.

(7) The agricultural association met at Kandamanadi and resolved to request the Government for a grant of Rs. 5,000, out of the allotment for Rural Reconstruction work.

(8) Arrangements are being made to construct a new model cattle shed at V. Ariyalur, a new manure pit and a latrine at Pidagam.

9. *Rectification and consolidation of Co-operative societies.*—Comparative figures relating to them have been prepared for the last two co-operative years. They show some improvement no doubt. The Supervising Member has been requested to do his best to make the societies ideal ones in the centre. Rectification and consolidation statements of two societies, Kandamanadi and Pidagam on the lines of the questionnaire issued by this committee have been received. They will be sent to the Villupuram Co-operative Supervising Union for information and action with the remarks of the Supervising Member thereon.

10. *Agricultural Association.*—An agricultural association has been formed already in the area. Rs. 10 was sanctioned for preparing a show case, for exhibiting seeds etc., supplied by the Agricultural Department. The association wanted a grant of Rs. 50 to enable it to purchase agricultural implements for exhibition. The consideration of the request was deferred, the societies being in the meanwhile requested to contribute money or supply one or two implements to the association.

11. *Night school.*—A time table for Pillur Night School, Classes I to IV, has been fixed by the Committee.

12. *Medicine chest.*—Since the reversion of the Supervisor, the chest has been handed over to the President, Village Panchayat, Tirupachanur for utilisation in the villages.

The committee hopes to organise a Sub District Panchayat Committee to co-ordinate the work of all the Village Panchayats established in the area early in January 1931 on the model of the Namakkal Committee recently formed.

R. KRISHNASWAMI AIYANGAR,
Correspondent 1—1—31.

Co-operative Insurance of Life.

Insurance does not do away with calamities. It blunts their keenness. When the calamity is the death of the bread-winner in the family, one of the manifest effects is the crippling of resources and the upsetting of economic solvency of that family, and it is a frequent experience that many are rendered destitute on this account. Apart from the social and domestic value attaching to it, the departed life had an economic value too. In a community of cultivators the manual labour of a man is the principal factor of production, and supports his dependants. If he dies leaving a number of children, the widow has to put up a very hard struggle to bring them up.

Thrift teaches us to lay by something for the rainy day. But mere thrift would hardly be of any help in such cases, for, however thrifty a man may be, it is impossible for him to make an adequate provision for his family during his life time, if his life is cut short in its prime. While it is impossible to forecast the particular individual that will be so affected, other things being normal, it is absolutely certain that some people will be affected. That all will not be affected is equally certain also. By insurance, a large number of people ward off the consequences of the calamity by combining together to compensate the individuals affected, in such a manner that substantial portion of that compensation comes from the pockets of others.

The success of any insurance scheme is dependent upon the extent to which the calculations of mortality in the scheme are borne out in actual practice. It is impossible to apply this test before launching the scheme. We can have some guidance from the figures available from the insurance companies. We must, however, remember that there is a complete contrast between the class of people insured by the companies and the people to whom we intend to extend the benefit. I am afraid that mortality in our villages is far higher than among the people insured with the Insurance Companies, because our village people living on starvation diet and with insanitary habits have a low vitality. But unless, in desperation, we give up the attempt to extend the benefits of this principle to them, we ought to meet the situation by allowing margins in our calculations, wide enough to make up for their defect.

Two tables of expectation of normal life (of medically passed lives) on the experience of English lives have come to my notice,

These are widely adopted by the Insurance Companies in determining their rates of premia. The Oriental Life Assurance Company has also calculated similar figures on the basis of its own experience, extending over 54 years.

The following is a comparative table :—

Age.	H. (M) Table.	O. (M) Table.	Mortality Sta- tistics of Oriental Life Co.	Difference between 2—4
1	2	3	4	5
20 years	42'06	43'68	36'8	5'26
25 "	38'40	39'58	33'1	5'30
30 "	34'68	35'57	29'5	5'18
35 "	31'01	31'66	25'9	5'11
40 "	27'39	27'86	22'4	4'99
45 "	23'79	24'17	18'9	4'89
50 "	20'30	20'61	15'8	4'50

We are told that the average expectation of life in India is near about 22 years. I do not impugn its accuracy. But this low figure is brought about by the infant mortality, which is very heavy, and deaths below 20 years, which are not likely to affect our insurance schemes.

It is evident that as compared to English lives, the expectation of India life, as experienced by the Oriental Life Assurance Company, is at all stages shorter by about 5 years.

The Bengal Provident Insurance Society Ltd., has adopted the first table (H.M.) subject to seven years loading, by which I understand that the life to be considered is supposed to be seven years older and then its expectation determined along the first table. I should think that precaution to be quite safe.

There are further considerations to be kept in view in evolving a co-operative scheme.

- (1) Any failure would have a very wide reaction, and short of abandoning the attempt, thorough going steps should be taken to provide for its solvency.
- (2) The investments of the insurance companies bring a rather low rate of interest. Members of co-operative societies pay a very heavy rate of interest, 10 to 15 per cent on the amounts borrowed by them. If we can invest our life

insurance funds at such a high rate, our margins of safety are very greatly widened.

- (3) Insurance companies have to earn handsome profits for their shareholders in addition to strengthening the financial condition of the companies. Our insurance society may dispense with the distribution of profits on the lines of Post Office Insurance Fund (about which, I am sorry, I do not know the details).
- (4) The insurance companies have to incur heavy costs in establishment and in canvassing business, in respect of which our societies will be at a great advantage.

The Bengal Co-operative Provident Insurance Society, Ltd., which is a pioneer in this field in India has adopted further safeguards. If death takes place during the first year, the nominee of the insured gets $1\frac{1}{2}$ times the amount of premium actually paid; if death takes place during the second year the nominee gets double the amount of premium actually paid; if death takes place during the third year, the nominee will be entitled to half the value of policy. After the third year the nominee is entitled to full value.

I propose that whole relaxation may be made to a certain extent in the above safeguards of reduced payment during the first three years, a definite relation may be provided between the value of insurance effected from the area of operation of the society and its accumulated reserve fund, for I am presuming that all proposals for insurance will come through co-operative societies. The reserve fund of the existing credit societies may thus be considered to buttress the life insurance fund in cases of unforeseen calamity and I do not consider inequitable the risk to which the reserve fund is thereby subjected. Upto four or five times the amount of reserve fund is thereby subjected. Upto four or five times the amount of reserve fund, the insurance may be granted and upto half the reserve fund may be liable to be drawn upon to meet exigencies, on this account. In case of resignation or expulsion from membership a surrender value may be paid back according to a scale.

The rates of premia, as fixed by Bengal Society, are in accordance with rates offered by first class companies, e.g., in the Royal Insurance Company a person aged 25 will pay for 10 years Rs. 55 annually (if he continues to live) to insure Rs. 1,000 at his death, whenever it may come. In the Bengal Co-operative Society also for an insurance of Rs. 100 a person will have to pay Rs. 5-8-0 a year under identical terms.

I think such low rate may suitably be raised. There are various schemes offered by Bengal Society. At present, I suggest two only.

- (1) A man paying Re. 1 each half year, for 20 years certain gets Rs. 75 at death. Obviously the idea is of thrift.
- (2) A man paying Re. 1 each half year, but ceasing the payments gets at his death Rs. 40 whenever that may happen, provided that the total amount by the insured will not exceed Rs. 40 in all.

The schemes be open to male members of co-operative societies of upto 40 years of age. Slight adjustments in the proposed rate may be made for age considerations.

I am sure that this higher rate of premium, while it is not so heavy as to dissuade the people from going in for insurance coupled with the higher rate of interest earned on our funds makes the position of co-operative insurance impregnable.

Bengal Society is a provincial organisation. My horizon is restricted to the area of operation of a Central Bank at the most, preferably a Union, and hence this multitude of safeguards. But I see no reason why these unions may not seek affiliation and re-insurance with central or provincial societies when these come into existence.

Our chief disadvantage lies in not being able to provide for medical examination of cases coming in for insurance. It is not on this account that we have to think of such multitude of safeguards and yet be not sure of success.

It is also recognised that the brunt of the responsibility will fall upon our inspectors. The Panchayats or the societies, as they are, are not capable enough, and the supervisors not reliable enough.

To examine whether the scale of premia suggested is generally sound, attention is invited to the following calculations :—

If we consider the case of a person insured under type (2) and aged 30 years at the time of the entry and in respect of whom our expectation of life has not been falsified, it will appear that at the rate of Re. 1 each half year or Rs. 2 per annum he has paid Rs. 40 in cash which compounded at 6 per cent until he is 58 years of age accumulates to Rs. 124. The claim maturing at death is Rs. 40 only and hence Rs. 84 are available to make up for risks in other policies. Even if the person insured pays his premia regularly for 13 years then compounded at 6 per cent, he shall have paid Rs. 40 towards his

insurance. The Bengal Society has adopted certain safeguards of reduced claims during the first 3 years of the continuity of policy, and though I suggest some relaxation therein, there is no reason why we should not also adopt similar safeguards.

In the first case a man pays Re. 1 each half year i.e., Rs. 2 yearly for 20 years, thus in cash he pays Rs. 40 which compounded at 6 per cent per annum accumulates to Rs. 78 at the end of 20 years. I am sure that the rate of interest that is possible to earn within the movement can be more handsome.

There are two serious points that merit attention. The first is of epidemics. On account of restricted area, this risk cannot be widely distributed, the insurance effected would be subject to very abnormal and sudden gusts of mortality. As at present considered the scheme will extend to a small area, say, one district, and when epidemics visit a place almost the district is affected. So the experience of co-operative mortality in a small area of operation cannot be as uniform and even as is the case in those companies which cover business over very wide areas.

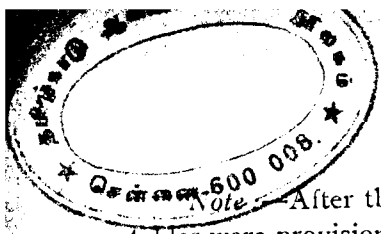
The obvious solution to this is either that adopted in Bengal and Bombay, to organise a provincial society, or to make suitable recalculation of risks taking into consideration this particular factor.

Perhaps we need not be very much perturbed over this feature if we consider calculations over a long range of time.

The second point is that there must be some fluid resources available from the commencement to meet with the demands until the life fund comes to such suitable proportions as to meet its own requirements. In Joint Stock Companies this is afforded by the paid-up share capital which also constitutes the security and stability of the society to the policy holders.

Here a provision may be made that such societies as are considered eligible therefor may become members of the Insurance Society, and they shall purchase shares to the extent of half of their Reserve Fund. But in order that it may not be necessary for the societies to deposit their own money at a low rate of interest and borrow at double that rate, the Reserve Fund should remain invested in the member societies. It will indicate the lien of the insurance society on the Reserve Fund of the credit society. This however does not solve the question of fluid resources. The Rural Improvement Fund of the district to half its extent may be placed at its disposal as a loan to be gradually recovered say in 10 years as the life funds accumulate.

(SUNBEAM).



Note—After the above note had been written, the following tables were provisionally framed.

A. Table of Premium for a Life Policy of Rs. 40.

Age at entry.	Age co-efficient as applied to premium.	Premium.	Remarks.
20	25 per cent.	Rs. A. P. 1 8 0 p.a.	
25	10 „	1 13 0 „	
30	Normal	2 0 0 „	
35	10 „	2 3 0 „	
40	33 „	2 11 0 „	
45	60 „	3 3 0 „	
50	100 „	4 0 0 „	

B. Returns to the Insured.

If Death takes place within.	Percentage of dividend paid to the survivor.	Amount actually paid on a life policy of Rs. 40.	Amount paid back.	Remarks.
1 year ...	150 per cent.	Rs. 2	Rs. 3	The percentage figures in column 2 apply with reference to normal Premium on age of 30 years at entry.
2 years ...	175 „	4	7	
3 years ...	200 „	6	12	
4 years ...	Half the amount insured.	8	20	
After 4 years.	Full value.	Not to exceed Rs. 40.	40	

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