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Group Photo taken on the occasion of the Second All-India Provincial Co-operative Institutes' Conference held at Hyderabad on 4—5—1931.

THE

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Editorial Notes

The Hyderabad Session of the All-India Co-operative Institutes' Association

When at the instance of Mr. Ramadas Pantulu a preliminary meeting of the representatives of Co-operative Institutes in British India and in Indian States was held at Simla in September 1928 the co-operators assembled felt the need for an All-India Association and appointed a committee to draft the rules etc. It was at Bombay in October 1929 that the first meeting of the Institutes' Association was held, the constitution framed by the committee accepted and office-bearers appointed. The second session was to have been held at Calcutta during the Pooja holidays of 1930; but owing to the highly disturbed state of the country at that time and owing to the absence in England of Mr. S K. Lahiri of Calcutta, that meeting did not take place. Therefore it is the second session that was held recently at Hyderabad under such bright auspices. As we remarked in our observations last month, we co-operators had long anticipated Round Table Conferences and Sankey Committees and had actually brought this idea of Federation from the realm of theory into a working reality. It was in the fitness of things that the Premier Indian State should have the honour of inviting the Second Session to be held under its auspices. His Exalted Highness the Nizam was pleased to send a gracious message which was read at the Conference, all the delegates standing in honour thereof. His Excellency Maharajah Sir Krishna Prasad, President of the Excutive Council of the Dominions opened the Conference and Diwan Bahadur Aravamuda Iyengar as the Chairman of the Reception Committee then read his welcome address.

Sir Lallubhai Samaldas, the veteran co-operator, whom the All-India Institutes' Association has the honour of owning as its First President, naturally presided over the deliberations and delivered his masterly address. Sir Samaldas has identified himself with co-operation ever since its inception and has taken such an active and prominent part in the shaping of the movement that his address is naturally looked up to with more than the usual expectancy. We are glad to note that he rose absolutely equal to the occasion and struck the correct note upon the two important questions viz., the place of co-operation in nation-building and the causes that have hitherto impeded its normal progress.

"I feel", said Sir Samaldas, "that in the special circumstances of our country, it is co-operation more than any other force that can be made the basis of a just and enduring national civilisation." This sums up the confession of faith of one who has grown grey in the service of the motherland and this message about the potency of co-operation ought to be an inspiring gospel to all young enthusiasts and should effectually silence the doubting Thomases who in their habitual pessimistic manner look only at the dark side of the picture.

He also put in an eloquent and reasoned out plea for de-officialisation and said, "I believe in co-operation and plead for its extension in India under the guidance of popular bodies like those represented at this Conference." In analysing the causes why the movement has not spread among the masses (and recent investigations by the various Provincial Banking Enquiry Committees show that even in the co-operatively most advanced Punjab the percentage of population brought within the co-operative fold is only 11) he rightly states that one of the root causes is that "the fault lies with the unique system which makes the movement rotate and revolve round one individual, the Registrar." He is hopeful that if this radical defect be removed and control placed in the hands of representatives of apex institutions, the cause of co-operation will evoke that enthusiasm and loyalty in the hearts of thousands of young men (and

we may not add young women too) who, as recent events have shown, are ever ready to respond to the call of the motherland and to take up any task intended ultimately for the benefit of the people.

The whole speech deserves to be read carefully by all co-operators, officials and non-officials, and we tender our hearty felicitations to the Grand Old Man of Co-operation on his being elected President for another term and hope that before he lays down his exalted office some definite step would have been taken towards the ideal of transfer of control into popular hands.

The resolutions passed at the Conference are printed elsewhere.* That about holding a joint conference of Banks, Institutes, and Registrars was suggested by the President himself in his address and would be acted up to so far as non-officials are concerned. The appointment of Committees to study the problems of co-operative marketing is a step in the right direction. The President in his address referred to the world depression and said that we co-operators have a duty at this juncture to put our heads together and devise methods of amelioration and this resolution is in accordance with that suggestion.

The most important resolution of the Conference, that which is fraught with momentous consequences for the future of the movement, is Resolution No. 5 dealing in a comprehensive manner with the question of organising a Provincial auditing service under the control of Provincial Institutes. Mr. Ramadas Pantulu moved it in a lucid speech touching on all the aspects of the question. There is an important place assigned to the Department in the scheme. The Registrar discharges his statutory obligation by certifying to the qualifications of persons from whom the audit staff will be recruited and he also cancels the license of any auditor for proper cause. This is only the process of 'rationalisation' carried into this important department of co-operative activities. There is nothing unusual about it; it is already in existence in two or three Provinces, in the Punjab, Bihar and Orissa, and probably in the United Provinces also, if our information is correct. The resolution provides for local variations in the details of the scheme where local conditions call for such variations.

Indian co-operators deserve to be congratulated on this very important and successful session held at Hyderabad.

* Refer to the closing pages of the Proceedings of the Second All-India Co-operative Institutes' Conference published as a supplemental to this issue.

Bill to amend the existing Co-operative Act.

Elsewhere we publish the Bill to amend the existing co-operative Societies' Act. Ever since Co-operation became a transferred subject under the Montagu-Chemsford Reforms attempts have been made in different provinces to amend the Act in the light of further experience. After one or two unsuccessful attempts by previous ministries, the present Minister has introduced a "Bill to consolidate and amend the law relating to Co-operative Societies in the Presidency of Madras" and the Bill has been referred to a Committee which is expected to meet early in June.

We are anxious to focuss enlightened non-official opinion upon the draft Bill and the pages of the journal are always open to those who want to express their views on the Bill. The Provincial Co-operative Union has circularised all M.L.Cs, Banks, Federations and prominent co-operators and has invited them to give us the benefit of their views.

"The Statement of Objects and Reasons published for general information" explains the salient points in which the Bill seeks to rectify certain defects now existing in the movement and we need not dwell upon them. We reserve our comments until all the opinions upon the Bill are received.

The Arcot Conferences.

The District Conferences held early in April at Vellore and Cuddalore are of more than usual significance. They were presided over by young enthusiasts who brought to bear upon co-operative problems a freshness of outlook and genuine idealism. Mr. V. M. Ramaswamy Mudaliar, M.A., B.L., M.L.C. who presided over the North Arcot Conference is a native of the district and represents that district in the local Legislative Council. He has identified himself with the masses, rural and urban, and is the President of the Central Labour Board. He has been chosen by the Government of India to represent Indian Labour at the coming session of the International Labour Conference at Geneva and it is in the fitness of things that he should have been given the opportunity to study at close quarters the various problems connected with one of the most important of the nation-building departments *i.e.*, co-operation. Mr. M. A. Muthiah Chettiar (Kumara Raja of Chettinad), B.A., M.L.C. though born with a silver spoon in the mouth has taken a very good deal of interest in the economic condition of the masses in general

and co-operation in particular. He was a member of the Provincial Banking Enquiry Committee of this Province and as a member of the local legislature has ample opportunities for taking part in activities intended to ameliorate the condition of the masses. We welcome both these gentlemen into the fold of non-official co-operators and we hope they would continue to take an abiding interest in the movement.

Long extracts from the eloquent addresses delivered by both of them are given elsewhere and we hope our readers will peruse them with great interest and profit. Mr. Mudaliar laid special emphasis on the fact that, in spite of there being so many societies in the Province as a whole, the number of people actually brought within the movement is infinitesimal and that we should not rest content till we have completely exorcised the two demons that stalk the land—Illiteracy and Indebtedness. He pleaded against certain erroneous practices like book adjustments and for making a real distinction between short and long term loans and developing Land Mortgage Banks for supplying the latter. He also dwelt upon the need for rectification, the retention of the Gray Co-operative Institute and for popularising non-credit activities.

The Kumara Rajah's address covers a wider field. Starting with some definitions of co-operation, he went on to trace the origin and development of the movement in our Province and gave a brief account of the financial structure and opined that to meet adequately and in time the growing requirements of nearly 800 societies in the district, one Central Bank will not do. He also referred to the Central Land Mortgage Bank and the Government help to it by way of guarenteeing higher interest and pleaded for harmonious working of Unions, District Banks and Federations. He condemned the growth of overdues and held up the example of Salem where intensive work has resulted in the lessening of overdues. There are some points he stressed in his address to which we should like to draw the special attention of our readers. Firstly, that there should be natural growth and expansion side by side with rectification and consolidation, a point we have been harping upon. Secondly he laid emphasis on the point that the agriculturist is a consumer and that there is plenty of scope for development among the ryots. Thirdly, he put in an eloquent plea for co-operative marketing which alone would enable the peasant to reap the full benefits of his labours. Fourthly, he advocated the promotion of cottage industries, spoke highly of khaddar and hoped that the Government would

:ancel the obnoxious G. O over which there has been a good deal of :ontroversy between the Provincial Co-operative Union represented)y its President and the officials. Fifthly, he pleaded for the spread)f education, general and co-operative, as the only remedy for many)f the evils and lastly, he drew pointed attention to the need for ;tate aid for the development of co-operative activities. The address s highly creditable to the author seeing that this is practically his irst important public speech on Co-operation.

The Chairman of the Reception Committee of the North Arcot]onference Mr. M. B. Rangaswamy Reddiar, M.L.C., confined his ·emarks mostly to local problems and pleaded for more generous ıelp from the Government in the matter of rectification. He spoke)f the excellent work done by the local Federation in this line and)ut in an eloquent plea for greater irrigation facilities and for a nore vigorous collection work.

It is a happy augury that there are so many M.L.Cs. interested n co-operation. The amending Bill has to be considered at the next session of the Legislative Council and we are glad to note that thare are many genuine co-operators in the present council who would jealously guard the privileges of the non-officials and would not allow the movement to be converted more and more into a departmental affair, but would keep aloft the ultimate ideal, deofficialisation.

Registrar's Report for 1929-30.

The publication of the Annual Report on the working of the Co-operative Societies' Act II of 1912 for each province is an event of great importance for the province concerned as that report alone gives the materials both for officials and non-officials to take stock of the situation and guage the progress achieved within the year under report. The report for 1929-30 published by Mr. D. N. Strathie is an interesting document in more ways than one. We shall study it under a few salient heads only as an exhaustive criticism is more than we can attempt in a note.

First let us take the facts.

		1928-29.	1929-30.
1.	Number of societies ...	15,086	15,238
2.	Number of members ...	9,40,784	9,74,999
3.	Working Capital (in lakhs) ...	1651.53	1799.36
4.	Reserve Fund ,, ...	84.28	98.51
5.	Cost to Government ,, ...	8.89	10.11
6.	Demand Collection & Balance.	—	—

PERCENTAGE OF BALANCE TO DEMAND.

—	Provincial and Central Banks.		Agricultural.		Non-Agricultural.	
	1928-29	1929-30	1928-29	1929-30	1928-29	1929-30
Principal including arrears	19.33	23.57	40.72	46.00	17.53	20.07
Interest due in previous years	28.78	43.09	55.03	59.11	47.56	29.70
Interest due in current year.	2.93	4.67	35.64	39.84	15.84	22.38

(See page 67 Appendix I Sections II & III columns 1, 14, 15 & 16.)

These facts reveal that expansion was very slow and that the evil of overdues has not yet been brought under control but goes on increasing.

The report, as usual, has a section dealing with the main features and another going into details about the working of various classes of societies. Statement of facts is interspersed with the Registrar's own comments and observations which makes the report an interesting reading. We may be permitted to say that the Report is unnecessarily bulky and that it may be compressed and curtailed in future. This will make it more interesting reading. We shall take for examination some of these observations as they deal with the most burning problems of the day.

First let us take the general outlook whether there should be a rigorous check upon expansion and all attention to be concentrated upon rectification and conslidation only. That, side by side with the latter there should be expansion, has been the view of co-operators expressed in Legislative Council and District Conferences. The Registrar seems to be not quite disinclined to the view. He seems to sigh like a co-operator but obey like an official. "Even Deputy Registrars", says the Registrar, "must be allowed the opportunity of feeling that they are doing some good work in the world apart from the routine and depressing work of audit and liquidation."

Let us then take up the question of the agitation for revival of 10 years' loan. The Registrar is glad that short term loans are becoming popular (para 45, pages 36 and 37); but he has no objection to

District Banks giving ten year loans in deserving cases after careful scrutiny. (Para 17 pages 13 and 14). In this matter there is bound to be some difference of opinion. On the whole it is a welcome change that Central Banks are attempting an increase in their short-term business.

Thirdly all genuine co-operators would be glad to note that the Registrar has started the policy of making some allowance for bad debts and thus opening the eyes of the members of the District Banks who have been hitherto living in a Fool's Paradise. Co-operators have not however examined the question whether apart from the reserve fund which is intended to make good losses from bad investments another bad debt fund is necessary. In effect it amounts to raising the statutory proportion of the profits to be carried to reserve fund. That some of these District Banks are "in a parlous state" is clear from the fact "that in the case of many societies recommended for liquidation the principal due by members to the society is smaller in amount than that due by the Society to the Central Bank," and yet for years Central Banks have been crediting all collections to interests and declaring 9 per cent dividend upon shares.!!

The Registrar's remarks upon the vexed question of Federations *vs.* District Banks are quite frank and refreshing. He has no axe of his own to grind and is not out to champion the one or the other. He realises that the ultimate question is availability of realiable human material (para 21 on page 21).

The Registrar has been keeping a rigorous watch over liquidation proceedings and is taking active steps to see that the defects noted in the audit are rectified. (paras 73 and 74).

His remarks upon Training Institutes, Loan and Sale Societies, Labour Societies, Milk Supply Unions, Students' Societies, Supervising Unions deserve to be read carefully.

We shall conclude this brief review with noting that there is a welcome change in the tone of the whole report especially in the matter of appreciation of work by non-official organisations and individual co-operators. The Registrar's remarks upon the scheme of Rectification and Consolidation as drafted by the last Provincial Conference and the Subvention Scheme of the Madras Central Urban Bank, his admiration of the good work done by Diwan Bahadur R. Ramachandra Rao in Salem and Dewan Bahadur M. Ramachandra Rao in the Central Land Mortgage Bank, his touching reference to the loss to the movement in the death of Dr. Swaminathan and his generous acknowledgment of the hearty co-operation of non-officials—all reveal the personality of the author of the report and we offer our hearty congratulations to Mr. Strathie for producing an eminently human and readable document.

Rectification and Consolidation of the Rural Co-operative Credit Movement.

By Rao Bahadur A. Vedachala Iyer Avl.

Points to be noted in rural credit co-operation by primaries and central banks and by supervision staff.

1. Recast the panchayatdars eliminating hopeless defaulters.

2. Take all cases of overdues to arbitration without any partiality. Such a step is a determination on the part of the society that it will take steps in law in all default cases and give clear warning to the defaulters, as selection of examples is no good and gives room for fraud ; of course, cases where extension of time is given for really valid reasons will be included.

3. Where the panchayatdars do not function properly, a general body resolution should be secured empowering any member or outsider to run the society affairs without raising fresh loans either as deposit or loan from central bank and to clear the dues by taking all steps. He should remit all collections without reloaning. He can be given monthly remuneration as per determination of the general body. This can be done under model by-law 62 (rural society).

4. A statement of cases of decrees obtained should be prepared in which should be noted the steps taken from time to time till the dues are recovered. A copy of this statement should be sent to the local union or the District Bank where the progress should be watched carefully in detail and in regard to each case.

5. Where cash is not available to take steps in law, the District Bank should give advance on the security of the reserve fund which should be adjusted out of collections.

6. The Executive Officers of the Federation or of the District Bank and administrative section staff should be deputed to train the supervisors in the work in defined areas and they should guide such supervisors.

7. Federation Officer or Bank officer should run local unions in an efficient manner by educating the union Directorate.

8. These officers should scrutinise long term loan applications accepted by local unions.

9. Default cases in short term loans of less than Rupees 50 may be taken to Village Munsiff's Court or Panchayat Court except where immovable property is accepted as security.

10. *Scrutiny of mortgage bonds :—*

(1) Is the estimated value of property fair? Can it stand the loan or the arrear due? If not, is there other property to be offered as security?

(2) Are there any prior or subsequent encumbrances? If alienation subsequent to society loan has taken place, suit must be filed in the Civil Court impeding all parties interested in the property pledged.

(3) Execution of decrees should be made promptly. Do the panchayatdars give room for suspicion that they will delay the affair?

11. *Surety bonds :—*

(1) Do both the principal and the surety acknowledge their liabilities under the bond? If not, has there been fraud or misappropriation in the affair?

(2) Has the surety the requisite repaying power or is he solvent to pay up the dues when called upon to do so?

(3) Has the principal stood as surety? Is he solvent for both items of debt?

(4) Has the surety got any loan as principal? Is he solvent for both items of debt?

(5) Should mortgage of immovable property be obtained in addition to surety bonds in doubtful cases?

(6) Should a better surety be demanded in addition to one already given?

(7) What is the total of available assets of the society sound and capable of realisation? Is there any item of doubtful chance? If so, what action has been taken?

12. Distribute the Supervision staff available to well defined areas inclusive of Government staff spared for the purpose and such staff should take all possible steps to secure collection, should systematise such steps of collection, pull up the deserving societies or recommend the liquidation of hopeless societies.

13. In cases in which the overdues have to be recovered by the sale of immovable property, the proper course is to get decrees obtained without delay. But execution can be delayed for a period of one or two years according to the necessity of time wanted for the sale of lands in whole or in part by finding purchasers. This delay can be allowed as a concession only when interest is paid up without arrears and only so long as there is difficulty felt for securing purchasers for reasonable prices. The supervising agency should interest itself in procuring puchasers. Where, however, the property mortgaged is subjected to another mortgage, the property should be brought to sale without delay. Sometimes the property is sold by the borrower asking the purchaser to pay up the dues of the society and the latter does not pay it. No time should be lost in executing the decree in such cases.

14. Surety loans will be advantageous for the reason that the surety will act as one who feels financially responsible to arrange for the recovery of the loan from the borrower. But this apparent advantage is lost when the borrower and the surety in a loan make a mutual accommodation for suretyship and that without adequate repayment power in both principal and surety. Non-earning and property-less persons are put forth as surety or pauper borrowers are put up with solvent sureties and money absorbed by such sureties. These abuses of suretyship system should be guarded against. Hence laying down a rule to allow surety loans in all short term loan cases and to taboo mortgage loans in such cases is not practical wisdom. The safe course seems to be to secure a "continuation" mortgage of immovable property for the credit amount fixed for the year and to lend on the pronotes of the borrower up to the secured amount and to take surety bonds in other cases after suitable enquiry. The execution of decrees even in surety cases takes time except in cases of personal arrest which in a number of cases will be evaded and infructuous and which will frighten away many members from the primaries.

15. Short term loans may be given to the society returnable in 2 years, one half repayable in each year and the eligibility of loan for the society is dependent upon proof of disciplinary action being taken in defaulted cases promptly and efficiently. Such loans are to be utilised for agricultural operations only and the Panchayatdars should give such loans for periods dependent upon the purpose and the amount of produce expected to be realised.

16. The dues to the society can be repaid in the form of produce well dried, cleaned and graded at the prevailing rate and if it could not be sold by the central bank for disposal.

17. The society should be allowed to retain sufficient cash to meet emergency calls such as death of cattle, engagement of hired ploughs, urgent cultivation operations and provisions for funerals etc.

18. If the society's income does not admit of engaging a paid man to run the society, it can levy fees on a defined scale suited to each locality on borrowings from members.

19. Borrowers are of three classes. One class is composed of persons who are carrying on the prefession of agriculture, trade or village industry wherein they own lands and carry on cultivation by their own labour as well as hired labour or carry on trade or industry with limited capital. Such persons raise credit for carrying on the profession, pay back their borrowings out of produce and uses the rest for their sustenance or comfort. Any extra savings are accumulated as their share capital. The second class is composed of persons who are unable to meet the creditors' obligations owing to less produce or more domestic expenditure owing to causes within or beyond their control and get into debt and have no savings. Such people clear their debt incurred in a year or accumulated for a number of years, and try to increase production and reduce expenditure and thereby effect savings to reduce the debt and gradually to extinguish it.

There is still another class of people who always produce a little but who invariably spend more. These, for a certain number of years, go on living by credit alone and get themselves caught in the meshes of a number of creditors to escape from which they commit all imaginable frauds and try to avoid suffering without even trying to come up by labour. Co-operation cannot help the last class of people. The second class can be helped by organised effort and the 1st class do require help, but they will eventually be the main source of money with which the second class of people can be helped.

This state of rural economic life is not peculiar to the rural parts alone, but it is universally found in urban life as well when due analysis is made. The first class produces depositors as well as borrowers proportioned to their savings; the second class produces respectable borrowers and the third class produces borrowers without self respect or self reliance.

Co-operative organisations should avoid the third class or eliminate them as early as practicable leaving them solely to the grip of the ordinary money-lenders. The society should try to secure as many of the first class as possible and help as many of the second class as possible. If this selection be made of members of rural co-operative societies and if credit is made available to carry on the agricultural industry, the success of rural co-operation will be assured. For members recruited out of 1st and 2nd classes and for labourers employed in the agricultural industry living within their means and with reference to their earning power, the co-operative organisation is a valuable factor and a means of escape from the private agencies of traders and money-lenders. The question of importance in the present stage of the movement is to find out how far such a selection has been made and how the parasites who have got admitted into the movement can be eliminated. The solution of this question is really an urgent matter to which the attention of all interested in the co-operative movement should be directed. Financing and supervising agencies should pay special attention to this matter when they organise societies or when they try to rectify and consolidate the working of rural and urban co-operative organisations.

20. These are some important points to be noted by central banks, district federations, local unions, primaries, and by rectification and consolidation staff.

The Financial Aspect of the Economic Depression.

(By Mr. C. Gopal Menon).

It is nearly a year since the present economic depression has commenced, and the phenomenon is of singular interest not only to students of economic science, but also to the general public. The effect of the industrial and economic depression has been to bring about a decline in the profits of trading, industrial and financial institutions. Industrial and banking institutions suffer in times of depression as much as any other, and, as trade expands, they naturally go back to the normal state, availing themselves of the increased profits. But as Mr. Weston, the Director of Industries, Bengal, observes, the position during the past ten years, notwithstanding the ameliorative measures adopted, has been bad throughout the world, and particularly in India. In his view, the shortage of money and the consequent restriction of capital expenditure is responsible for the present chaotic condition. In treating money as a commodity, instead of treating it in the form of a stable and fixed money standard to maintain a stable price level for that commodity, lies the fundamental error committed by financial experts. What is required is the maintenance of a normal ratio between money unit and the gold standard. Trade will be greatly affected when the monetary unit between countries is subject to great variations.

Political disturbances, no doubt, greatly interfered with economic conditions. The last decade has witnessed a great expansion in trade, and production was on a larger scale than ever before. Supply prices were also maintained at a high level. And the result was that there was an advance in the standard of living due to advance in wages and profits. The loanable capital available, though at a high rate of interest, encouraged the employment of money for productive purposes on a much larger scale, and, with the increase in the supply of hosts of commodities, great expansion took place, both in the case of foodstuffs and manufactured articles. The high prices obtained for agricultural products led to expansion in trade, resulting in an advance in the standard of living, which, in turn, increased the cost of production. But the increased scale of production that took place throughout the world, combined with the restriction of credit by certain countries trying to draw in as much gold as possible, thus checking its free circulation, has forced a decline in the prices of agricultural and

manufactured commodities; and India, being mainly an agricultural country wherefrom 50 per cent of the raw materials are exported, could get only lesser value than before. The reduction in value is also attributable to defects in the financing system and in the marketing conditions. In order to remove the latter defect, specially controlled markets should be organised, which is a necessary condition for the guarantee of a reasonable price to the ryots and reasonable qualities and guarantee to the purchaser. It has to be noted that the Indian agricultural and mercantile classes are, year in and year out, losing lakhs and lakhs of rupees in respect of their produce such as skins and hides, tea and all hill produce, which are consigned to the foreign market to be put up at auction sales after grading and standardising. Our country stands to profit to a very considerable extent by the organisation of markets under proper regulations for the sale of the several products whose qualities and packing are to be graded and standardised and guaranteed. There are other factors also to be taken into consideration. In regard to foodstuffs—agricultural produce—one fact has specially to be borne in mind. India, which was for long the sole supplier of certain agricultural commodities, is steadily encountering competition of those countries which have newly taken up the cultivation of commodities which they had not hitherto cultivated. For instance, America and Japan are cultivating paddy, and they are obtaining increasing returns for their labour on the virgin soil, and hence there exists to-day a competition among the agriculturists of the world to supply the people and dispose of the increasing abundance of foodstuffs, especially cereals.

From this it may be assumed that the world is linked together and forms one economic unit, and any shortage or failure in one part could easily be overcome by exportation from another; and at the same time, if there is an abundance of supply throught the world of a particular commodity, the depression is easily visible throughout the commercial world. When we remember how interwoven the modern commercial functions are, it is not surprising to find that a depression in the American cotton crop affects the price of Indian cotton. A consequent reduction in the price of manufactured goods brings in a reduction of profit to the people engaged in that trade; it affects wages, and also brings about a reduction in the dividends of shareholders who have invested money in that industry. Less dividend to the people means less capacity for them for the purchase of articles of luxury. The banks will find less employment for their money, and those banks which have advanced capital to industrial concerns will find it hard to get it back. Thus depression in the industrial and commercial world is carried through the whole range of trades and business.

It is pointed out that the present depression is a world-wide one and is only natural, as such depressions tend to occur simultaneously off and on throughout the whole commercial world. It is for the economic and financial experts to find out whether the present depression is only a periodical one, or is due to any causes other than the economic crisis which, as Professor W. S. Jevons points out, occurs as nearly as possible at an interval of ten years between each. What is necessary to find out is to what extent it is due to financial or physical causes. Especially when one country is dependent upon another, interdependence of nations and industries is essential for industrial and commercial peace and prosperity.

The causes of the present economic depression may, in the first place, be attributed to the low prices of agricultural commodities: the price level all the world over has gone down as compared with the Post-War period. India is no exception to this: prices in India are adjusting themselves to the prices of commodities in other parts of the world. Another cause is that gold standard countries are attracting as much gold to their treasury as possible; America and France have the largest portion of the gold, and, as this is not let out for the use of other countries, there has been scarcity of gold felt in the latter, tending to an unprecedentedly low level of commodity prices; and as for foodstuffs and manufactured articles, on the side of supply the powers of production were taxed and strained for a larger output than was required, and labour and capital were adopted for that purpose. Another important event in the money market was the reckless speculation in the New York stock exchange and the Hatry crash that took place in the autumn of 1929, giving a violent shock to the financial equilibrium of the whole world. Moreover, all industrial countries have tried to manufacture commodities of which certain countries alone had the monoply of production till recently, and the progress of production has been augmented further by the continued application of science to industry. In fact, with the extension of the use of electricity in place of fuel, new ways of utilising the almost boundless resources of each country have been discovered, so that demand

prices of commodities as well as supply prices have fallen down considerably. Further, production has tended to get more specialised; hence during the period of high prices an effort is made to increase the output and the cost per unit, therefore, becomes relatively high. The increased production will in time react on the price and will cause serious losses on stocks held.

The effects of the depression are manifold. Unemployment will be chronic—it will be felt more by the lower grades of workmen; in fact, these people will feel it more keenly than any other class. For example, during the time of depression office staff may have to be reduced, for the time being, turning them into artisans and other class of workers. The time of depression is a period of short-time and small earnings and perhaps, no wages at all. This sort of casual labour contributes largely to the army of the unemployed. In industrial concerns when trade is bad the mills will be run at a loss —for the purpose of preventing them from standing idle. Hence over-production is the result, and, as it is not possible to find a sale for the stuff produced in disproportion to demand, economic loss to the country is inevitable.

The next thing to consider is how far banks will be affected in times of depression. In times of boom, and as trade expands more and more, credit is liberally granted. This credit is obtained either by longer and larger credits beween the merchants themselves, or from private moneylenders, or by discounts and overdrafts from banks. Therefore, a great responsibility rests on the banker in the matter of granting credits. It is the banker's duty to prevent speculation which leads to crises. Professor Sykes, in his "Banking and Currency," sums up the position as follows: "A banker cannot know, and it is not a banker's function to enquire the purpose for which each individual customer requires an advance and whether his business is of a speculative character. If the banker decides that the loan is a safe one, and he can spare the money, he will usually be content with this knowledge. But when the signs of speculation are evident to a banker—and to an experienced practical man of business it is not difficult to detect such signs—he can discourage such borrowing by raising the rate of interest."

However, it must be remembered that the banker suffers in times of depression as much as any one else. He makes advances in times of good trade, but when slump occurs he is unable to get back the advances quickly. He then nurses the account, and probably the concern is in difficulties. This brings about a crash, and nothing demoralises trade more than the failure of a bank. It is necessary, therefore, that to meet crises adequate reserves should be built up. It is necessary that in times of stress a banker should lend money on good security as freely as he can. All the more necessary is it, therefore, that the banks should be compelled to keep a large reserve by law in order to prevent them making advances recklessly.

Trade depressions are bound to occur and cannot be prevented. The effects can be mitigated by better education of the business community, and the severity of the depressions may be checked by prompt action by the banks, so as to prevent immoderate speculation resulting in the ruin of long-standing financiers. Government can also mitigate the depression by means of a careful stores purchase policy, protection of industries, railway freight, organisation of markets, etc.

Co-operation and Agriculture in our Universities.

BY E. S. SUNDA, B.A., B.L., (MADURA.)

In recent times our University Legislators have come to take a favourable view towards Co-operation and Agriculture. The Madras University has accepted a motion recently that agriculture should be an optional subject for study in the Intermediate classes, though one of the members of the Syndic would state elsewhere that mere aecceptance of that by an examining university means nothing! Co-operation is given an optional place in the B. A. courses of the Madras University.

Importance of these nation-developing subjects was and is not properly felt. Several attempts were made in the Annamalai University Academic Council that these two should be given ample prominence and definite departments of study should be opened. But the question of finance always stood in the way and every motion had to be negatived or withdrawn after assurances.

As big men say, what fails in constitutional struggles in open forum is very often achieved by silent negotiations. The Annamalai University Economics Department was convinced of the growing importance of the subjects, of the intense mass awakening and interest in the development of studies in such subjects and above all of the fact that the Annamalai Uninersity should take a distinct role in the nation-making activities of South India. Persuasions have not been without their effect. A compromise without involving additional cost to the university or additional burden to the student in the university, has been achieved. I should frankly admit that the compromise is more welcome.

The new course in Economic (B.A.) has now given a definite place for "Rural Economics and Co-operation" as one group. More than this, it is put down as a *compulsory group*. Each student in economics is now having the advantage of studying the two important subjects. The new Annamalai graduate will be an asset, a distinct improvement over the old Madras History and Economics graduate who thinks of agriculture and Co-operation late in life as a hobby or not at all. The Annamalai graduate will enter the world with a greater bias for the two subjects or at least may not be in the stage of learning after he begins his life, at least in these two subjects! The co-operative movement and the agricultural—world should feel indebted to the Economics Board of Studies and the Economics Department of the Annamalai University for their sympathetic response. I should not fail to express my gratitude to Prof. B. V. Narayanaswami Naidu, the present head of the Economics Department for his unfailing patience, sympathy and kind consideration for all my suggestions.

Details of the B. A. Economics Course (Revised) in the Annamalai University.

The course shall comprise the study of the *following subjects.* There shall be *four* papers, each of three hours duration as follows :—

(i) Economics I.

(ii) Economics II.

(iii) Economics History of England and India since 1700 A.D.

(iv) *Co-operation and Rural Economics.*

The following is the syllabus of studies :—

Rural Economics and Co-operation.

(The subject is to be studied with special reference to South India.)

Economic Theory and rural economics. Data relating to rural conditions. Comparison of India with U S.A. and Japan in this respect. Farm cost surveys.

Large and small holdings. Economic holding, extensive and intensive cultivation. Sub-division, fragmentation and consolidation of land. Agricultural methods. machinery in agriculture; farm organisation; product per acre versus product per man; agricultural labour. *Pannayal* system, wages and standard of life; supply of and demand for agricultural labour.

Tenures. Peasant proprietorships, leasing systems. Grain rents versus money rents; agriculture under Zamindari and Ryotwari systems. Marketing of agricultural products, the part played by the middlemen, warehousing facilities, regulated markets, export of produce. Methods of transport and cost of carriage, financing of agriculture, financing agencies. Rural indebtedness, takavi loans. Secured and unsecured loans, mortgages, the State and agriculture.

Co-operation.—Theory and history of Co-operation. Forms of co-operation, credit, non-credit, urban and rural, Indigenous forms of co-operation in South India; the chit system, nidhis. The Act

of 1904 and 1912. Credit and non-credit Co-operation in India. District and Apex Banks. Audit. Achievement of Co-operative Credit. Co-operative Purchase and Sale Societies. The store movement.

Books Recommended.

1. Carver—Rural Economics.
2. Darling—Punjab peasant in prosperity and debt.
3. Townsend Committee on Co-operation.
4. Royal Commission on Agriculture—Summary.
5. Fay—Co-operation at Home and Abroad.

To be introduced in the Council of the Governor of Fort St. George assembled for the purpose of making Laws and Regulations.*

Under rule 18 of the Madras Legislative Council Rules, the following Bill, together with the Statement of Objects and Reasons, is published for general information :—

BILL No. 4 OF 1931.

A *Bill to consolidate and amend the law relating to co-operative societies in the Presidency of Madras.*

Preamble

Whereas it is expedient further to facilitate the formation *and working* of co-operative societies for the promotion of thrift and self-help among agriculturists, artizans and persons of limited means and for that purpose *to consolidate* and amend the law relating to co-operative societies *in the Presidency of Madras*;

And Whereas the previous sanction of the Governor-General has been obtained to the passing of this Act; It is hereby enacted as follows :—

PRELIMINARY.

Short title and extent.

1. (1) This Act may be called the *Madras* Co-operative Societies Act (193) and

(2) it extends to the whole of the *Presidency of Madras*. [whole of British India.]

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

(*a*) "by-laws" means the registered by-laws for the time being in force and includes a registered amendment of the by-laws;

(*b*) "committee" means the governing body of a registered society to whom the management of its affairs is entrusted;

(*c*) "member" includes a person joining in the application for the registration of a society and a person admitted to

* NOTE.—(1) Words and sections printed in italics are new additions.

(2) Words and sections in brackets [ ] are omissions from the existing Act.

membership after registration in accordance with the by-laws and any rules;

(*d*) "officer" includes a chairman, secretary, treasurer, member of committee, and *any* other person empowered under the rules or the by-laws to give directions in regard to the business of the society;

(*e*) "registered society" means a society registered or deemed to be registered under this Act;

(*f*) "Registrar" means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Act; and

(*g*) "rules" means rules made under this Act.

REGISTRATION.

3. The Local Government may appoint a person to be Registrar of Co-operative Societies for the *Presidency of Madras* [province] or any portion of it and may appoint persons to assist such Registrar, and may, by general or special order, confer on any such persons all or any of the powers of a Registrar under this Act. The Registrar.

4. Subject to the provisions *of this Act* [hereinafter contained] a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Act with or without limited liability : Societies which may be registered

Provided that unless the Local Government by general or special order otherwise directs—

(i) the liability of a society of which a member is a registered society shall be limited;

(ii) the liability of a society of which the *primary* object is the creation of funds to be lent to its members, and of which the majority of the members are agriculturists, and of which no member is a registered society, shall be unlimited.

5. (*1*) *Subject to the proviso to section 4 and to any rules made in this behalf, a registered society may, with the previous sanction of the Registrar, change its liability from limited to unlimited or from unlimited to limited.* Change of liability.

Provided that—

(i) *the society shall give notice in writing of its intention to change its liability to its shareholders and creditors ;*

(ii) *any shareholder or creditor shall, notwithstanding any contract to the contrary, have the option of withdrawing his shares, deposits or loans, as the case may be, within three months of the service of such notice on him and the change shall not take effect until all such claims have been satisfied ; and*

(iii) *any shareholder or creditor, who does not exercise his option within the period aforesaid, shall be deemed to have assented to the change.*

(2) *Notwithstanding anything contained in the proviso to sub-section (1) the change shall take effect at once if all the shareholders and creditors assent thereto.*

Restrictions on interest of member of society with limited liability and a share capital

6. Where the liability of the members of a society is limited by shares, no member other than a registered society shall

(*a*) hold more than such portion of the share capital of the society, subject to a maximum of one-fifth as may be prescribed by the rules ; or

(*b*) have or claim any interest in the shares of the society, exceeding one thousand rupees.

Conditions of registration.

7. (1) No society, other than a society of which a member is a registered society, shall be registered under this Act which does not consist of at least ten persons above the age of eighteen years and, where the object of the society is the creation of funds to be lent to its members, unless such persons—

(*a*) reside in the same town or village or in the same group of villages ; or

(*b*) save where the Registrar otherwise directs, are members of the same tribe, class, caste or occupation ;

(2) the word 'limited' shall be the last word in the name of every society with limited liability registered under this Act.

Power of Registrar to decide certain questions.

8. When any question arises whether for the purposes of this Act a person is an agriculturist or a non-agriculturist, or whether any person is a resident in a town or village or group of villages, or whether two or more villages shall be considered to form a group, or whether any person belongs to any particular tribe, class, caste or occupation, the question shall be decided by the Registrar, whose decision shall be final.

Application for registration.

9. (1) For purposes of registration an application to registere shall be made to the Registrar.

(2) The application shall be signed—

(*a*) in the case of a society of which no member is a registered society, by at least ten persons qualified in accordance with the requirements of section 7, sub-section (1) ; and

(*b*) in the case of a society of which a member is a registered society, by a duly authorized person on bahalf of every such registered society, and, where all the members of the society are not registered societies, by ten other members, or, when there are less than ten other members, by all of them.

(3) The application shall be accompanied by a copy of the proposed by-laws of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

Registration.

10. If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules and that its proposed by-laws are not contrary to this [the] Act or to the rules, he may, if he thinks fit, register the society and its by-laws.

Evidence of registration.

11. A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

Amendment of the by-laws of registered society.

12 (1) No amendment of the by-laws of a registered society shall be valid until the same has been registered under this Act, for which purpose a copy of the amendment shall be forwarded to the Registrar.

(2) If the Registrar is satisfied that any amendment of the by-laws is not contrary to this Act or to the rules, he may, if he thinks fit, register the amendment.

(3) When the Registrar registers an amendment of the by-laws of a registered society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence that the same is duly registered.

Division and amalgamation of societies.

13. (*1*) *A registered society may, by a resolution passed by a two-thirds majority of the members present at a general meeting of the society held specially for the purpose and with the approval of the Registrar, divide itself into two or more societies. The assets, including the reserve fund, and the liabilities of the society shall be divided among the new societies in such manner as they may agree upon or in case of disagreement in such manner as may be considered just by the Registrar, whose decision shall be final.*

(*2*) *Any two or more registered societies may, by a resolution passed by a two-thirds majority of the members present at a general meeting of each of such societies held specially for the purpose and with the approval of the Registrar, amalgamate as a single society. Such amalgamation may be effected without a dissolution or a division of the funds of the amalgamating societies.*

(*3*) *No division or amalgamation shall be effected under this section unless—*

(*a*) *notice in writing of the resolution and date of meeting to consider such division or amalgamation, has been sent at least fifteen clear days before the date of the meeting to each member of the society, or societies at his last-known address; and*

(*b*) *notice in writing of the intention to divide or amalgamate has also been given to each of the creditors of the original society or societies concerned at his last-known address. Any such creditor shall, notwithstanding any contract to the contrary, have the option of withdrawing his deposit or loan within three months of the service of such notice on him and the Registrar shall not register the new societies or society until all such claims have been satisfied.*

(*4*) *The division shall take effect on the registration of the new societies and the amalgamation shall take effect on its approval by the Registrar.*

(*5*) *The resolution or resolutions of the society or societies concerned or the decision of the Registrar, as the case may be, shall, on such division or amalgamation, be a sufficient conveyance to vest the assets and liabilities of the original society or societies in the new societies or society.*

RIGHTS AND LIABILITIES OF MEMBERS.

Members not to exercise rights till due payment made.

14. (*1*) No member of a registered society shall, *save as otherwise provided in sub-section* (*2*), exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the rules *and* [or] by-laws.

(*2*) *In the case of a society which has been newly registered, the persons who have signed the application to register the society may elect a committee to conduct the affairs of the society for a period of three months from the date of registration or for such further period as the Registrar may consider desirable:*

Provided that the committee shall cease to function as soon as the members of the society have elected a committee in accordance with its by-laws.

General meetings.

15. (*1*) *The committee may at any time call a general meeting of the society and shall call such a meeting within one month after receipt of a requisition in writing from the Registrar or from such number of members or proportion of the total number of members as may be specified in the by-laws of the society.*

(*2*) *If a general meeting is not called in accordance with such requisition, the Registrar shall have power to call a general meeting of the society himself.*

Vote of members.

16. (*1*) *No member of any society registered after the passing of this Act shall have more than one vote in the affairs of the society provided that in the case of an equality of votes the Chairman shall have a casting vote.*

(*2*) *A registered society which has invested any part of its funds in the shares of another registered society may appoint one of its members to vote in the affairs of such other registered society.*

[Section 13 of the Act]

Vote of Members.

[(1) Where the liability of the members of a registered society is not limited by shares, each member shall, notwithstanding the amount of his interest in the capital, have one vote only as a member in the affairs of the society.

(2) Where the liability of the members of a registered society is limited by shares, each member shall have as many votes as may be prescribed by the by-laws.

(3) A registered society which has invested any part of its funds in the shares of any other registered society may appoint as its proxy, for the purpose of voting in the affairs of such other registered society, any one of its members.]

Restrictions on transfer of share or interest.

17. (1) The transfer or charge of the share or interest of a member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Act or by the rules.

(2) In case of a society registered with unlimited liability a member shall not transfer *or charge* any share held by him or his interest in the capital of the society or any part thereof unless—

(*a*) he has held such share or interest for not less than one year; and

(*b*) the transfer or charge is made to the society or to a member of the society.

DUTIES OF REGISTERED SOCIETIES.

Address of societies.

18. Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar notice[s] of every change thereof.

Copy of Act, rules and by-laws to be open to inspection.

19. Every registered society shall keep a copy of this Act and of the rules governing such society, and of its by-laws open to inspection free of charge at all reasonable times at the registered address of the society.

(See Sec. 38 for Sec. 17 of the Act).

PRIVILEGES OF REGISTERED SOCIETIES.

Societies to be bodies corporate.

20. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to

hold property, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purposes of its constitution.

Prior claim of society.

21. *Subject to any claim of the Government in respect of land revenue or money recoverable as land revenue and subject to any prior claim of a landlord in respect of rent or money recoverable as rent, any debt or outstanding demand owing to a registered society by any member or past member or deceased member shall be a first charge—*

(i) upon crops or other agricultural produce raised in whole or in part with a loan taken from the society;

(ii) upon any cattle, fodder for cattle, agricultural or industrial implements, machinery, materials for manufacture and articles manufactured therefrom supplied to or purchased by such member present, past or deceased in whole or in part from the loan given by the society;

(iii) upon lands purchased or improved in whole or in part with the loan given by the society;

(iv) upon godowns and buildings purchased or built in whole or in part with the loan given by the society; and

(v) upon the immovable property mortgaged to the society in respect of loans advanced by the society for the clearance of prior debts of such member or past member or deceased member secured on such immovable property.—

[Section 19].

[Subject to any prior claim of the Government in respect of land revenue or any money recoverable as land revenue or of a landlord in respect of rent or any money recoverable as rent, a registered society shall be entitled in priority to other creditors to enforce any outstanding demand due to the society from a member or past member—

(*a*) in respect of the supply of seed or manure or of the loan of money for the purchase of seed or manure—upon the crops or other agricultural produce of such member or person at any time within eighteen months from the date of such supply or loan;

(*b*) in respect of the supply of cattle, fodder for cattle, agricultural or industrial implements or machinery or raw materials for manufacture, or of the loan of money for the purchase of any of the foregoing things—upon any such things so supplied, or purchased in whole or in part from any such loan, or on any articles manufactured from raw materials so supplied or purchased.]

Charge and set off in respect of shares or interest of member.

22. A registered society shall have a charge upon the share or interest in the capital and on the deposits of a member or past *or deceased* member and upon any dividend, bonus or profits payable to a member or past member or *the estate of a deceased member* in respect of any debt due from such member or past member or *the estate of such deceased member* to the society, and may set off any sum credited or payable to a member or past *or deceased* member *or the estate of a deceased member* in or towards payment of any such debt.

Shares or interest not liable to attachment.

23. Subject to the provisions of section 22, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a Court of Justice in respect of any debt or liability incurred by such member, and neither the Official Assignee under the Presidency Towns Insolvency Act, 1909, nor a Receiver under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on such share or interest.

III of 1909. V of 1920.

Transfer of interest on death of member.

24. (1) On the death of a member a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with the rules made in this behalf, or, if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member, or pay to such nominee, heir or legal representative, as the case may be, sum representing the value of such member's share or interest, as ascertained in accordance with the rules or by-laws:—

Provided that—

(i) in the case of a society with unlimited liability, such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid;

(ii) in the case of a society with limited liability, the society shall transfer the share or interest of the deceased member to such nominee, heir, legal representative, as the case may be, being qualified in accordance with the rules and by-laws for membership of the society, or on his application within one month of the death of the deceased member to any person specified in the application who is so qualified.

(2) A registered society may pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

Liability of past member or of the estate of a deceased member.

25. *The liability of a past member or of the estate of a deceased member for the debts of a registered society as they existed on the date of his ceasing to be a member or of his decease, as the case may be shall continue for a period of two years from such date.*

[Sections 23 and 24].

Liability of past member

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

Liability of the estates of deceased members.

[The estate of a deceased member shall be liable for a period of one year from the time of his decease for the debts of a registered society as they existed at the time of his decease.]

Register of members.

26. Any register or list of members or shares kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein:—

(*a*) the date at which the name of any person was entered in such register or list as a member; and

(*b*) the date at which any such person ceased to be a member.

Proof of entries in societies' books.

27. (*1*) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the rules, be received in any suit or legal proceeding as *prima facie* evidence of the existence of such entry, and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer or liquidator of a registered society and no officer in whose office the books of a registered society are deposited after liquidation shall, in any legal proceedings to which the society or the liquidator is not a party, be compelled to produce any of the society's books the contents of which can be proved under sub-section (1), or to appear as a witness to prove the matters, transactions and accounts therein recorded, unless by order of the court or the arbitrator made for special cause.

Power to distrain and sell defaulter's movable property.

28 *Whenever any loan given by a registered society to a member or any instalment thereof becomes overdue, the Registrar or any person subordinate to him empowered by the Registrar in this behalf may, subject to such rules as may be prescribed by the Local Government, recover such loan or instalment together with the interest, if any due thereon and the costs of process, by the distraint and sale of the moveable property of such member.*

Exemption from compulsory registrstion of instruments relating to shares and debentures of registered society.

29. Nothing in clauses (*b*) and (*c*) of sub-section (1) of section 17 of the Indian Registration Act, 1908, shall apply to—

(1) any instrument relating to shares in a registered society, notwithstanding that the assets of such society consist in whole or in part of immovable property; or

(2) any debenture issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or

(3) any endorsement upon or transfer of any debenture issued by any such society.

Power to exempt from income-tax, stamp-duty and registration fees.

30. (1) The Governor-General in Council by notification in the *Gazette of India* may, in the case of any registered society or class of registered societies, remit the income-tax payable in respect of the profits of the society, or of the

dividends or other payments received by the members of the society on account of profits.

The Local Government, by notification in the Fort. St. George Gazette, may in the case of any registered society or class of registered societies remit—

(*a*) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society or by an officer or member and relating to the business of such society or any class of such instruments *or awards of the Registrar or arbitrators under this Act* are respectively chargeable; and

(*b*) any fee payable under the law of registration for the time being in force.

Government aid to registered societies.

31. *Notwithstanding anything contained in any other enactment, the Local Government may, subject to such rules as may be prescribed in this behalf, grant loans to, take shares in, or give financial assistanee in any other form to any registered society.*

PROPERTY AND FUNDS OF REGISTERED SOCIETIES.

Restrictions on loans.

32. *(1) A registered society may grant loans only to such extent and under such conditions as may be prescribed by this Act, the rules and the by-laws of the society.*

(2) A registered society shall not make a loan to any person other than a member*:*

Provided thât, with the general or special sanction of the Registrar, a registered society may make loans to another registered society.

(3) Save with the sanction of the Registrar, a *registered* society [with unlimited liability] shall not lend money on the security of movable property.

(4) The Local Government may be, by general or special order, prohibit or restrict the lending of money on mortgage of immovable property by any registered society or class of registered societies.

Restrictions on borrowings.

33. A registered society shall receive deposits and loans [from persons who are not members] only to such extent and under such conditions as may be prescribed by the rules *and* [or] the by-laws of the society.

Restrictions on [other] transactions with non-members.

34. Save as provided in sections 32 and 33, the transactions of a registered society, with persons other than members, shall be subject to such prohibitions and restrictions, if any, as the Local Government may, by rules, prescribe.

Investment of funds.

35. (1) A registered society may invest or deposit its funds—

(*a*) in the Government Savings Bank, or

(*b*) in any of the securities specified in section 20 of the Indian Trusts Act II of 1882, or

(*c*) in the shares or on the security of any other registered society, or

(*d*) with any bank or person carrying on the business of banking, approved for this purpose by the Registrar, or

(*e*) in any other mode permitted by the rules.

(2) Any investments or deposits made before the commencement of this Act which would have been valid if this Act had been in force are hereby ratified and confirmed.

Funds not to be divided *among members.* [by way of profit.]

36. No part of the funds of a registered society shall be divided by way of bonus or dividend or otherwise among its members:

Provided that after at least one-fourth of the net profits in any year have been carried to a reserve fund:

(i) *payment may be made to a member for any clerical or other specific service rendered by him to the society; and*

(ii) payments from the remainder of such profits and from any profits of past years available for distribution may be made among the members to such extent and under such conditions as may be prescribed by the rules or by-laws;

Provided also that in the case of a society with unlimited liability no distribution of profits shall be made without the general or special order of the Local Government in this behalf.

Contribution to charitable purpose.

37. Any registered society may with the sanction of the Registrar, after one-fourth of the net profits in any year has been carried to a reserve fund, contribute an amount not exceeding 10 per cent of the remaining net profits to any charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890.

VI of 1890.

38. (1) The Registrar shall audit or cause to be audited by some porson authorized by him by general or special order in writing in this behalf the accounts of every registered society once at least in every year.

(2) The audit under sub-section (1) shall include an examination of overdue debts, if any, *the verification of cash balance and securities* and a valuation of the assets and liabilities of the society.

(3) The Registrar or the person authorized by him under sub-section (1) shall, at all times, have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any place within the jurisdiction of the society.

(4) Every officer, member, agent or servant of the society shall furnish such information in regard to the transactions and working of the society as the Registrar or the person authorized by him under sub-section (1) may require.

[*Section 17 (3)*. The Registrar, the Collector or any person authorised by general or special order in writing in this behalf by the Registrar shall at all times have access to all the books, accounts, papers and securities of a society and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.]

Inspection and Inquiry.

Inquiry by Registrar.

39. (1) The Registrar may of his own motion and shall on the request of the Collector, or on the application of a majority of the committee or of not less than one-third of the members, hold an inquiry, or direct some person authorized by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society.

(2) The Registrar or the person authorized by him under sub-section (1) shall have the following powers namely:—

(a) He shall, at all times, have free access to the books, accounts, documents, securities, cash and other properties

belonging to or in the custody of the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any place within the jurisdiction of the society.

(b) He may summon any person who he has reason to believe has knowledge of any of the affairs of the society to appear before him at any place within the jurisdiction of the society and may examine such person on oath.

(c) (i) He may, notwithstanding any by-law prescribing the period of notice for a general meeting of the society, require the officers of the society to call a general meeting at such time and place within the jurisdiction of the society and to determine such matters, as may be directed by him. If the officers of the society refuse or fail to call such a meeting, he shall have power to call it himself.

(ii) Any meeting called under clause (i) shall have all the powers of a general meeting called under the by-laws of the society add its proceedings shall be regulated by such by-laws.

[*Sec. 35 (2).* All officers and members of the society shall furnish such information in regard to the affairs of the society as the Registrar or the person authorised by the Registrar may require.]

Inspection of books.

40. (1) The Registrar *may,* [shall] on the application of a creditor of a registered society, inspect or direct some person authorized by him in this behalf by *a general or special* order in writing to inspect the books of the society *and the Registrar or the person so authorized shall have all the powers of the Registrar when holding an inquiry under section 39*;

(2) No inspection shall be made or directed under sub-section (1) unless the creditor—

(*a*) satisfies the Registrar that the debt is a sum then due, and that he has demanded payment thereof and has not received stisfaction within a reasonable time; and

(*b*) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(3) Where an inspection is made under sub-section (1), the Registrar shall communicate the results of such inspection to the creditor.

Costs of inquiry.

41. Where an inquiry is held under section 39 or an inspection is made under section 40, the Registrar may apportion the costs, or such part of the costs as he may think right, between the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers of the society.

Recovery of costs.

42. Any sum awarded by way of costs under section 41 may be recovered, on application to a magistrate having jurisdiction in the place where the person from whom the money is claimable actually and voluntarily resides or carries on business *and such magistrate shall recover the same as if it were a fine imposed by himself* [by the distress and sale of any movable property within the limits of the jurisdiction of such magistrate belonging to such person].

DISSOLUTION OF SOCIETY.

Dissolution.

43. (1) If the Registrar, after an inquiry has been held under section 39 or after an inspection has been made under section 40 or on receipt of an aplication made by three-fourths of the members of a registered society, is of opinion that the society ought to be dissolved, he may *by order in writing* cancel the registration of the society. *A copy of the order shall forthwith be communicated to the society by registered post.*

(2) Any member of the society may, within two months from the date of the order made under sub-section (1), appeal *to the Local Government* from such order.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of the society, the order shall take effect on the expiry of that period.

(4) Where an appeal is presented within two months, the order shall not take effect until it is confirmed by the *Local Government* [appellate authority] *and such confirmation is communicated to society by registered post.*

[Sec 39 (5) The authority to which appeals under this section shall lie shall be the Local Government:

Provided that the Local Government may, by notification in the local official gazette, direct that appeals shall lie to such Revenue authority as may be specified in the notification.]

Cancellation of registration of society.

44. Where it is a condition of the registration of a society that it should consist of at least ten members, *above the age of eighteen years*, the Registrar may, by order in writing, cancel the registration of the society if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten *such members*.

Effect of cancellation of registration.

45. Where the registration of a society is cancelled, the society shall cease to exist as a corporate body—

(*a*) in the case of cancellation in accordance with the provisions of secction 43, from the date the order of cancellation takes effect;

(*b*) in the case of cancellation in accordance with the provisions of section 44, from the date of the order.

Winding up.

46. (1) Where the registration of a society is cancelled under section 43 or section 44, the Registrar may appoint *any* [a competent] person to be liquidator of the society.

(2) A liquidator appointed under sub-section (1) shall have power *subject to the control of the Registrar*:—

(*a*) to institute and defend suits and other legal proceedings on behalf of the society by his name of office;

(*b*) *to determine from time to time the contribution to be made or remaining to be made by the members or past members or by the estates or nominees, heirs or legal representatives of deceased member, or by any officer, to the assets of the society, such contribution including debts due from such members or persons;*

[Section 42 (2) (*b*) to deteremine the contribution to be made by the members and past members of the society respectively to the assets of the society;]

(*c*) to investigate all claims against the society and subject to the provisions of this Act to decide questions of priority arising between claimants;

(d) to pay claims against the society (including interest up to the date of cancellation) according to their respective priorities, if any, in full or ratably, as the assets of the society permit; the surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of cancellation at a rate fixed by him but not exceeding the contract rate in any case;

(*e*) to determine by what persons and in what proportions the costs of the liquidation are to be borne;

(*f*) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society; ***and***

(g) to carry on the business of the society so far as may be necessary for the beneficial winding up of the same.

(3) Subject to any rules, a liquidator appointed under this section shall, in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of witnesses and to compel the production of *any books, accounts*, documents, *securities cash or other properties belonging to or in the custody of the society* by the same means (so far as may be) and in the same manner as is provided in the case of a civil court under the Code of Civil Procedure, 1908. V of 1908.

[Sec. 42 (4). Where an appeal from any order made by a liquidator under this section is provided for by the rules, it shall lie to the Court of the District Judge.]

(4) Any sum ordered under this section to be recovered as a contribution to the assets of the society or as costs of liquidation may be recovered, on a requisition being made in this behalf to the Collector by the Registrar, in the same manner as arrears of land revenue.

(5) Save as provided in sub-section (4) orders made under this section shall, on application, be enforced *by any civil court having local jurisdiction in the same manner as a decree of such court.*

[Sec. 42 (5) (a) and (b). (*a*) when made by a liquidator, by any Civil Court having local jurisdiction in the same manner as a decree of such Court;

(*b*) when made by the Court of the District Judge on appeal, in the same manner as a decree of such Court made in any suit pending therein.]

(6) When the affairs of the society have been wound up the liquidator shall deposit the records of the society in such place as the Registrar may direct.

Sec. 42 (6). Save in so far as is hereinbefore expressly provided, no Civil Court shall have any jurisdiction in respect of any matter connected with the dissolution of a registered society under this Act.]

Bar of suit during liquidation.

47. *Save in so far as is expressly provided in this Act, no civil court shall take cognizance of any matter connected with the winding up or dissolution of the society under this Act, and when a liquidator has been appointed no suit or other legal proceeding shall lie or be proceeded with against the society except by leave of the Registrar and subject to such terms as he may impose.*

Surcharge and Attachment.

Surcharge.

48. *(1) Where in the course of an inquiry under section 39 or an inspection under section 40 or the winding up of a society, it appears that any person who has taken part in the organization or management of the society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of the society or been guilty of misfeasance or breach of trust in relation to the society, the Registrar may, of his own motion or on the application of the committee or liquidator or of any creditor or contributory, examine into the conduct of such person or officer and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of the society by way of compensation in respect of the misapplication, retainer, misfeasance or breach of the trust as the Registrar thinks just.*

(2) This section shall apply notwithstanding that such person or officer may have incurred criminal liability by his act.

Attachment of property.

49. *Where the Registrar is satisfied on the application of the liquidator or otherwise that any person with intent to defeat or delay the execution of any order that may be passed against him under clause (b) of sub-section (2) of section 46 or section 48—*

(a) is about to dispose of the whole or any part of his property; or

(b) is about to remove the whole or any part of his property from the local limits of the jurisdiction of the Registrar,

the Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he thinks necessary and such attachment shall have the same effect as if it had been made by a competent civil court.

Arbitration.

Disputes.

50. *(1) If any dispute touching the business of the society arises:—*

(a) between members or past members of the society or persons claiming through a member, past member or deceased member; or

(b) between a member, past member or persons so claiming and the society, its committee or any officer, agent or servant of the society, or

(c) between the society or its committee and any officer, agent or servant of the society,

such dispute shall be referred to the Registrar for decision.

(2) The Registrar may, on receipt of such reference,—

(a) decide the dispute himself, or

(b) transfer it for disposal to any person who has been invested by the Local Government with powers in that behalf, or

(c) subject to such rules as may be prescribed, refer it for disposal to an arbitrator or arbitrators.

(3) Subject to such rules as may be prescribed, the Registrar may withdraw any reference transferred under clause (b) or referred under clause (c) of sub-section (2) and deal with it in the manner provided in the said sub-section.

(4) Where the Registrar is satisfied that a party to any reference made to him under sub-section (1), with intent to defeat or delay the execution of any decision that may be passed thereon—

(a) is about to dispose of the whole or any part of his property, or

(b) is about to remove the whole or any part of his property from the local limits of the jurisdiction of the Registrar,

the Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he thinks necessary; and such attachment shall have the same effect as if it had been made by a competent Civil Court.

(5) The Registrar may, of his own motion or on the application of a party to a reference, revise any decision thereon by the

person to whom such reference was transferred or by the arbitrator or arbitrators to whom it was referred.

(6) (a) Any decision passed by the Registrar under clause (a) of sub-section (2) or under sub-section (5) shall be final and shall not be called in question in any Civil or Revenue Court.

(b) any decision that may be passed by the person to whom a reference is transferred or by the arbitrator or arbitrators to whom it is referred shall, save as otherwise provided in sub-section (5), be final and shall not be called in question in any Civil or Revenue Court.

Offences and Penalties.

Offences.

51. *It shall be an offence under this Act if—*

(a) a registered society or an officer or member thereof does anything forbidden by this Act or wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act by the Registrar or by any other person duly authorized by him in that behalf; or

(b) a registered society or an officer or member thereof, wilfully makes a false return or furnishes false information; or

(c) any person wilfully or without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Act or does not furnish any information lawfully required from him by a person authorized on his behalf under the provisions of this Act.

Punishment for disposing of property in contravention of Section 21.

52. *Any member or past member or the heirs or legal representatives of a deceased member contravening the provisions of section 21 by disposing of any property over which the society has charge under that section or doing any other Act to the prejudice of such charge, shall be punishable with fine not exceeding two hundred rupees.*

Prohibition of the use of the word 'co-operative.'

53. (1) No person other than a registered society shall trade or carry on business under any name or title of which the word 'co-operative' is part without the sanction of the Local Government:

Provided that nothing in the section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the date on which the Co-operative Societies Act, 1912, came into operation.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to fifty

rupees and in the case of a continuing offence with further fine of five rupees for each day on which the offence is continued after conviction therefor.

Punishment for offences.

54. *Any registered society or any officer or member thereof or any other person guilty of an offence under this Act for which no punishment is expressly provided herein shall be punishable with fine not exceeding fifty rupees.*

Offences non-cognizable, etc.

55. *(1) No court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence under this Act.*

(2) Every offence under this Act shall, for the purposes of the Code of Criminal Procedure, 1898, be deemed to be non-cognizable. **V of 1898.**

(3) No prosecution shall be instituted under this Act without the previous sanction of the Registrar.

Miscellaneous.

Power of Registrar to call for proceedings and to pass orders thereon.

56. *The Registrar may call for and examine the record of any inquiry or the proceedings of any officer subordinate to him or of any arbitrator or arbitrators appointed under this Act for the purpose of satisfying himself as to the legality or propriety of any decision, order or award passed and as to the regularity of the proceedings of such officer or arbitrator or arbitrators; and if it appears to the Registrar that any decision, order, award or proceedings should be modified, annulled or reversed, the Registrar may pass such order thereon as he deems fit.*

Recovery of sums due to Government.

57. (1) All sums due from a registered society or from an officer or member or past *or deceased* member of a registered society as such to the Government including any costs awarded to the Government under section 41 may be recovered in the same manner as arrears of land revenue.

(2) Sums due from a registered society to the Government and recoverable under sub-section (1) may be recovered, firstly, from the property of the society; secondly, in the case of a society of which the liability of the members is limited, from the members, *past members or the estates of deceased members*, subject to the limit of their liability; and, thirdly, in the case of other societies from the members, *past members or the estates of deceased members;*

Provided that the liability of past members and of the estates of deceased members shall in all cases be subject to the provisions of section 25.

Power to exempt societies from conditions as to registration.

58. Notwithstanding anything contained in this Act, the Local Government may, by special order in each case and subject to such conditions, if any, as it may impose, exempt any society from any of the requirements of the Act as to registration.

Power to exempt registered societies from provisions of the Act.

59. The Local Government may, by general or special order, exempt any registered society from any of the provisions of this Act or may direct that such provisions shall apply to such society with such modifications as may be specified in the order.

RULES.

60. (1) The Local Government may, for the whole or any part of the *Presidency of Madras* [province] and for any registered society or class of such societies, make rules to carry out the purpose of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may—

(*a*) subject to the provisions of section 6 prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;

(*b*) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications;

(*c*) *subject to the provisions of section 5 prescribe the procedure to be followed when societies change their form of liability ;*

(*d*) prescribe the matters in respect of which a society may or shall make by-laws and for the procedure to be followed in making, altering and abrogating by-laws, and the conditions to be satisfied prior to such making, alteration or abrogation ;

(*e*) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members, and the payment to be made and the interests to be acquired before the exercise of the right of membership ;

(*f*) regulate the manner in which funds may be raised by means of shares or debentures or otherwise ;

(*g*) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings ;

(*h*) *empower the Registrar to reduce the maximum borrowing power of members and registered societies ;*

(*i*) *prescribe the proportion of individuals and societies in the constitution of the Board of Management and the general body of Central Banks ;*

(*j*) provide for the appointment, suspension and removal of the members of the committee and other officers and for the procedure at meetings of the committee and for the powers to be exercised and the duties to be performed by the committee and other officers ;

(*k*) *prohibit a society from appointing a defaulting member to vote in the affairs of another society ;*

(*l*) prescribe the accounts and books to be kept by a society and provide for the audit of such accounts and the charges, if any, to be made for such audit, and for the perodical publication of a balance sheet showing the assets and liabilities of a society ;

(*m*) prescribe the returns to be submitted by a society to the Registrar and provide for the persons by whom and the form in which such returns shall be submitted *and in case of failure to submit any such return for the levy of expenses of preparing it ;*

(*n*) provide for the persons by whom and the form in which copies of entries in books of societies may be certified *and for the charges to be levied for the supply of such copies;*

(*o*) provide for the formation and maintenance of a register of members and, where the liability of the members is limited by shares, of a register of shares ;

(*p*) *provide for —*

(*i*) *the appointment of an arbitrator or arbitrators to decide disputes ;*

(*ii*) *the procedure to be followed in proceedings before the Registrar, arbitrator or arbitrators or other person deciding disputes including the appointment of a guardian for a party to the dispute who is a minor or who, by reason of unsoundness of mind or mental infirmity, is incapable of protecting his interests ;*

(iii) the levy of the expenses relating to such proceedings; and

(iv) the enforcement of the decisions or awards in such proceedings;

[Sec. 43 (2)]. provide that any dispute touching the business of a society between members or past members of the society or persons claiming through a member or past member or between a member or past member or persons so claiming and the committee or any officer shall be referred to the Registrar for decision or, if he so directs, to arbitration, and prescribe the mode of appointing an arbitrator or arbitrators and the procedure to the followed in proceedings before the Registrar or such arbitrator or arbitrators, and the enforcement of the decisions of the Registrar or the awards of arbitrators;]

(q) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled and for the liabilities of past members *or the estates of deceased members*;

(r) prescribe the prohibitions and restrictions subject to which societies may trade with persons who are not members;

(s) provide for the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;

(t) prescribe the payments to be made and the conditions to be complied with by members applying for loans, the period for which loans may be made and the amount which may be lent, to an individual member;

(u) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of a society;

(v) prescribe the extent to which a society may limit the number of its members;

(w) prescribe the procedure for the distraint and sale of the movable property of a defaulter under section 28;

(x) prescribe the conditions under which profits may be distributed to the members of a society with unlimited liability

and the maximum rate of dividend which may be paid by societies;

(y) prescribe the procedure to be followed by a liquidator appointed under section 46, and the cases in which an appeal shall lie from the order of such liquidator;

(z) subject to the provisions of section 43, determine in what cases an appeal shall lie from the orders of the Registrar, and prescribe the procedure to be followed in presenting and disposing of all appeals under this Act;

(aa) prescribe the period and the terms under which aid may be given by the Local Government to societies and the terms under which the Local Government may guarantee the payment of interest on debentures issued by societies;

(bb) provide for the custody of property attached under section 49 *or section* 50;

(cc) provide for the issue and service of processes and for proof of service thereof;

(dd) provide for the inspection of documents in the Registrar's office and the levy of fees for granting certified copies of the same; and

(ee) provide for all matters expressly required or allowed by this Act to be prescribed by rules.

(3) The Local Government may delegate, subject to such conditions, if any, as it thinks fit, all or any of its powers to make rules under this section to any authority specified in the order of delegation.

(4) The power to make rules conferred by this section is subject to the condition of the rules being made after previous publication.

(5) All rules made under this section shall be published in the *Fort St. George Gazette* and on such publication shall have effect as if enacted in this Act.

Indian Companies Act, 1913, not to apply.

61. The provisions of the Indian Companies Act, 1913, shall not apply to registered societies.

Saving of existing societies.

62. (1) Every society now existing which has been registered under the Co-operative Credit Societies Act, 1904, *or under the Co-operative Societies Act, 1912*, shall be deemed to be registered under this Act, and its by-laws shall, so far as the same are not inconsistent with the express provisions of this Act, continue in force until altered or rescinded.

(4) There is much delay in winding up the affairs of liquidated societies. The liquidator is given more powers to wind up the affairs under the guidance of the Registrar and the process of liquidation is sought to be placed on a better footing.

(5) Act II of 1912 required the society and the office-bearers to do many things, but no provision was made to take notice of the failure to comply with the provisions. The only offence for which punishment was provided is the use of the word 'co-operative' by persons other than registered societies. A great laxity is the result and it is therefore proposed to declare the wilful failure, wilful neglect or refusal, wilful submission of a false return and wilful disobedience of summons, etc., an offence under the Act punishable under clause 54. The offences are made non-cognizable and triable only by a First-Class Magistrate while an adequate safeguard against irresponsible prosecutions is provided by requiring the permission of the Registrar before launching a prosecution. The existence of the penal sections will stimulate business methods in the minds of co-operators and the provisions are based upon the English Industrial and Provident Societies Act.

3. In the note appended hereto the details of the Bill are discussed and dealt with, with reference to the respective clauses.

P. T. RAJAN

14th March 1931.

U. RAMA RAO,
Secretary to Govt., Law (Legislative) Dept.

The Twelfth North Arcot District Co-operative Conference.

Tiruvannamalai, 4th and 5th April 1931.

ADDRESS

BY

M.R.Ry. M. B. RANGASWAMI REDDIYAR AVARGAL, M.L.C.,
Chairman, Reception Committee.

GENTLEMEN AND BROTHER CO-OPERATORS!

India is predominantly an agricultural country and Agriculture is the main occupation of most of the delegates who have assembled here, in this conference. I myself an agriculturist feel it an unique privilege to have been assigned to-day the humble duty of welcoming you all.

It is very kind of you all to have come here to this historic place of pilgrimage from various places in response to our invitations in the midst of your multifarious other activities sacrificing your conveniences and comforts. We have done our utmost to see to your comforts during your stay here. Still I know there may be many shortcomings and I hope you would not mind them and pass on with your wonted magnanimity and make the conference a complete success by your whole-hearted co-operation.

OUR DISTRICT.

I should like to remind you that our district does not lag behind the other districts of our Presidency in its various branches of economic activities. Our district is a part of "Thondai Nadu" said to be the abode of wise men, and Tiruvannamalai, especially, where we are now assembled to confer is known far and wide for its sacredness and religious activities. From the point of view of Co-operation also it occupies a prominent place in the district. Co-operative Societies have been started in our district and have been working ever since the Co-operative Societies' Act was passed for the first time in the year 1904. The Government have been publishing reports regarding the working and Administration of Co-operative Societies in the several districts of our Presidency. A comparative study of our Co-operative activities with those of other districts will clearly show that we have advanced in some respects far more than some of our sister districts.

WORKING OF SOCIETIES.

As per accounts of the year ending with 30th Jnne 1930, there were 907 societies in our district. Of these, there were 1 central bank, 1 district council of Supervision, 29 Local Supervising unions, 2 audit unions, 1 District Central Weavers' Depot, 4 House Building Societies, 4 Land Mortgage Banks, 1 Rural Weavers' Society, 120 Societies for depressed classes and 1 Society for the Malayalees residing in the Javadi Hills.

Each of us should particularly see to the proper working of village societies. There is no doubt that many of you will concur with me when I tell you that many village societies which form the basis of the movement are not working properly. It has to be made clear that the number of societies which declare dividends to their members on their paid-up share capital is steadily decreasing and that the overdues to the financing bank by these societies are year by year increasing. On account of the tightness in the money market it is very likely that the financing bank may increase its lending rate of interest. No other way suggests to me to cure this illness in societies than to educate their members, in their general body meetings, on co-operative principles and to make them realise that promptness in repayments can only maintain their credit. Until and unless the office bearers and members of co-operative societies realise their duties and responsibilities towards their societies, it is of no use to be satisfied with guaging the growth of the movement from the figures available relating to the movement. It is therefore my earnest request to you, Gentlemen, that we should spare no efforts on our part to help to propogate the gospel of co-operation. The help that the Government have hitherto been rendering in this direction is not adequate. It is once again represented that the Government should at least in future come forward with more liberal grants, deputing men wherever necessary.

THE TWELFTH NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

Tiruvannamalai, 4th April 1931.

PRESIDENTIAL ADDRESS

By

M.R.Ry. V. M. RAMASWAMI MUDALIYAR AVL., M.A., B.L., M.L.C.

DAWN OF A NEW CONSCIOUSNESS.

Brother Co-operators,

We have to-day the whole of the Madras Presidency dotted with a large number of societies over 15,238 in number and whose membership stands at 9,74,999 with a working capital of 1799'36 lakhs. However, at the same time it must be admitted that this expansion of the movement has not touched even the fringe of the problem. Nearly 96 to 97 per cent of the population is still standing outside the movement. The aim of co-operation has not been as widely appreciated as is necessary for its proper expansion and for the inculcation of the spirit of thrift and inter-dependence of man and man. With the dawn of a new consciousness at the root of every moment—be it political, social or economic—the proper basis should be the organisation of the peasentry of our country and the banishment of their ignorance and their indebtedness. The cry of rural reconstruction of which we hear so much will be a cry in the wilderness unless an organised effort is made by all sections working for the welfare and uplift of the country to banish these two-fold evils.

NON-OFFICIAL WORKERS.

It is also a happy sign of the times that, more and more non-official co-operators are taking a large interest and that the official agency is now content to act from behind as guides and advisors only functioning as Auditors and armed with reserve powers to be brought into action where non-official agencies fail for some reason or other. Real co-operation in all countries always depends upon such non-official agencies, the only duty of the state being to come to their succour in times of need by financial help and expert advice. I am glad that in our Presidency this aspect of the development of the movement has been kept in view and brought into practice. In our District, in particular, great credit for the successful working is due to the many non-official workers who have so disinterestedly and zealously worked for this movement.

THE PRESENT TASK OF RECTIFICATION.

While there has been a tendency towards the gradual improvement and understanding of the scientific principles underlying the organisation of credit, there is still the menace of large increases in overdues and the number of bad societies. Perhaps the haste with which the societies were started and fostered without proper education in Co-operative principles of the persons called upon to man and to work the societies, is to a large extent responsible for this state of things. It must also be confessed that the members of the various societies have not to this day fully appreciated the value of punctuality and regularity in the payment of their dues and to this end an intensive propoganda must be started. This is one of the important educational duties falling upon the District Council of Supervision and I trust that steps would be immediately taken to pay large attention to this aspect of the question which, in my humble opinion, is in a great measure responsible for the defects which we have observed in the movement.

BOOK ADJUSTMENT OF OVERDUES.

One other unhealthy factor which I have observed in the working of one of the Co-operative Banks in the City of Madras with which I was connected is a reduction of overdues by a mere book adjustment, made possible by a renewal of an old loan on the ground of a fresh advance. Not only is this fundamentally opposed to all principles of Co-operation but it can also spell only disaster both to the lender as well as to the borrower and I am sure that the local supervising unions and the District Council will see that the primary societies in their eagerness to show a reduction of overdues would avoid this short-sighted manipulation.

NON-CREDIT ACTIVITIES.

The District with such a proud record of work in credit societies must now turn its attention to apply co-operative principles and methods to fields other than credit and the time has come when such activities could be embarked upon as a necessary complement to the provision of purely credit facilities. No time is more propitious than the present one when a bold step in this direction can profitably be undertaken. The agriculturist and the weaver is in the death grip of trade depression. Their illiteracy and ignorance of the means by which other countries are combating this depression have landed them in despair and it is therefore necessary that the co-operative movement should now extend its scope and come to their rescue. In countries like Italy and Russia where there have been an agricultural renaissance in recent years the ryots have, by the application of co-operativeprinciples to activities such as the purchase of seeds, tools and materials, to methods of production such as collective farming, digging of wells consolidation of Agricultural holdings, purchase of pumps and other machinery, rendered greater aid to place agriculture on a firm and proper footing. Again the marketing and the sale of the produce of the agriculturist give ample scope for the application of co-operative principles. The laying of village

roads, kudimaramath and irrigation work on a co-operative basis may also be undertaken.

The co-operators of the North Arcot District must also do something to the weavers at Arni and Tiruvettipuram and at other centres by supplying them with yarn and other materials and in finding a market for the sale of their produce on the lines similar to the Salem Weavers' Co-operative Society that was recently inaugurated. I had discussed this matter with some of the leading co-operators of the District and I am sure that sufficient enthusiasm can be found among them to organise such societies. The Mat-weaving industry in Wandiwash and near Vaniyambadi is again a field where co-operative methods can fruitfully be adopted. I have just mentioned a few handicrafts carried on in the cottages and which are the mainstay during the off season of a large number of families in our District. The Indian artisan has been noted for the excellence and the skill of his workmanship and "co-operation" may help in putting the purchaser into direct touch with the artisans with mutual benefit to the producer and the consumer. Here again the task of educating the artisans in proper methods and to cater to the needs of the consumers must form the spade work for some time. It is regrettable to note that among such non-credit societies in our District there were only two Weaver Societies of which one was liquidated and the other has been doing a little work. With regard to labour contract societies, there were two in the District of which one was dormant and the other viz., Thiruvannamalai Labour Union just showed a little turnover. I think the time has come when more and more attention must be bestowed upon the proper organisation of non-credit activities and the knowledge and experience that we have gained in our sphere of the co-operative credit activity must help in undertaking this urgent task.

CONCLUSION.

I will close as I began that a realisation of the ideals of co-operation must be taught and impressed upon every citizen. The inter-dependence and the mutual trust of one individual on the other must be emphasised and that the motto "all for each and each for all" should be imprinted by wide and intensive education in the hearts of every one. Essentially, a voluntary movement undertaken for the benefit of the masses of humanity, it deserves every encouragement at the hands of all public spirited men and of the state. The co-operative movement is an instrument whereby a community as a whole is benefitted by making the Individual a better and a more useful unit. Common bonds must be forged and oneness of the interest of the individual with that of the community must be preached. As I have indicated above, there is still a large scope for the expansion of the co-operative activities and with proper education, public spirit and enthusiasm, workers can be found to carry on this torch from village to village and house to house. In this noble cause you, who have given some of your best in the past, must infuse the necessary enthusiasm into others and induce them to take up this gospel and task.

The 9th South Arcot District Co-operative Conference.

Cuddalore, 10th April 1931.

PRESIDENTIAL ADDRESS

BY

KUMARARAJAH MUTHIAH CHETTIAR OF CHETTINAD, B.A., M.L.C.

GENTLEMEN,

Among all forms of associated effort, co-operative effort is the most equitable. Co-operation is the voluntary association of consumers into a society, controlled as democratically as possible, for the purpose of directly supplying their immediate needs. Its principal object is to promote thrift, self-help and harmony among agriculturists and artisans by eliminating the middleman, the employer and the capitalist. "The theory of co-operation is briefly that an isolated and powerless individual can, by association with others and by moral development and mutual support, obtain in his own degree the material advantages available to wealthy or powerful persons, and thereby develop himself to the fullest extent of his natural abilities. By the union of forces material advancement is secured, and by united action self-reliance is fostered, and it is from the interaction of these influences that it is hoped to attain the effective realization of the higher and the more prosperous standard of life which has been characterized 'as better business, better farming and better living.'" *

The Central Banks.

The Central Banks perform the double function of balancing the funds of societies and supplying capital. There are, according to the Annual Report of the Registrar, at present 31 Central Banks and 14,756 primary societies. These banks hold an important position in the co-operative structure as each of them is intended to finance the primary societies within a single district or part of a district. I find in your district only one Central Bank for 769 primary societies. If one Central Bank is to scrutinise and sanction loan applications of 769 primary societies, there would be considerable delay in getting loans sanctioned. It is not enough to provide cheap credit to the cultivators, but it should be given to them in time and without delay. For this purpose I am of opinion that one Central Bank for the whole of this district is not sufficient.

Supervision.

The supervising and auditing of credit societies is a vexed question. At present the supervision of the societies is done by the Federations numbering 24 and the supervising unions about 405. The question whether the federation or the Central Bank can do the supervising work efficiently is to

* The Maclagan Committee Report, page 2.

be decided by local conditions and particular circumstances. In this district there is one federation, one Central Bank and 22 supervising unions. To ensure efficient supervision I would suggest close co-operation between the Central Bank and the Federation and also the strengthening of the unions by way of liberal grants.

Overdues.

Despite such supervision and auditing, many defects in the shape of overdues and bad debts crop up. The Annual Report of the Registrar of the Co-operative Societies for 1929-30 says that the punctual repayment of loans has proved to be the exception and default has become the rule. There is a steady growth of overdues and rapid increase in the number of suits against refractory debtors. In your district so far as the Central Bank is concerned I notice a slight decrease of overdues under principal (50·7 to 50·67) and an increase of overdues under current interest and arrear interests. According to the Annual Report of the Registrar, the Cuddalore Bank has done very badly in the collection of arrear interest, the percentage being more than 44, the Presidency average. With regard to the primary societies there was a slight decrease in the percentage of overdues under principal and arrear interest as compared with the previous year. It is evident from these that the collection of overdues in your district is very unsatisfactory. You should follow the example of Salem which shows a reduction in the percentage of overdues under all headings. It is said, that this is due to the sustained reconstruction work and supervising efforts of the Central Banks under the guidance of ardent local co-operators like M.R.Ry. Dewan Bahadur R. Ramachandra Rao and M.R.Ry. T. Adinarayana Chettiar. I would suggest the same course to you to concentrate your attention on this important question.

Rectification.

It is unpleasant to note that of late a large number of useless and dormant societies have sprung up. In view of this the Government instructed the Registrar to devote his attention to the rectification or liquidation of bad societies rather than to the formation of new societies. It is deplorable to find from the administration report of your district that 609 societies out of a total of 903 require rectification. Considering the high percentage of societies to be rectified, your work in the direction of rectification and consolidation, in the near future is very important.

Gentlemen, I am not less enthusiastic than the Government for the vigorous weeding out of the dormant societies. As a matter of fact, I strongly believe in this weeding out, for the healthy growth of the co-operative movement. But I would request the Government to be more lenient in registering new societies. I find from the Annual Report of the Registrar (page 7) out of 1,338 applications for registration of societies only 534 were complied with. Though I am aware of the disadvantages of multiplying societies I am convinced that such a kind of metriculous strictness would chill the enthusiasm of the rising co-operators.

NON-CREDIT SOCIETIES.

Rural.

The economic needs of the Agriculturists do not stop merely at obtaining capital for their current agricultural operations. They need seeds, up-to-date implements, cattle and manure. They also need an organisation to sell their produce. Co-operative Societies for the purchase and distribution of seeds, popularising and lending of up-to-date implements for intensive cultivation, cattle breeding and the supply of manure and for marketing the produce, offer an equally effective means of uplifting the cultivators. These activities to a certain extent can be easily undertaken by the existing rural credit societies themselves, which are now mostly money lending concerns.

Urban.

In urban areas, the need is not so much for credit societies as for consumers' and producers' societies. There are societies for the supply of daily necessaries like clothing, books, housing, milk and provisions. But the number of these non-credit societies is very small. As for your district the administration report shows the working of 109 non-agricultural societies. I am glad to note the variety of purposes—irrigation, building, stores, cattle-insurance, labour contracts, etc.,—in which they are engaged. Gentlemen, co-operation in distribution and consumption has a great future and I should like you to have more of these societies.

CO-OPERATIVE MARKETING.

The problem of co-operative marketing is one of pressing importance. As I had already said India is an essentially agricultural country. Unless the cultivator can be certain of selling the produce for a reasonable price, he cannot have enthusiasm for his work. Generally, he labours under great disabilities in selling his produce at a price which will be worth his trouble. Most of his profit goes to the middlemen. The reasons for this state are two-fold: the indebtedness of the ryot and the absence of organised markets. The average ryot cannot afford to wait and sell his produce at a time when there is a real demand for it. As he has to repay debts, pay revenue and meet current expenses, he is obliged to sell his produce outright and it is a well-known fact that the price of the agricultural produce at harvest is usually abnormally low. This position is easily taken advantage of, by middlemen, the number of whom has increased enormously even in small towns and villages, who buy the produce at a low price and sell it later on for a higher price.

Thus practically, the poor ryot is deprived of the profit of his labour. Hence the case for co-operative marketing has assumed so much importance and no Committee or Commission appointed recently has omitted to recommend the organisation of co-operative marketing.

Attempts have been made in the co-operative department to organise and develop co-operative marketing and the Tirupur Cotton Sale Society is an example. Of course there are a number of small societies owning godowns which merely give advances on produce brought into the godowns, leaving the ryot to sell the produce and to repay the advance from the sale proceeds.

The recently appointed Economic Depression Enquiry Committee, of which I was a member, investigated this question. It has concluded that it is not practicable to develop co-operative marketing of food grains, beyond the stage of granting loans on produce enabling the ryot to sell when it seem advantageous to him. It has further recommended the organisation of more co-operative sale societies for all kinds of agricultural produce especially commercial crops and has urged that Government should give liberal grants to such societies for the construction of godowns.

In this connection I wish to refer to the recommendation of the Madras Provincial Banking Enquiry Committee, *viz.*, the construction and organization of licensed warehouses, independent of the co-operative sale societies, in which goods can be held pending sale and pledged for credit.

Though regularised co-operative marketing of food grains may not be very successful, co-operative marketing of commercial crops like cotton and groundnut can be successfully undertaken. Groundnut is one of the chief products of your district. The price of this commodity has considerably fallen. For the past few days it is rising, but it is not appreciable and consequently the cultivators are most adversely affected. Groundnut is a commodity which is chiefly exported to foreign markets. To enable the ryot to get a better price and thus relieve his suffering, I strongly urge the co-operators of this district to organise the marketing of this important commodity.

I am glad to learn that a Marketing Bill is now being drafted and I hope the Hon'ble the Minister in Charge of the department, who is in our midst, would give due consideration to the recommendations of the Economic Depression Enquiry Committee on this subject. The Government may even start experimental societies in one or two districts in the Delta areas, where the marketing of food grains would present fewer difficulties. The efforts in different centres in marketing should be correlated and harmonised by a Central Marketing officer. The importance of this problem of co-operative marketing cannot be gainsaid. That it will result in good price, good quality, maximum profit to the cultivator and consequent relief of the cultivator, is undoubted.

CO-OPERATION AND COTTAGE INDUSTRIES.

Weaving had been, after agriculture, one of the most important industries in the Presidency. Recognising the material advantage of this industry for the agriculturist, Mahatma Gandhi started the Khaddar movement. The khaddar movement is an essentially economic one, directed towards the amelioration of the poor and unemployed. Though unfortunately of late it has been closely coupled with the political movement, its economic utility cannot be doubted.

In this connection, I would like to request the Honourable the Minister for Development to rescind the Press communique issued by the previous ministry prohibiting co-operative societies from helping the manufacture and sale of Khaddar. For, I am at a loss to understand how rural reconstruction will be a success, if co-operative societies are prohibited from helping a cottage industry like the manufacture of khaddar. The good results already achieved by the production of khaddar will certainly be increased if the co-operative societies undertake to help the manufacture and sale of khaddar.

A typical instance of the development of weaving industry on co-operative basis can be found in Salem. As a member of the Economic Depression Enquiry Committee, I had the opportunity of studying the present condition of weavers there. They are passing through a critical time, due to general economic depression, indebtedness of the weavers, lack of capital and of a fully developed and organised market. In Salem a co-operative society was started six months ago to assist the weavers in buying yarn, dyeing it and selling the cloths. Capital for the society was provided by sympathisers and to a small extent by the weavers. But the business requires much expansion. The sympathisers could not risk large sums as capital. Therefore intensive help by the Government in the way of finance and trained staff, is essential.

So far as weaving societies are concerned I find your district has only four societies and that they themselves are not working satisfactorily and I do not see any reason why they should not be run successfully. In a big district like yours, there should be more of these societies.

Another cottage industry on co-operative basis for which your district is congenial is the oil crushing industry. Groundnut is one of the chief products of your district. You all know that the price of this commodity has considerably fallen. This commercial crop is chiefly exported and the exportation of groundnut kernel now is disadvantageous as the price is controlled by the foreign exporters. It should be our object to utilise a portion of the produce for the extraction of oil here, so that the price of the commodity could be kept in favour of the

agriculturists. By organising this oil-crushing industry you will be not only adding to the national wealth of the country but also providing employment to the unemployed. Concerted and earnest efforts on your part in this direction will naturally procure Government's help, which is invaluable to nascent industries.

CO-OPERATION AND EDUCATION.

Education is vital to the Co-operative movement. In the Co-operative movement people are training themselves to control and administer their economic affairs. In this, education plays an important part. It is desirable not only for the members to be intelligent and informed in matters of Co-operative business, but executive officials and employees in the department have to be trained. One of the chief causes of the indebtedness of the cultivators is illiteracy. Apart from its political importance, education has its own economic significance. The fact that a literate ryot is many times better off and more efficient than an illiterate ryot cannot be denied. Without a certain amount of average education, the ryot cannot take the necessary interest in the Co-operative movement nor can he imbibe its true spirit. The success of the movement depends upon the spread of literacy in rural parts and without it, it will be a dead force and a make-shift.

The proper training of the staff and the members in the principles of the movement is equally necessary. The Co-operative training institutes should be strengthened more and better subsidised. There are at present six institutes where candidates for the Co-operative department are trained. It is needless for me to say that the Government should allot more money to these institutes so that their staff might be considerably strengthened. It is even necessary to establish some more institutes at convenient centres, when the Government are financially better off than at present. The local Federations should be well financed to train the panchayatdars upon whose honesty and integrity depends the healthy development of the primary societies.

In Co-operation the moral gain and educative value are as great as the material. It elevates the masses by making them respect themselves. It is not exaggeration when Henry Wolf, an ardent co-operator says, "the idle man becomes industrious, the spendthrift thrifty, the drunkard reforms his ways and becomes sober, the hunter of taverns forsakes the inn, the illiterate, though a grandfather, learns to read and write. It sounds like a tale from wonderland, yet it is all sober fact."

STATE AID.

Without Government's help this nation-building movement which implies finance and security cannot function to the fullest advantage of the people. In the initial stage, active state aid is essential. It should be said to the credit of the Madras Government that they have been helping the movement with finance and trained staff. Even during the period of financial strain, as at present, the Government should not hesitate to finance the co-operative movement. Our province being essentially agricultural, its ultimate prosperity depends upon the prosperity of the ryots. Co-operative Societies help the ryots to attain "better business, better farming and better living." Recently the Government have sanctioned a loan of Rs. 10 lakhs to Co-operative Banks; but I think, considering the volume of demand, this sum is negligible. The Economic Depression Enquiry Committee have recommended to Government to increase the grant to Co-operative Societies. In the present Minister for Development, the Hon'ble Mr. P. T. Rajan, you have an ardent friend of the co-operative movement. He evinces great interest in the progress of the movement. Upon his initiative, on the 27th of last month a Select Committee has been appointed to report on a bill to consolidate and amend the law relating to Co-operative Societies in this Presidency. The provisions of the bill are intended to remedy the existing defects, and ensure the proper working of the societies. I wish the Hon'ble Minister all success in his endeavour.

CONCLUSION.

Co-operative movement in India is 26 years old and compared with its progress in other countries the achievement here is by no means disappointing or discouraging. Even with its peculiar limitations imposed by existing conditions, the movement has given good results. Looking at the variety of purposes for which co-operative associations can be employed it is not too much to say that it is invaluable to any scheme of nation building. A wider diffusion of mass education, a more sympathetic land revenue policy, a comprehensive attempt to utilise the vast natural resources of the country on the part of the State, and earnest endeavour and public spirit on the part of the people are needed to make the growth of the co-operative movement rapid and healthy.

There are defects in the existing societies and their organisation; but these defects and obstacles should not stand in the way of the further growth of the movement as they are neither irremediable nor insurmountable. Conferences like this provide scope for the interchange of ideas among the co-operators from the different parts of this district. It is on such occasions you can take stock of your progress and devise measures for improvement after careful deliberation. Your endeavours will be crowned with success if only you follow the wise words of Goethe:

> "Ponder well and know the Right,
> Onward then, with all thy might."

Co-operation in the Local Legislature.

SPEECH BY MR. C. K. REDDY ON THE CUT IN THE DEMAND FOR CO-OPERATION IN THE BUDGET FOR 1931—'32.

Co-operation is a movement concerned primarily with the poor and rural population. Most of them are altogether unlettered. The small per cent of them that can claim any literacy whatever may be upto the three R, s and that only in the vernacular. Whatever ideas may have to be imparted to them or whichever movement proposes to work for their betterment must have a necessarily vernacular bias, that is, the chief medium of education, propaganda or work in that behalf must be the mother-tongue of the people for and amongst whom they are carried on. From this it follows that people connected with and labouring in the movement must have a grasp of that vernacular so that they may get into first-hand touch with the genious, feelings, wants and even predilections of the people. Nothing can achieve this end better, so far as the administrative side of it is concerned, than the appointment at the head of the department of one who is of the people and of the particular linguistic extraction and can converse with them freely and can get into and even behind their ideas and ideals. This is the principle that is at the basis of the insistent demand from the Andhra co-operative public for the appointment as the Registrar of co-operative societies an Andhra gentleman separately for the Andhra area or, failing it, at least one having intimate knowledge of the Andhra tongue as well as of men and things Andhra. Several resolutions embodying the principle were passed at successive conferences, provincial, district and taluk, since 1919, when the first Andhra Provincial Co-operative Conference was held with the agreement and the encouragement of the then Registrar of Co-operative societies, Mr. Hemingway, who may be said, without meaning anything derogatory to others, to be, (in the words he used to define what a co-operative official ought to be) a true "Friend, philosopher and guide". The resolutions were all communicated to the Government from time to time—to be but pigeon-holed as usual.

Some objections as have come up out of discussions with some official and non-official co-operators are briefly the following:—

1. Duplication of the Registrar and his office and incurring of unnecessary and avoidable expenditure on that account.

2. There will have to be another provincial officer to co-ordinate the policies and operations in the Andhra and the non-Andhra areas and also co-ordinate and supervise the work of the two Registrars for the two areas; otherwise, under the same Provincial Government there may be two kinds of policies at work mutually independent of, if not at variance with, each other—an undesirable thing.

The objections may be easily answered as follows :—

1. The objection of cost may hold good if a civilian registrar, and that a Europian Civilian, is appointed—with his overseas, compensation and other allowances. After all, is a European civilian inevitable in running even rural movements? Possibly an Indian civilian may be cheaper. But may not a provincial service man do? There are many such who have won laurels in the service. To mention names would be invidious and I refrain therefrom. For the expenditure incurred on a single European civilian, at least two provincial officers may be entertained who are no less, if not more, efficient than the former.

Again, there is the Joint Registrar in addition to the Registrar with separate functional jurisdiction who is entrusted with non-credit work. I propose as a sort of stop-gap arrangement till a separate registrar is appointed that, the Joint Registrar, answering to the linguistic qualifications mentioned above, may be told off territorially instead of functionally. That is, a Joint Registrar, preferably an Andhra may be put in charge of the Andhra area for both credit and non-credit work. The Registrar may supervise his work and also look to credit and non-credit work in the Non-Andhra area. This involves no additional cost and will even be welcome provisionally. After at least the present Registrar goes on leave or reverts to the regular line, nothing should prevent the Government to draft an Indian, preferably an Andhra or at least one who has intimate touch with the Andhra language, to the place of Registrar. So also for other language areas.

2. The objection of lack of co-ordination of policy has not much point in it. There is the minister in charge of the portfolio of co-operation who may do the necessary co-ordination of policies and guide the work in the different areas. As against this, it is stated that a minister is generally new to his office and, by the time he gets into touch with the bearings of the movement and acquires sufficient mastery over the details thereof, his term draws to a close. I believe our ministers, after all, are not of such poor mettle. At least, none of them would be prepared to own such a defect. Even if the objection has any force, there is the secretary, a fairly permanent man and generally a senior, efficient civilian who would be thoroughly at home with his work and can without the least misgivings or misapprehensions, be relied upon for co-ordination as well as continuity of policy or policies

He also spoke on the need for starting a Co-orperative Insurance Scheme, on retaining all the 6 training Institutes, on the Bill to be introduced, on continuing the Federations and upon getting depressed class societies affiliated to ordinary unions instead of grouping them into separate unions.

The Twelfth North Arcot District Co-operative Conference.

Tiruvannamalai, 4th and 5th April 1931.

RESOLUTIONS PASSED.

1. This Conference resolves to communicate our gratefulness to His Excellency Lord Irwin and Mahatma Gandhi for the peace restored in the country as a result of the Gandhi-Irwin pact effected recently at Delhi.

2. Resolves to request the Government once again to grant the remission of Postal Money Order and Insurance fees for the remittances made by Co-operative societies.

3. As a result of the rectification work which is being vigorously carried out in the District, several of the societies which were found bad had to be liquidated. There are heavy outstandings due to central bank from such societies. To effect speedy recovery of such dues, this conference resolves to request the Registrar of co-operative societies to appoint two more Inspectors in addition to the two already working to be in charge of the liquidated societies of this district.

4. There are certain disabilities in executing the decrees through the Revenue Department. With a view to remove them and effect speedy collection, this conference resolves that the Government may be requested to confer the powers of a Tahsildar upon the district co-operative officials.

5. This conference resolves that the Government may be requested to issue necessary orders to the Treasury Officers to accept any amount not less than Rs. 25 sent by co-operative societies for the purpose of transmission.

6. This conference resolves to request the Government to issue necessary amendments to the Local Boards Act and the Municipalities Act in such unambigous terms that Co-operative societies may be exempted from profession tax and the Companies tax.

7. It is requested that the Government will be pleased to issue necessary instructions to the Judicial Department so that the starting value of the mortgaged properties that are brought to sale may be fixed in the place where the properties are situated and to the knowledge of the office bearers of Co-operative societies.

8. Encumbrance certificates for a period of twelve years are obtained before the issue of loans on the pledge of landed property in co-operative societies. When such loans are cleared subsequently and fresh loans are

to be issued on the pledge of the same property and also at the time of execution of decrees, encumbrance certificates are again obtained. Applications for such encumbrance certificates have to be sent through the Registrar of Co-operative societies, Madras. This means considerable delay and inconvenience to the borrowers. It is therefore resolved to request the Government to arrange for the grant of encumbrance certificates on the applications made by the panchayatdars of the societies direct.

9. Although a central land Mortgage Bank has been started with a view to finance Primary Land Mortgage Banks, the required funds are not available to meet the demands of the members of primary societies which in consequence are not able to function properly. It is therefore resolved to request the Government to help these Land Mortgage Banks by advancing large sums of loans to be repaid within twenty years.

10. Resolved to request that the Government may be pleased to confer upon the Registrar of Co-operative societies, such powers as will enable him to make corrections, if any, on the awards made by the arbitrators.

11. There had been a disastrous cyclone during the year in our district and it had caused much havoc to the produce of the agriculturists. Even the little produce they got does not fetch a fair price in the market on account of the tightness of the money-market. The ryot-members of co-operative societies have naturally to suffer a good deal to repay their dues to their societies. In view of the above facts it is resolved that extensions may be granted to such of the members of primary societies who have cleared up their dues on 30-6-30 and that the central bank may be requested to grant similar extensions for corresponding amounts to primary societies.

12. It is an admitted fact that co-operative propaganda is of paramount necessity to educate the members of societies and to eradicate the evils that exist in co-operative institutions. To do intense propoganda satisfactorily, this Conference requests the Registrar and the Government to sanction a subsidy of Rs. 5,000 to our District Council of Supervision.

13. Issue of loans on harvested produce of agriculturist members of co-operative societies is now being practised in our district. It is desired that all tbe societies in our district should, as far as possible, adopt and improve this kind of produce loans. This conference resolves to request the Executive Committee of the Central Bank to propagate the issue of such loans in some selected areas of our district and to expand their transactions in this direction.

14. This conference resolves to request the District Council of Supervision to confer a gold medal worth Rs. 25, upon each of such societies which take pains to clear off entirely all the overdues of their

members by 30th June 1931; another gold medal worth Rs. 15 on each of such of the societties whose members' overdues do not exceed 15 per cent of the total overdues; and also a silver medal worth Rs. 7-8 on societies whose members' overdues do not exceed 25 per cent of the total demand. It is also resolved that the societies which receive these medals may make use of them as decided upon at the general body meetings of the societies concerned.

15. It is an admitted fact that the Gray-Co-operative Training Institute in our district, has been doing immense good to the student population of our district as also to those in the several districts of our presidency. There was a proposal last year to abolish this institute. As a result of the strenuous efforts made by our leaders, the Government have been pleased to permit the Institute to work for one more year. This Conference resolves to request the Government to establish this Training Institute permanently in this district. If it is to be decided that all the six Training Institutes in the Presidency should be abolished and only one central institute has to be run, it is requested that the central Institute should be established at Vellore. In this connection, it is to be pointed out that in view of so many considerations and conveniences, the Presidency Police Training School and the Medical College for women have been located in Vellore.

16. As most of the members do not pay up their dues punctually to the primary societies, the overdues are increasing year after year. To arrest futher growth of overdues, all co-operators should exert their utmost to remove all the defaulters from the panchayat, and to reconstitute the panchayat with members who are not defaulters. In the case of societies where the reconstitution of panchayat is found impossible it is requested that the Local Unions and the District Council of Supervision may try to introduce by-law No. 62 that any individual member of the society may be authorised to take all possible steps for collecting the overdues.

17. This conference suggests that the constitution of the Tamil Nadu Federation should be changed as follows :—

GENERAL BODY.

1. All unions may become members.

(Union is an institution which consists as members more than one society registered under the Co-operative Societies Act).

2 (*a*) The union representatives ot the Board of Management of a District Federation or a District Bank where a federation does not exist shall be the representatives of the Tamil Nadu Federation.

2 (*b*) Both the District Federation and the District Bank will each send to the general body not more than 5 representatives on their behalf other than those referred to in the para supra.

2 (*c*) The other unions which do not acquire their membership under clause 2 (a) and 2 (b) will each elect a member to the General Body.

BOARD OF MANAGEMENT.

Each District Bank and District Federation will elect a member from their executive committees to the Board of Management of the Tamil Nadu Federation. In districts where there are no federations the District Bank will elect 2 representatives from their executive committee to the Board of Management.

The Board of Management may appoint necessary committees to carry on the administration of the federation.

18. This Conference resolves that the next District Co-operative Conference be held at Pallikonda in response to the request made by the representatives of the Pallikonda union.

Co-operation in India and Greater India.

I. CEYLON.

(*1st May 1929 to 30th April 1930.*)

We are glad to be told that the Government has sanctioned the formation of the Co-operative Department as an independent one and not subordinate section as it has been hitherto of Agriculture.

There has been satisfactory progress during the 16 years the movement has been working and the following statement gives an idea of the present state of affairs in 1929-30.

Number of Societies	...	...	459
Number of Members	...	...	22,416
Paid up Capital	...	...	Rs. 4,71,228
Reserve Fund	...	...	„ 1,08,482

During the last three years a policy of weeding out bad societies has been steadily followed so that the figures about the number of members and share capital show actual decrease.

Another praiseworthy feature of the movement is the inculcation of thrift and its growing popularity among members. There has been a substantial increase in deposits and "several societies have distributed tills to their members which are opened once a month and the contents deposited".

The following statement of the Registrar would be read with real jealousy by many in India. Out of the 459 societies, there are *222* societies with no overdues at all.

Societies			Overdues,
74	...	...	... 10% overdues.
39	...	...	... 11—25% „
124	over	...	... 25% „

For the first time since 1919 an All-Ceylon Co-operative Conference was held in August 1929 and H. E. the Governor presided and thus demonstrated his real interest in the movement. Co-operative training classes were held at various centres and we are glad to note these classes are becoming popular.

Following the Mysore example, prizes, medals and shields have been instituted.

We agree with the Registrar about the urgent need for appointing women Inspectresses to popularise the movement among ladies.

A Central Bank has been started and some Supervising Unions have been registered and we are glad to note that the Registrar realises that "by the degree to which it (the official co-operative department) succeeds in building up an un-official organisation which can gradually take over the financing and control of the movement the measure of its success is to be judged". That is the healthy frame of mind one wishes to see getting more popular with the officials on the mainland.

S. K. Y.

II. SIAM.

For the Siam Year 2471 (1928-29).

The Seventh Report on the Co-operative Department issued by the Ministry of Commerce and Communications of Siam gives an interesting account of the origin, the growth and the general effect of the movement during the 6 years of its existence.

We are glad to be told that co-operation has enabled many to wipe off prior debts and to acquire new property and has taught the members to manage their own affairs.

There are 91 societies with a membership of 1629. There are many tables giving us the financial position of the movement. The information being given in Siamese Currency we are unable to give our readers any intelligible idea of the same.

We congratulate the Siamese Government on the good work done and hope the progress would be kept up.

S. K. Y.

III. FEDERATED MALAY STATES.

(For the year ending 30th June 1929).

Though the movement is less than a decade old (started in 1922) still the need for a policy of consolidation and " weeding out unsatisfactory societies" has been adopted. There has been, generally speaking, good progress achieved. The statement given below gives details of the movement for the year 1929.

No. of Societies	...	...	138
No. of Members	...	...	23,762
Paid-up Capital	...	...	$ 22,91,749
Total working capital	...	...	„ 24,90,292
Reserve Fund	...	...	„ 1,07,557

It would thus be seen that almost the whole of the working capital consists of paid-up share capital which is a unique feature.

Thrift and Loan Societies for Government Servants and 'mercantile employees' including in the latter term all persons not employed by Government have done "very useful work in extricating the salary earner from debt

furnishing him with legitimate and controlled credit facilities and affording him the opportunity of regularly saving a portion of his income".

Attempts are being made to start co-operative rubber factories in certain districts. The most outstanding incident of the year is the visit on special request by Government of Mr. C. F. Stickland of the Punjab fame. He has, after a careful study of the movement, submitted a report which would be acted upon in course of time.

It is interesting to note that " a cinema film, illustrating the virtue of thrift and the vice of extravagance with passiug reference to the functions of a Rural Credit Society in the Life of Malay peasants " has been prepared and it has been of great educational value.

The Registrar thus sums up the achievement of the movement during the past 8 years. "In that time 190 societies comprising 37,500 members have acquired a paid up share capital of over $ 3 millions and granted loans of over $ 9 millions of which 7½ millions have been repaid. Their cash and investments stand at $ 2 millions. Their losses are absolutely infinitesimal." This is a very good record and we hope the same steady progress would be kept up.

S. K. Y.

IV. STRAITS SETTLEMENTS.

(For the year 1928--29).

Managed by the same Officer as in Federated Malay States, the movement shows the same features though on a smaller scale only. The number of societies, members and paid-up capital are 30,5933 and 3,99,819 respectively.

The salaried officers' societies showed healthy development and there was decrease in the membership of rural credit societies owing to the policy of weeding out.

Mr. Stickland visited this part of the country also and some of his recommeudations about the reorganisation of the Department have been adopted and some are still under consideration.

S. K. Y.

V. ASSAM.

(For the year ending 31st March 1930).

			1928-29	1929-30
1.	No. of Societies	...	... 1320	1390
2.	Members	...	... 66,955	67,813
3.	Working Capital	...	Rs. 64,62,671	Rs. 72,03,548
4.	Reserve Fund	...	„ 7,33,497	„ 8,54,256

The increase would be found to be very little. It is due to refusal of registration owing to "inadequacy of resources of the Central Banks and of inspecting staff."

The Registrar is of opinion that the increase of overdues is explained to a considerable extent by the fact that co-operative societies attempted to give long term credit for debt-redemption, a function which should have been attempted by a separate organisation for it, as Land Mortgage Banks.

The Central Banks do supervision and Government subsidised them to the extent of Rs. 5,000 for this purpose. The Provincial Bank lends direct to societies in areas where Central Banks have not been started. "Many of these Central Banks" says the report, "have not attained that minimum economic size when it may be possible for them to provide for all the cost of efficient management out of their income."

Some grain banks are working satisfactorily of which the most important is "Puran Sakaity Samabai Rindan Samity Dharmagora" the members of which practise the system of "Mushti" i.e. contributing everyday a handful of rice from the quantity meant for consumption at each meal and selling the accumulated quantity once a month and crediting it to share accounts.

There are five Land Mortgage Banks; but "they have to work on a very low margin between the borrowing and lending rates and a small amount of default of principal or interest is likely to adversely affect their working". Evidently they have not floated debentures.

"The audit of rural societies and of Urban and Central Banks could not be completed in time. The inspection of societies by Inspectors was not as satisfactory as it should be as the charges of individual inspectors were heavy."

The Registrar continues to have other duties as the Director of Agriculture and of industries. The Banking Enquiry Committee has recommended, among other things separation of Departments and we are told in the G. O. upon the Registrar's Report that the recommendations of the Committee "which cover much ground, are receiving the careful consideration of Government." The same G. O. styles the Registrar's Report 'interesting.

S. K. Y.

VI. BIHAR AND ORISSA.

(for the year ending 31st of December 1929).

The report is by Rai Bahadur Durga Prasad who after 3 years of administration of the Department has handed over charge to Mr. Ansorage I.C.S. As the government of the Province remark in the order reviewing that report "The Rai Bahadur had to undertake the thankless task of curbing the zeal

of impatient idealists and injudicious enthusiasts who would sacrifice a sustained and judicious building up of the movement for the sake of temporary achievement."

Two special officers were appointed during the year under review to do organisation work in backward areas; but "expansion continued to be rigidly controlled in pursuance of the present policy and consolidation and introspection." The report itself admits that though "in point of membership, working capital, reserve fund and profits the progress has been satisfactory, the position is not yet encouraging with regard to the percentage of collection over demand."

			1928	1929
1.	Number of societies ...		9,188	9,316
2.	Membership		26,71,769	27,31,555
3.	Working Capital ...	Rs.	5,65,11,497	5,82,10,172
4.	Reserve Fund	„	39,84,829	45,23,944
5.	Profit for the year ...	„	10,74,559	11,66,724

One in Madras would be surprised to note that there are as many as 67 Central Banks that held large amounts as deposits that came to nearly 80 per cent of their borrowed capital.

Collection against demand has fallen in the case of loans by societies to Central Banks to 58·9 per cent from 64·9 per cent of the previous year. Execution of awards and the process of liquidation have to be speeded up and the Federation has been subsidised by the Government in the matter of appointing full-timed liquidators and legislative enactment is expected to be made with regard to this matter when the amendment of the Act is taken up. The Central Banks are said to "have now reduced their lending rates from 12½ per cent to 10½ per cent and in several banks loans for land improvement are granted at 8 per cent or 9 per cent." We wonder what Madras Co-operators have to say about this!

A good deal of the report is an elaboration of the statement of the Registrar that "increased attention has been paid to the problems of irrigation, agriculture, education, sanitation and medical relief."

The Registrar estimates, taking the Mahajans' rate of interest into consideration that the movement has saved for the members Rs. 20 lakhs during the year. The movement has encourgaed temperance, arbitration and agricultural improvement by means of popularising improved varieties of sugarcane, paddy, groundnut, wheat etc and the use of the chemical fertilizers. Education by means of starting new schools (one of them for Purdanashin ladies), and erecting school buildings has engaged the attention of banks; so also Sanitation and Medical relief.

"Guarantee Unions", the Registrar frankly admits, "have generally proved failures and the registra..on of new ones has been stopped" pending receipt of expert opinion upon them.

The grain golas underwent a reduction in number by 7 to 76; but they seem to have done very good work especially in the Santal Parganas.

Another interesting feature of the Province is the existenec of credit societies having jurisdiction over the whole province as the Posts and Telegraphs Society of Madras. There are 7 such associations and we are glad to note that collection was cent per cent in the Police Officers' Co-operative Society.

The record of the Housing Societies is a very poor one, there being only one society with 80 members and it has not started the work "in full swing." We are surprised to be told of overdues from members in the case of a store!! Evidently they did not follow the golden rule of the Rochdale Pioneers by selling only for cash.

The Federation did useful work. It runs two Training Institutes, one at Sabour and the other at Cuttack. These have been placed on a permanent basis. It is interesting to note that the Federation gets financial support for these institutions by a levy" of nine pies per cent on the working capital of banks and societies except the Provincial Bank and Guarantee Unions." It also publishes the Co-operative Federation Gazettee in English and a Hindi Magazine.

The parting appeal of the Registrar is full of wisdom based on experience. "Key to success in co-operation in this country is slow and sure advance and not expansion at the sacrifice of solidarity. Every good thing, including co-operation takes time to grow and cannot be handed over to people ready-made. . . . . No society has a right to stand on the rolls unless it has imbibed the principles of co-operation and is working in conformity with them."

The report is a document of solid and substantial work done though not in a spectacular way and we join the Bihar Government in congratulating Rai Bahadur Durga Prasad on the "efficiency and thoroughgoing adminis-tration of the Department."

S. K. Y.

VII. THE UNITED PROVINCES OF AGRA AND OUDH.

(for the year ending 30th of June 1930).

Any student of Indian co-operation who has been reading carefully the annual administration reports of the Department published by various Registrars would have noted that among these drab and colourless reports dealing with dull facts and figures that of the United Province stands out conspicuous on account of the interesting personality of the author that stands revealed in every page. Other reports generally tend towards the ideal of

being 'impersonal', whereas the U.P. Reports, those written by Mr. Kharegat are eminently personal.

The report starts with an analysis of the causes of the present economic depression and the author comes to the conclusion that "local conditions have aggravated the effects of world forces, over production and trade depression" and suggests what Banking Enquiry Committees in all provinces have done, the organising of co-operative marketing.

In discussing the question of overdues he concludes that the root cause thereof is "the unstable economic condition of the tenantry in the District," a view which Sir Samaldas also held in his Presidental address of U.P. held in the previous year. He also refers to the neglect of work of the staff and the difficulty in removing or replacing an inefficient hand on account of nepotism on the part of persons in power. "Nothing short of drastic action by Tahsildars against those who can but will not pay can restore the faith of the simple villagers and others as well in co-operative credit societies." He finds what we call rectification has not been done satisfactorily and refers to the opposition of the existing group secretaries to the transfer of the ministerial work, wherever possible, to member secretaries.

This is one side of the picture. He also records the good work done through co-operative effort in the matter of agricultural improvements such as popularising Meston ploughs and three roller sugarcane crushers. Sanitary improvements are said to be satisfactory 'if true'. Experiments in adult education were not very successful. Some of the teachers are described as having made "false entries of attendance in the Registers and to be appropriating the money allotted for oil for their own use. It is hoped that the experiments they are going to make of doing intensive work in particular areas (as the Salem experiment in our province) would be successful.

It is incredible though true that the financing of rural societies is being done by 69 central banks mutually independent except for the co-ordination effected by the Department with as yet no apex bank! Space forbids giving details about the working of central banks. Their business methods are condemned and the warning is sounded that overdues are increasing high.

Taking primary agricultural credit societies their number decreased from 5390 to 5044 inspite of 130 new societies registered during the year. Let us hope with the Registrar that in another year the upward tendency is likely to manifest itself.

Provinces like ours where depressed classes societies are not only treated separately but are encouraged to form their own union and not come into the main current of the movement, will note that in the opinion of the Registrar "there does not seem to be any need for forming special societies for them as is sometimes urged."

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The Registrar goes beneath the surface in examining reports about inspection and audit and has some home truths to say (paragraphs 55-57 of the report); So also upon the recruitment of Supervisors and their training. He appreciates the good work done by the United Provinces Co-operative Union which publishes an English Journal some in the vernaculars. He warns the leaders against dragging politics into the movement and this deserves to be remembered by all workers. The concluding remarks are weighty und distinctly optimistic in tone in spite of the depressing state of affairs. "If rural development is to take place along sound lines, and if the condition of village and villagers is to be improved, it is through co-operation alone that progress can be achieved which will prove lasting and not disappear with the transfer of an individual. There can be no nobler object than trying to bring a little more happiness into the lives of the rural population and no better field for activity for this purpose than co-operation.

STATEMENT.		1928-29.	1929-30.
Total number of societies of all classes.		5,444	5,184
Number of members	...	1,28,512	1,21,871
Working Capital	...	Rs. 103,49,214	100,13,479
Reserve Fund	...	" 21,75,184	22,94,402
Profit ...	...	" 5,26,293	6,03,359

VIII. BENGAL.*

(For the year ending 30th June 1929).

Another year has passed and the latest report is awaited; still we publish a short review of the report of the year 1928-29. The Registrar complains about the inadequacy of staff especially for auditing (there being only 124 auditors for nearly 20,000 societies of all kinds) and for supervision. It would be remembered that supervision is done by Central Banks only; where the banks are unable to maintain an efficient supervising staff, they are being subsidised by the Department.

In spite of the vigorous policy of weeding out, the number of societies rose from 18,107 to 19,877 and membership from 6,35,959 to 7,06,572. The working capital also increased from Rs. 11·10 crores to 12·88 crores.

"The development of thrift as national virtue ought t be one of the aims of the movement and it is recognised that no avenue in this direction should be left unexplored." We are glad to note that various devices employed by central and urban banks for promoting thrift, such as the introduction of House Saving Boxes, have been successful.

There is reference made to the starting of the Bengal Provident Insurance Society Ltd., and also to the many Benefit Societies that have been started. "The object of these societies says the report," is to promote thrift by

* The delay in publishing the review is regretted.

compulsory savings by members so as to make provision for themselves and their dependants in times of trouble and to secure to each member or his nominee at death or retirement the benefits of the joint fund belonging to the society." It would be noted by our readers that the departmental attitude towards such societies has been definitely antagonistic in this Province.

Encouragement of education and avoidance of litigation are referred to as the result of the spread of the movement. There are references to Land Mortgage Banks (just two in number), agricultural marketing, Milk Societies and Irrigation Societies. Prominent mention is made of the co-operative land colonisation scheme in the District of Chittagong and the formation of House Building Society at Darjeeling. Reference also is made to the formation of Bengal Provincial Co-operative Industrial Society which is an experiment run with government subsidy guaranteed for three years.

The work done by the Bengal Co-operative Organisation Society is referred to in appreciative terms. The society is publishing two journals, one in English and the other in Bengali and it also undertook and organised the training of departmental officers and Central Bank staff.

We do not go into the details of the working of the movement as the information contained has become out of date and many statements are not true to-day.

The excellent work done by the Central Co-operative anti-malaria society which did propaganda and that of the famous Calcutta Milk Supply Union deserve special mention. The latter is an institution of which any city can be legitimately proud and all other Provincial Capitals will do well to imitate this good example of the city of palaces.

We eagerly expect the latest report.

S. K. Y.

Reviews

THE MADRAS CO-OPERATIVE MANUAL.

BY F. R. HEMINGWAY, I.C.S. REVISED BY H. M. HOOD, I.C.S.

Registrar of Co-operative Societies.

The famous 'Hemingway Manual' as it is popularly known was published in 1921 by that genuine co-operator, the late Mr. Hemingway. It was divided into four independent parts entitled "A Short introduction to Co-operation in the Madras Presidency" "The Village Societies' Handbook" "Hints to Departmental Officers", and "Acts, Rules, By-laws, Forms and Appendices". The author himself was conscious of the fact that "a good deal of repetition is unavoidable."

It was republished in 1926 by Mr. Gray when he was the Registrar of Co-operative Societies, but beyond bringing the amendments to the act up-to-date and adding some more model by-laws and furnishing an appendix showing the progress of co-operation during the quinquennium 1919-20 to 1924-25 Mr. Gray did not do anything. It was only a reprint in the literal sense of the term.

The present edition by Mr. Hood is radically different from the original and the 1926 reprint. Relegating part IV of the old book dealing with Act, Rules etc to a II part to be published later, the 1st Part now under review deals with the subject matter of the first 3 parts of the old book. Much new matter has been added, repetitions have been avoided, a good deal of condensation has been effected and everything brought up-to-date. (1930).

The new book deals with the whole question in 16 well arranged chapters. The first chapter gives a bird's eye-view of the whole problem and the other chapters are elaborations of the points hinted at in the Introduction. It begins with a learned discussion as to what constitutes co-operation. The history of the movement in this Province is then traced, followed by a descriptive account of the co-operative structure both on the financial and on the supervisory and educational side. The chapter concludes with a brief reference to various forms of non-credit co-operation.

Chapters II, III and IV will constitute the village society's 'Vade Mecum' and a good deal of it is old matter rearranged and presented in a more logical sequence.

A good deal of the matter in Chapter V dealing with Urban Banks is new. There is stress laid upon the ultimate objects of these banks, i.e. encouragement of thrift and popularising of banking habits. There are helpful hints on the need for expert management and on the size of Urban Banks.

The next Chapter deals with the financing agency, the Madras Central Urban Bank and the Central Banks and the history of their origin and

development. Much of the matter in this chapter dealing with the details of the actual working of Central Banks is new.

Chapters VII and VIII deal with special types of societies, credit and non-credit. There is much new matter on "School and College Societies", "Weavers' Societies" etc.

The next three chapters deal with supervising Unions, District Federations, Linguistic Federations and the Provincial Co-operative Union. It is inevitable that a good deal of what has been said about District Federations should have become out of date owing to the march of events. Much of what has been said about the Provincial Co-operative Union is new. The statement that its income is derived from among other sources 'Government subsidy' is likely to lead to misconception on the part of those not conversant with the details of the history of the Provincial Co-operative Union. The Provincial Co-operative Union was given a special subsidy for conducting training classes and later on when Training Institutes were started in various parts of the Presidency (described in full in chapter XI) the P. C. U. has been getting that grant for conducting the Panchayatdars' classes in the City of Madras. The Provincial Co-operative Union *does not get and never got till now* any subsidy as other Provincial Institutes are getting from their Governments and as the Townsend Committee has recommended. In the light of these facts the sentence is misleading.

Chapters XII to XV deal with Audit, Organisation, Starting, Arbitration and Execution & Liquidation, i.e. from the birth of a society to its death and burial. Practically the whole chapter on Liquidation is rewritten and there are some very useful new hints added about organisation. The last chapter dealing with concessions granted by Government is more or less the same as the corresponding chapter of the old book with a few new points.

While we have nothing but praise for all this good work, we are sorry the immense importance of Bibliography has not been grasped and the work done under this heading is rather slipshod. Whatever might have been the justification for publishing 2 alphabetically arranged list of books 10 years ago, in the year of grace 1930 the list should have been classified under main headings such as 'General Economics', 'General Principles of Co-operation ", 'Co-operation in other lands' etc. Information given is wrong in some places, as for example, in page 169, the address of the publishers of the International Co-operative Bulletin is given as 'International People Alliance'. We wonder whether any co-operator wishing to get a copy of the International Co-operative Bulletin will have his desire fulfilled if he posts a letter to the address given! In the same page against Lees Smith's Studies in Indian Economics, the address at which the book is available is given as '1909'!!.

In the sections dealting with co-operation in India, Books, Magazines, Committee Reports, Departmental Manuals are all jumbled together. There are mistakes owing to the information bring not up-to-date. B. B. & O. Co-operative Journal has no place of publication (page 172) and if we follow, the general rule where no specific information is given a 'ditto' is implied as in the case of the books by Hall (page 168) we would be seeking help from the wrong quarter.

The list is a scanty one considering the resources in books on Co-operation available at Madras. The libraries of the University, Provincial Co-operative Union and the Madras Central Urban Bank could have been, with great advantage, consulted and a fuller and a more authoritative list drawn up. There are few books on Land Mortgage Banks, a very important branch of Co-operative Credit.

We congratulate Mr. Hood and Mr. Narayana Nair who seems to have helped the Registrar on this excellent publication and we hope the defects pointed out would be rectified in subsequent èditions. S. K. Y.

REPORT OF THE BANKING ENQUIRY COMMITTEE, TRAVANCORE.

The Committee had the status of a Provincial Committee but it concerned itself also with the problems like Regulation of Banking and Banking Education which in British India, the Central Committee have reserved to themselves; because final action about these matters so far as the state is concerned has to be taken by the Durbar itself. The constitution of the Committee also followed the practice of the British Province and various interests were given due representation on that body. There has been already a demand for inquiries along various lines undertaken, which was expressed by peoples' representatives in Legislative Council and in the popular Assembly.

Before going into details I should like to make some general remarks about the report as a whole. In the first place, it is not clear whether the Committee had any definite economic goal and social policy intended ultimately to enable the people to reach the goal. These may not perhaps come within the purview of the Committee; but whether the Committee envisaged their immediate problems against a background of definite ideals and principles is more than one could say. For example the relation between growth of population and the economic condition of the people, the function of the state in relation to the economic activities of the people and lastly, whether the present economic fabric essentially individualistic and competetive in outlook is to be looked upon as a permanent arrangement or another and better state should be striven after, are questions that do find no answer at all; not only this, but no sign even to be found in the report that these problems ever engaged the attention of the committee or were present; if not in the sphere of immediate cognisance, at least in the dim background of their minds. But this defect, if at all it is one, they share with all Provincial Reports. They are business documents and have nothing to do with

speculations on fundamentals. Secondly the committee, we are glad to note envisaged the economic problem of Travancore not in isolation, but as organically interconnected with the problems of British India (para 276 of the report). That is as it should be. Thirdly, the supreme importance of the co-operative movement as a powerful force for the uplift of the masses is recognised throughout and it is given the high place it deserves.

The descriptive chapter dealing in general outline with the physical features and natural divisions of the State, general economic condition, the crops grown, the different systems of land tenure etc is very well written.

Chapters IV, V, & VI deal practically with agriculture in its various aspects. There is nothing unique about the general complaint recorded against the working of the Land Improvement and Agricultural Loans regulations, as we have similar complaints recorded in almost all Provincial Committee Reports. Co-operation is rightly exalted to the position of being the chief agency for helping the agriculturist and the starting of Land Mortgage Banks is recommended to give long term credit to him. The chapter on agricultural marketing is an important one, as that is the subject engaging everybody's attention at present. The need for developing the existing ports and roads, the introduction of standardised weights and measures, the great scope co-operation has in the field of marketing are all specially emphasised.

In other chapters which are all arranged according to the standard plan adopted by all provincial reports recommendations are made to bring existing practices on a line with those obtaining in British India. In the chapter on "Chitties" or "Kurries" as they are called in Malabar, recommendations are made similar to those by the Madras report to place this highly useful indigenous institution on a satisfactory business basis and to lessen the chances of exploitation of the people by clever foremen. The significance of insurance in socio-economic schemes is well recognised and recommendation is made that the benefit of the State Life Insurance scheme should be extended to the public at large. This is almost a virgin field and there is ample scope for educative propaganda. The need for practising thrift on a national scale is recommended.

We come lastly to the chapter specially devoted to co-operation. A brief description of the history of the movement and of its present condition precedes an examination into the details. The general recommendations are in consonance with the most accepted Indian views; as for example the classification of loans into short, intermediate, long-term ones and the village societies being recommended to deal only in numbers (1) and (2) leaving it to a Land Mortgage Bank to deal with the third. "Patient and persistent education of membeps of Primary societies in the principlps and meaning of co-operation" is insisted upon. Provincialisation of supervisors and the adequate supply of efficient auditors, state aid to co-operative experiments in the management of industry and marketing, reorganisation of the department by giving additional staff to the Registrar are all recommended and above all a thorough inquiry by an expert committee into the working of the movement is recommended. Those who have been following the progress of the co-operative movement in the state as shown in the reviews in the pages of our journal of annual reports of the Registrar would notice that these problems have already been discussed by the Registrar.

In this connection we would like to draw the respectful attention of the authorities of the Durbar to recommendations Nos. 119, 121, 122, 126 and 129 of the Bombay Committee.

The formation of a permanent Department of Commercial Intelligence with a trained staff for economic survey and collection of reliable statistics (the importance of which is only slowly getting realised in this country now, though America did so 50 years ago) is a recommendation which Provincial Committees in British India have also made.

The report on the whole is a very valuable document containing much useful information about the economic condition of Travancore well presented. It also contains many practical suggestions for the improvement of the same which, if adopted, will considerably ameliorate the condition of the masses.

The Committee in general and its worthy President in particular (who unlike in British India had to attend to the onerous duties of his new office without prejudice to his duties as the Registrar of Co-operative Societies) deserve to be congratulated on the thorough manner in which they did their investigation and enquiry and on the excellent report they have published.

S. K. Y.

RESTORING THE FERTILITY OF INDIA

by Sir Alfred Chatterton, C. I. E., F. C. G. I.

We have received a copy of a reprint of an article on the above subject by Sir Alfred Chatterton, formerly Director of Industries in this Province. The concluding para quoted below gives the gist of the article. "To sum up briefly the conclusions of this note, evidence has been furnished that in India the yield of crops is much below the standard now reached in other oriental countries, that its importation of fertilizers are comparatively, insignificant in contrast with those of Egypt and Japan, and that the increased yield of the soil due to the use of fertilizers is of the order of 50 per cent. From these facts it is deduced that there is profitable employment for a very large amount of capital in financing the cultivators, that the increased return will add greatly to the spending power of the people and facilitate industrial development and that ultimately it will be possible to establish very large electro-chemical and other plants to supply the internal demand for material

to maintain the fertility of the soil." We hope there is ample scope for Co-operative Capital in the new line of mannfacturing artificial fertilizers.

THE JOURNAL OF THE TRICHINOPOLY DISTRICT AGRICULTURAL ASSOCIATION.

We have received the first number of the 2nd volume of the above Journal. It is a bilingual quarterly "devoted to the advancement of agriculture, gardening and allied subjects," published by the District Agricultural Association of Trichinopoly. The number under review contains interesting articles on "Poultry Keeping", "Purity of Seed", "Preservation of Cattle Manure", etc., and also the annual report for 1930 of the publishing association. It also contains an address by Sir T. Desikachariar on "Agriculture and Co-operation". Most of the important articles are translated into Tamil. We wish the Journal all success.

S. K. Y.

Special Type of Societies.

TIRUTURAIPUNDI CO-OPERATIVE STORES

BY

Mr. A. Ramiah, Hon. General Secretary.

The Directors' report on the working of the stores during the 12th year ending with 30—6—1930, presented to the general body on the 12th instant reveals a membership of 87 individuals and 33 societies whith a paid-up share capital of Rs. 1180. The sales amounted to Rs. 19,330 and the gross profit to Rs. 1,502—10—0.

Out of the net profits viz., Rs. 879—13—0, a dividend of nine per cent was declared and rebate at 3½ pies per rupee on purchase by members will be paid. The Reserve Fund amounts to Rs. 2,896—13—6.

The report concludes with an appeal to co-operators to develop co-operative purchases and sales extensively and thus improve the economic condition of the people.

Here is a successful store which has withstood the test of time and with a band of loyal members though small in number is able to say that the store movement is congenial to the soil of India as against the opposite view held by many co-operators, official and non-official alike.

Correspondence.

The Editor,

MADRAS JOURNAL OF CO-OPERATION,

THE TIRUPATHY (EAST) CO-OPERATIVE HOUSE-BUILDING SOCIETY.

Amendment of by-law 14.

SIR,

In the 2nd Madras Presidency Co-operative Building Societies' Conference held at Madras on 19-4-1930 a resolution to request the Registrar to alter the Model By-law No. 14 dealing with borrowings was passed. According to the existing model by-law, a society shall borrow all the money it requires only from Government but, however, the Board of Directors may obtain deposits from members provided that such deposits are repaid as soon as the loan from Government is received. The conference resolved to alter the model by-law 14 as follows:—"The Society shall borrow the money it requires at such rates and on such terms as the Board of Directors may settle. In respect of Loans from Government, there shall be a first charge in favour of them on the properties with respect to which the loans are taken." (Published on page 814 Vol. 21 of Madras Journal of Co-operation).

It is not known what steps have been taken by the Provincial Co-operative Union or the Secretaries of the Building Societies' Conference, to urge on the Registrar the necessity for altering the model by-law 14 as resolved upon by the conference.

Our Building Society passed an amendment, as suggested in the conference, in its General Body Meeting and requested the Deputy Registrar to register the amendment. It was urged on the Deputy Registrar that the amendment was quite reasonable and necessary, as it would give an opportunity to the society to take deposits when they are locally available, at less rates of interest, than the rate offered by the Government. Further the amendment did not in any way impair the security of the Governmrnt Loans as a first charge is reserved in favour of the Government Loans.

Under the recent Government Order No. 680 Finance dated 7—11—30 the rate of interest on Government Loans have been raised to 7½%. This was also urged as a ground necessitating the registration of the amendment of by-law 14 as local deposits may be available at 6% or 6½%. But the Deputy Registrar at first stated that he regretted or he could not register the amendment, and that if however the Society was able to raise deposits for periods exceeding 10 years he would consider the proposal. But, in spite of the assurance given that local deposits can be raised for periods exceeding 10 years the Deputy Registrar has finally in February 1931 refused to register the amendment proposed stating, " As the margin of safety for the Government will be reduced, the Joint Registrar is not prepared to accept the amendment.

I fail to see how the safety of the Government loan would be reduced by registering the amendment to the By-law. I request that I may be enlightened through the columns of your valuable journal, if any other Building Society has adopted the amendment, and if it suffered the same fate.

It is requested that the Provincial Co-operative Union may urge on the Registrar the necessity for altering the model by-law No. 14 aud see that the resolution of the conference is duly given effect to.

P. RATNAPATI,
Secretary.
The East Co-operative House Building Society Ltd., Tirupathy.

WORKING OF THE DISTRICT FEDERATION, GUNTUR.

We have received a lengthy letter from Mr. C. Venkata Rao, President of the Co-operative Union, Ongole in Guntur District about a resolution passed at the last District Conference held at Tenali under the Presidentship of Mr. T. Audinarayana Chettiar for abolishing the Federation. The letter recounts the slow but steady progress made by the Federation and the useful work it is doing. It also questions the representative character of the District Conference. Every one will agree with the following remarks. " Whether Federations should exist or not, there cannot be a hard and fast rule for every District. Where Central Banks are worked on sound lines by self-less men, Federations may be superflous bodies. But in Districts where the working of the Central Bank is not satisfactory, where the voice of societies has no effect before the voice of individuals, Federations are necessary."

Extract.

CO-OPERATION.

(Extract from the Administration Report of the Labour Department issued on 21st January 1931).

" The organisation and working of co-operative societies amongst the depressed classes progressed on the usual lines in the 19 districts in which a special staff is working. The societies that were functioning during the year fall under one or other of the following categories :—

(i) Societies for obtaining loans for the acquisition of house sites;

(ii) Societies for obtaining loans for the agricultural purposes such as the purchase of cattle, seeds, ploughs etc.

(iii) Societies for flood relief

(iv) Rural credit societies and

(v) Societies for collective bargaining.

Government as usual financed the first three kinds of societies, while the rest were financed by Co-operative Banks chiefly, the Madras Christian Central Co-operative Bank.

There were 1,669 societies at the beginning of the year. 108 societies were registered during the year, 92 societies were transferred to this depart ment from the control of the Co-operative Department in areas newly taken up by the special Labour Staff, and 59 societies were wound up. Thus there were at the end of the year 1,810 societies working under the control of this Department.

Statement No. IV gives the number of co-operative societies arranged by districts.

The societies continued to be supervised by a special staff of co-operative Inspectors whose services are lent by the Co-operative Department. A uniform scale of one Inspector for the supervision of every 25 societies was sanctioned by Government during the year. The special staff devoted more attention to the weeding out of bad societies than to the organization and registration of fresh societies, which accounts for the fact that there was a considerable fall in the number of societies registered and a large increase in the number of societies wound up during the year, as compared with the figures for the previous year. It was constantly impressed on District Labour Officers that from every point of view it is better to have really good society than to have a dozen societies which cannot or not function properly. The very great importance to the depressed ;ses of the thrift side of the movement was also constantly impressed District Labour Officers.

In order to place the co-operative activities of a department on a sound .is, the urgent necessity for the services of a Gazetted Officer of the -operative Department to assits the Commissioner in supervising the work the special staff on the co-operative side was brought to the notice of ›vernment and Government thereupon sanctioned the appointment with ect from the beginning of the current official year of a Deputy Registrar Co-operative Societies to work under the Labour Commissioner.

P. C. U. Propaganda.

Between the 18th and 21st of April, Mr. V. Venkatasubbaiya, Secretary of the Rural Reconstruction Committee of the P. C. U., visited the Rural Reconstruction Centres at Indukurpet and Gudlavalleru. A meeting of the Indukurpet Rural Reconstruction Committee was held at Nellore on the 18th instant when all members except one were present. The report for the quarter ending 31st March '31 was read and adopted. He was impressed by the supervisor's work in connection with the cholera outbreak. The supervisor had induced the villagers to have their bulls and other animals castrated by the improved methods. Khaddar production had decreased owing to the harvest season when the villagers were out in the field. He suggested the formation of a scout troop in the centre, but the idea was dropped for want of boys of scouting age. The District Bank was quite well-disposed towards the centre.

He next visited the Gudlavalleru centre. As no suitable supervisor was to be had, the centre was without one for some 10 months, i.e., from May 1930 to March 1931. The tense political atmosphere was another handicap to the progress of normal work. The illness for the last 6 months of Rao Saheb G. Venkataratnam Pantulu Garu, the president of the Rural Reconstruction committee was unfortunate as it deprived the centre of its guiding spirit. Now that he is a little better and the political sky has also cleared and the old supervisor has also been reappointed, normal work is expected to proceed. During the absence of the supervisor, the circulating library was kept at work and the stock of cotton and Khaddar was sold out. He held a long discussion with Rao Saheb Venkatratnam Pantulu about the programme to be followed by the centre in the near future. He also went through the accounts and other books.

THE DEADLOCK AT TIRUPACHANUR RURAL RECONSTRUCTION CENTRE.

As advised by the President of the Provincial Co-operative Union, Mr. Venkatasubbaiya went to Cuddalore to have a heart to heart talk with the local people regarding the continuance of the Rural Reconstruction Centre at Tirupachanur. The present situation of the centre is this: The District Bank which joined the P.C.U. Rural Reconstruction Scheme when Mr. Krishnaswami Iyengar was president paid Rs. 1,000 in the 1st year, reduced it to Rs. 500 in the second year (when Mr. Krishnaswami Iyengar had ceased to be the president) and in the 3rd year not only made no grant, but amended the by-laws, doing away with the common good fund. On the evening of the 29th April, '31 Mr. Venkatasubbaiya had an informal talk with Mr. Sivananda Mudaliar, the present vice-president of the Bank, Mr. Krishnaswami Iyengar, Mr. Parthasarathi Mudaliyar, an influential Director of the Bank and Mr. Nagaraja Iyer, the convener of the centre. He impressed upon them the importance of continuing the centre and taking suitable steps for the same. As a result of these talks, he came to the conclusion that it is advisable to keep the centre running as the leaders of the two parties had agreed to help the centre. The prospects of the centre are expected to improve after the next election.

WORK AT ELUR.

Between the 4th and 7th May Mr. Venkatasubbaiya went on a tour to inspect the Rural Reconstruction work at Elur and also to see the co-operative work carried on in Rasipur Taluk under the direction of Dewan Bahadur R. Ramachandra Rao. He visited Elur and the surrounding villages. The centre has responded well to the call of prohibition and the Government have included it in the experimental dry area. Sanitary programme is well attended to. The rural dispensary is becoming popular. There is a great need for a trained mid-wife on a higher salary than the present one of Rs. 25 per mensem. People are taking to the habit of converting prickly pear into manure. 90 charkas and 5 looms are at work and there is a stock of nearly Rs. 1500 on hand which is causing much anxiety. The Industries Department is sinking a well to provide the people with good drinking water. The attendance at night school is, however, poor; agricultural demonstrations have not succeeded and the physical instructor has not been able to achieve anything during the past one year. But the supervisor is earnest in his work and has been able to win the respect of all. It has been said that this poor result was due to the wrong choice of the village. But Mr. Venkatasubbaiya is of opinion that this is not the proper cause. As a matter of fact, it might be advanced against any centre where Rural Reconstruction work is being carried on by any agency. He emphasised the need for a well-trained physical instructor to organise games and scouting. The work of rectification and consolidation was satisfactorily done. He pays a glowing tribute to the staff of the bank and especially to Dewan Bahadur R. Ramachandra Rao for their enthusiasm to set the co-operative house in order. There is real co-operative spirit in the centre. He suggests the publication by the District Bank of the rectification work carried on there, as it may be of immense use to other organisers in other parts of the Presidency.

CIRCULAR No. 1.

The 19th Madras Provincial Co-operative Conference.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION Ltd.,
ROYAPETTAH, MADRAS.

12th May 1931.

To

All Central Banks, Dt. Federations, Local Unions, Non-credit Societies and Urban Banks.

Dear Sir,

The XIX Madras Provincial Co-operative Conference will be held at Madras on the 20th and 21st of June next, under the presidency of **M. R. Ry. Rao Bahadur T. A. Ramalingam Chettiar** B. A., B. L., M. L. C., of Coimbatore.

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

Each Central Bank, District Federation, Local Union, Non-credit Society and Urban Bank is at liberty to send two delegates; while unlimited liability societies * are requested to send only one delegate each.

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

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

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

Yours Sincerely,
V. RAMADAS PANTULU,
President.

*Local Unions may inform the primary societies affiliated to them that a society may if it so wishes elect a delegate to the conference.

CIRCULAR NO. 2.

To

All the Members of

The Madras Provincial Co-operative Union, Ltd.

The annual general body meeting of the Union will be held at 8 A. M. on the 21st of June 1931, on the occasion of the ensuing XIX session of the Madras Provincial Co-operative Conference to be held at Madras on the 20th and 21st of June 1931.

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

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

Yours Sincerely,
V. RAMADAS PANTULU,
President.

*Attention is drawn to the fact that delegation to the general body meeting of the Union is entirely different from delegation to the Provincial Conference.

CO-OPERATIVE MEETINGS AND CONFERENCES.

Thursday the 18th June 1931.

Central Banks' Conference at M.C.U.B.	11 A.M. to 4-30 P.M.
General Body Meeting of the M.C.U.B.	5 P.M

Friday the 19th

The Meeting of the Board of Management of the M.C.U.B.	8 A.M.
The Joint Meeting of the Boards of Management of the M.C.U.B. and the P.C.U.	2 to 6 P.M.
Co-operative Drama	9 to 11-30 P.M.

Saturday the 20th

Meeting of the Board of Management of the P.C.U.	8 to 10 A.M.
Opening Session of the Conference ...	12 to 2 P.M.
Lunch of the M.C.U.B.	
Silver Jubilee Celebration of the M.C.U.B.	4 to 5-30 P.M.
Tea	5-30 P.M.

Sunday the 21st

General Body Meeting of the P.C.U.	8 A.M.
Business Session of the Conference	12 to 6 P.M.

(SD.) V. RAMADAS PANTULU,
President.

Government Orders.

LOCAL SELF-GOVERNMENT DEPARTMENT

G.O. NO. 692, L. & M., 5th MARCH 1931.

RULES—Establishment—Servants of local bodies taking part in co-operative societies etc , confirmed with alterations.

READ—the following papers :—

I

G O. No. 3780, L. & M., dated the 23rd September 1930.

II

From the Chairman of the Mayavaram Municipal Council, dated 27th October 1930, No. 1548 30.

From the Registrar of Co-operative Societies, dated 15th November 1930, No. B. 6770 30.

From Mr. A. N. Rajan, a co-operator, Salem, dated 6th November 1930.

Order— No. 692, L. & M., dated 5th March 1931.

In G.O. No. 3780, L. & M., dated the 23rd September 1930, Government published for general information and criticism the draft of certain rules governing the connection of officers and servants of local bodies with co-operative societies. Certain modifications to the rules have been suggested but these are not acceptable to Government.

2. Government have on further consideration decided to leave it to the heads of local bodies to permit their employees to take part in the management of co-operative societies either with or without remuneration. The rules have been modified accordingly and are now confirmed.

3. The appended notification will be published in the *Fort St. George Gazette* and will be republished in all the District Gazettes in English and in the vernacular.

4. The Senior Translator to Government is requested to furnish the Superintendent, Government Press, with translations of the notification in Tamil, Telugu, Malayalam and Kanarese for publication in the District Gazettees.

(By order of the Government, Ministry of Local Self-Government)

HILTON BROWN,
Secretary to Government.

To all Presidents of District Boards with copies to Presidents of Taluk Boards and Presidents of Panchayats.

,, all Chairmen of Municipal Councils.

,, all Collectors.

,, the Inspector of Municipal Councils and Local Boards.

,, the Law (Drafting) Department.

,, the Development Department.

,, the Registrar of Co-operative Societies through Development Department.

,, the Senior Translator through Law (Legislative) Department.

,, the Examiner of Local Fund Accounts.

,, the Superintendent Government Press, for publication in the Fort St. George and in the District Gazettes.

APPENDIX

NOTIFICATION.

In exercise of the powers conferred by $\frac{\text{clause (f) of section 74 and clause (a) of sub-section (2) of section 303 of the Madras District Municipalities Act, 1920 (Madras Act V of 1920).}}{\text{clause (h) of sub-section (1) of section 71 and clause (b) of sub-section (2) of section 199 of the Madras Local Boards Act, 1920 (Madras Act XIV of 1920),}}$ the Governor acting with Ministers is pleased to make the following rules for regulating the conduct of officers and servants of $\frac{\text{municipal councils}}{\text{local boards}}$ in relation to co-operative societies :—

Rules.

1. No officer or servant of a $\frac{\text{municipal council}}{\text{local board}}$ shall accept paid employment in any company, or mutual benefit society, or act as an agent, whether paid by salary or by commission, to any insurance company or society.

2. (*a*) Any officer or servant of a $\frac{\text{municipal council}}{\text{local board}}$ may with the provious sanction of the $\frac{\text{Chairman of the Municipal Council}}{\text{President of the Local Board}}$ take part in the management of a mutual benefit society, provided that no remuneration is accepted therefor.

(*b*) Before according sanction in any case under sub-rule (*a*) the $\frac{\text{Chairman}}{\text{President}}$ shall satisfy himself that the work undertaken by the officer or servant will be performed without detriment to his official duties.

3. (*a*) Any officer or servant of a $\frac{\text{municipal council}}{\text{local board}}$ may take part in the promotion of co-operative societies and may, with the previous sanction of the $\frac{\text{Chairman of the Municipal Council}}{\text{President of the Local Board}}$ hold office in any co-operative society or, serve on any committee appointed for its management or, accept remuneration from it for any service rendered by him.

(*b*) Before according sanction in any case under sub-rule (*a*) the $\frac{\text{Chairman}}{\text{President}}$ shall satisfy himself that the work undertaken by the officer or servant will be performed without detriment to his official duties.

SIR LALUBHAI SAMALDAS,

President, Second Provincial Co-operative Institutes' Conference held at Hyderabad on 4—5—'31.

The Second All-India Co-operative Institutes' Conferenc(

4th and 5th April 1931.

PROGRAMME.

Saturday the 4th April :

2-30 P.M. TO 4 P.M.

Welcome Songs.

His Exalted Highness the Nizam's Message.

Inaugural Address by H. E. Raja Rajayan Maharaja Sir Kishe(Pershad Bahadur, G.C.I.E., Prime Minister of Hyderaba(State.

Vote of thanks to H. E. the Maharaja Bahadur.

Welcome Address by Dewan Bahadur S. Aravamudu Iyenga(O.B.E., Vice-President of the Hyderabad Central Co-opera tive Union.

Presidential Address by Sir Lallubhai Samaldas, C.I.E., th(President of the Association.

4-45 P.M. Garden Party at Shad Mansion, by His Excellenc(Maharaja Bahadur Sir Kishen Pershad.

7 P.M. Meeting of the Subjects' Committee at "High Cliff" th(Delegates' Camp.

Sunday, the 5th April 1931.

8-15 A.M.

Business meeting of the Association.
Minutes of the last meeting.
Adoption of the report and statement of accounts.
Amendments to the Constitution.
Election of Office-Bearers.
Date and Place of next Conference.
Vote of thanks to Chairman and Office-bearer.

11-30 A.M.

Open Session of the Conference :
Discussion of Subjects and adoption of resolutions Nos. 1 to 5

2-30 P.M. Meeting of the Subjects' Committee, at the Town Hall.

3-30 P.M.

Open Session of the Conference.
Discussion of Subjects and adoption of resolutions Nos. 6 to 8
President's concluding remarks.
Vote of thanks to the President.

5-30 P.M. Group Photograph.

The Second All-India Co-operative Institutes' Conference.

The Second All-India Co-operative Institutes' Conference was held at Hyderabad (Deccan) on the 4th and 5th April 1931 at the Town Hall, Public Gardens, with Sir Lallubhai Samaldas, C.I.E., of Bombay presiding. The Conference was held on the invitation of the Hyderabad Central Co-operative Union which appointed a strong Reception Committee for making all arrangements in connection with the Conference. The delegates from the different parts of India began to arrive on Friday the 3rd April but the majority came on the 4th morning. Arrangements were made at the Hyderabad Station for volunteers to receive the Delegates. All provinces of British India were suitably represented at the Conference except Assam and Burma, while among the Indian States that were represented were, besides Hyderabad itself, Baroda, Bhopal, Pudukottoh and Indore. Though small in numbers, the delegates who numbered 40 made a thoroughly representative gathering of distinguished non-official co-operators. The Conference had the sympathy of the official co-operators also as was evinced by the good wishes sent by the Registrars of all the British Indian Provinces and Indian States, while the Registrars of Hyderabad, Baroda and Bhopal attended the Conference. The Delegates' camp was fixed up at "High Cliff"—a spacious bungalow of Mr. P. Venkatarama Reddy, O.B.E., which was placed at the disposal of the Reception Committee, and the camp indeed contributed a great deal to the success of the Conference by establishing closer contact and cementing friendships between prominent workers in India and affording an opportunity for informal exchange of views on the special features of co-operative interest in the different provinces.

SATURDAY THE 4TH APRIL.

The Conference began at 2-30 P.M. on the 4th April, at the Town Hall. Volunteers were in evidence distributing copies of the programme and the Secretaries' Report and sundry literature. A large number of distinguished visitors from Hyderabad and Secunderabad were present at the opening among whom were the Hon'ble Nawab Sir Akbar Hydar Nawaz Jung Bahadur, Finance Member, Mr. B. A. Collins, I.C.S., C.I.E., Director-General and Secretary, Commerce and Industries Department, Mr. T. J. Tasker, Revenue Secretary, Nawab Fakhr Yar Jung Bahadur, Financial Secretary, and Mr. P. Venkatarama Reddy, O.B.E., Commissioner of City Police of H.E.H. the Nizam's Government, Nawab Wahiduddin Khan, Dewan Bahadurs M. Venkatakrishnayya and Ramgopal Latchminarayan Rao, Bahadurs C. V. Padma Rao and S. Venkata Reddy, Mr. S. M. Mehdi, Mr. Fazlulla, Pandit Keshav Rao, Member of

the Hyderabad Legislative Council, and Mr. Daniel Chellappa, B.A., B.L. District Munsiff, Secunderabad. The President, Sir Lallubhai, arrived a few minutes earlier and the proceedings began exactly at 2-30 P.M. on the arrival of His Excellency Raja Rajayan Maharaja Sir Kishen Pershad Bahadur, G.C.I.E., the Prime Minister of the Hyderabad State.

A couple of songs, specially composed for the occasion, were rendered sweetly in Urdu. His Excellency the Maharaja Bahadur then rose amidst cheers to inaugurate the Conference. Before doing so, however, he read out a message to the Conference sent by His Exalted Highness the Nizam, which the Conference received standing as a mark of respect to the august premier Indian Prince.

HIS EXALTED HIGHNESS THE NIZAM'S MESSAGE.

"It gave me great pleasure to learn that the representatives of the co-operative societies throughout India had selected Hyderabad as the place for their Second general meeting, and I offer you all a hearty welcome to Hyderabad. I regret that circumstances prevent me from inaugurating your meeting in person, but I have directed the president of my Council to open your proceedings on my behalf. I myself am a firm believer in the benefits of the co-operative movement which His Majesty the King Emperor mentioned with special emphasis in his message to the people of India on the occasion of the Delhi Durbar. The movement has already taken root in my own Dominions, and I hope that it will not be long before it spreads into most of the villages in Hyderabad. I wish you all success in your deliberations and hope that you will enjoy your stay at Hyderabad."

His Excellency Maharaja Bahadur Sir Kishen Pershad then delivered his Inaugural Address as follows:—

Sir Lallubhai and brother co-operators,

It is a great honour to me to have been given the privilege of opening the Second All-India Co-operative Conference by the commands of His Exalted Highness the Nizam in the capital of this Premier Indian State, where I extend to you the warmest and most cordial welcome. I convey through you my sincere thanks to the Co-operative Institutions in British India and Indian States for having chosen Hyderabad as the place of this Conference and deputed you for the successful deliberations of this important session. Last but not least, I compliment the Hyderabad Central Co-operative Union on having invited you to Hyderabad. Thereby the Union won itself our appreciation.

With Sir Lallubhai, the veteran and distinguished co-operator as your President I have every hope that this Conference will be successful and fruitful of good for every part of India. I feel strengthened in my hope as by glancing over the subjects for discussion at this Conference, one finds great prospects of settling many questions of vital importance to the co-operative movement in general and to agriculturists in particular. I shall watch with enthusiasm the proceedings of the Conference and the practical results of your deliberations.

His Exalted Highness the Nizam's Government have always been alive to the blessing of the co-operative movement and will always take delight in doing every thing to promote the interests of co-operators in every possible direction. Goverement will be pleased to take advantage of the recommendations of the Conference as far as possible.

Knowing how much work lies before you I leave you to your work with my best wishes for the success of this Conference and look forward to meet you again this evening.

Mr. V. Ramadas Pantulu, the Vice-President of the All-India Co-operative Institutes' Association, moved a vote of thanks to His Excellency in felicitous terms. He referred to the federation bewcen British-Indian Provinces and Indian States in matters co-operative before federation was thought of in other matters. Prof. H. L. Kaji, the Hon. Secretary of the Association in seconding the resolution expressed how the Association was grateful to His Exalted Highness for his inspiring message and for his sympathy for the Co-operative Movement, and how Hyderadad was a very suitable place for the Conference, since Supervision over Co-operative Societies, a very important subject for consideration before the Conference, was already entrusted to the Central Co-operative Union in Hyderabad. The vote of thanks was carried with acclamations. H. E. Sir Kishen Pershad was then garlanded by the Hon'ble Nawab Sir Akbar Hyder Nawaz Jung Bahadur and he left the Conference amidst applause.

Dewan Bahadur S. Aravamudu Aiyengar, the Vice-President of the Hyderabad Central Co-operative Union then delivered the following Welcome Address:—

Brother delegates and Co-operators,

I extend to you a very hearty welcome to this Second All-India Co-operative Institutes' Conference. On behalf of the Hyderabad Central Co-operative Union I thank you all for having so kindly responded to our invitation from long distances and at comparatively the hottest part of the year. I consider it a fitting and well-deserved compliment to the capital of the premier Indian State that it should have been selected as the first Indian State for holding such a Conference.

I wish to take this opportunity of congratulating ourselves and the whole of India on the Successful result of the endeavours made to bring peace to this troubled land. As Diwan Bahadur T. Raghaviah, President of the Administrative Council of Pudukottah said the other day while presiding over a function, " out of the clash of the ideals and Conflict of

interests, there have emerged two figures of outstanding eminence, Lord irwin, the British viceroy and Mahatma Gandhi, the beloved of India and the admiration of the world. Their lives, their recent activities, and their splendid triumph, which they have now jointly achieved, ought to afford us unforgettable lessons of self-sacrifice, unequalled service, matchless self-control and self-discipline ".

CO-OPERATIVE MOVEMENT IN HYDERABAD.

It was in the year 1914 that His Exalted Highness's Government took active steps in the matter of encouraging Co-operation in the state. The Co-operative Credit Societies' Act (Act II of 1323 F.) was passed in September 1914, and it was then that the services of an officer from the Madras Government were requisitioned. The services of the late Rao Saheb K. Vijayaraghavachariar were lent to the state for being employed as Registrar of Co-operative Societies. He took charge on 20th of December 1914. One of the very first things that he did after taking over charge was the formation of the Hyderabad Central Bank which later on developed into the Hyderabad Co-operative Dominion Bank owing partly to the selfless endeavours and zealous efforts of the late Mr. Hussamuddin Ahmed. Its first President was Mr. Hydari now Sir Akbar Hydari (Nawab Hyder Nawaz Jung Bahadur) Finance Member whose mantle has fallen on the weak and unworthy shoulders of your Chairman of the Reception Committee during the last 15 years.

UTILITY OF SUCH CONFERENCES.

The question is very often asked whether these conferences do any good. In my humble opinion, I think an affirmative answer has got to be given to that question. In the words of Sir Harold Stuart, " In all new movements there must be frequent failures and the workers grow wearied and depressed. By meeting their fellow labourers they get fresh draughts of enthusiasm; they learn that what seem to be unsurmountable difficulties have been overcome elsewhere; and they return to their labours refreshed and hopeful."

My duty, as I conceive it, is confined to offering you a hearty welcome, and I think it would be presumptuous on my part if I make any remarks of my own in regard to particular points about which you are going to discuss by forestalling your deliberations.

SOME OF OUR DIFFICULTIES (*a*) LACK OF EDUCATION.

" If the mass of our members are not sufficiently instructed, there arises the real danger to the Co-operative Movement. They become a hindrance and our possessions become a peril and our productive endeavours will be a failure. Our movement is a democratic movement. We cannot therefore repose confidence on the good sense of the few, but the success of our movement must depend on the good sense of the masses of our people. Consequently we must first educate our members in our own principles. There is absolutely no doubt that illiteracy among the masses is the greatest obstacle to the teaching and dissemination of Co-operative principles. But can the great evil which it is the aim of the Co-operative Movement to remedy be allowed to endure till our masses have become literate? The committee on co-operation have remarked that most of the faults found in societies are due to the lack of teaching of true co-operative principles and that the importance of proper teaching can scarcely be exaggerated. Co-operation is one of the main factors in building up a prosperous people. In the words of Lord Carmichael who was sometime Governor of Madras and Bengal, "Unless its people are prosperous no country can have a government fully effective of good. The money which Government spends on administration comes from the people and it is only if the people are prosperous that government can spend much in improving the conditions under which the people live. How can government give education for the masses—one of the things which we in India need most—unless it raises more taxes, and I do not see how we are to raise more taxes unless the people have more capital. Co-operation leads to increase of capital, it prevents waste in unproductive expenditure and stimulates productive effort on the part of the people." Masses therefore should be educated in (*a*) the basic principles and objects of Co-operation and (*b*) the means by which these objects can be achieved. It is with a view to remedy this evil and to organize the proper kind of education that a propagandist association like *the Hyderabad Central Co-operative Union* was started. One of the very first men who felt the necessity for such an institution was Mr. Mahomed Mehdi who, after returning from tour undertaken for the purpose of a comparative study of the Co-operative movement in the several countries of Europe, was of opinion that without such an organization, the Co-operative Movement in Hyderabad cannot be productive of the maximum amount of good. It was thus that the Hyderabad Central Co-operative Union was brought into existence. When speaking of the Union I cannot fail to mention the meritorious services rendered to that Union by Raja Bahadur Venkatarama Reddi and Mr. Badrul Hasan.

I am glad to be able to tell you that His Exalted Highness the Nizam's Government has not been unmindful of this aspect of the problem. His Excellency Maharaja Sir Kishen Pershad Bahadur, the President of our Executive Council in his famous Convocation Address to the Oosmania University laid great stress on the importance of imparting education from the primary schools onward on the subject of Co-operation and very strongly recommended that a chair on Co-operation should be founded in the university itself.

(*b*) OVER-FINANCING.

Mr. Collins as Registrar of Co-operative Societies in the Province of Bihar and Orissa refers to what he calls the extreme danger of over-financing societies. This is what he says, ... "After three or four years' detailed inspection of the societies it transpires that the members are actually more indebted than when the societies were formed. The fact is that there always seem to be good and even cogent reasons for advancing money. The members say that they may purchase cattle, buy carts, engage in trade etc., and if they seem solvent the directors see no reason to refuse their requests. It is no doubt very difficult to say when the purchase of bullocks is actually necessary and when it is not." . . . . . . "The ryot is always sanguine that his year's crop will be perfection whereas it is never safe to fix a kist greater than he can repay in an average year. Even where his intentions are honest, he is apt to miscalculate his ability to pay. A bullock dies or his crop fails and he is reduced to borrowing again without repaying and he actually gets into debt . . . Last of all, it seems to prove fatal to the members if they think that they can get money too easily. The success of a society depends on the members seeing that an effort is required on their part. They must learn that they could only improve their position gradually and with difficulty and that thrift is a greater virtue than enterprise. If a raiyat suddenly gets all the capital which he could hope for in his wildest dreams poured into his hands, he, in his improvidence, pictures the Central Bank as an endless source of loan and he thinks he need have no care for the morrow".

Sir Charles Bayley, our former Resident and the then Governor of the province remarked as follows:—"The object which all societies have in view is to free the raiyat from debt, but the further object of enabling him to keep out of the hand of the money lender is certain to be defeated if he learns to regard the society merely as the *Kamadhenu* of the Sacred lore which he has only to milk in order to get his wishes gratified. The source may some day run dry, at any rate, so far as he is concerned and leave him worse off than before." And he goes on to say, "The connection of the Co-operative Movement with Primary education has long been a common place. Not only are the illiteracy and the ignorance of the members one of the chief difficulties with which the Societies have to contend but we can hardly hope for real healthy growth until the members are at least sufficiently educated to manage their own affairs independently. So strongly is this felt that whenever a society is formed the demand for education springs up or if the demand exists already it is gradually intensified."

CO-OPERATION IN RELATION TO AGRICULTURE.

His Majesty the King Emperor stated on the 13th of December, 1911 as follows:—"If the system of Co-operation can be introduced and utilised to the full, I forsee a great and glorious future for the agricultural interest of this country."

The following extract from the "Irish Homestead" is well worth reproduction.

"Co-operation may be called industrial irrigation, the opening of the channels, tunnels, pipes and viaducts leading from the rich centres of capital and industry to the economic wastes and deserts. If we examine any modern country we will find in some places a super-abundance of capital and elsewhere whole districts where industry languishes because of the lack of the fertilizing influence of cheap money. The banks are over-loaded with deposits on which they give a very small return to the depositor. The cities are filled with factories which might be more productive if the countryside could find a way of utilizing the labours of mechanical engineers and inventors. The country is thirsty for lack of gold. It is backward because the city is the repository of science and knowledge as well as of wealth. On the one side we have a superfluity of capital, science and mechanical skill. On the other side an economic desert where because these things are sparse there is little life or progress. Agricultural organization does for the economic desert what the adventurous engineer does for the dry desert in America and Africa. It creates the viaducts along which flow capital, science and mechanical skill to the country districts".

Lord Willingdon, our Viceroy-elect, in his address to the Poona Agricultural College while giving away the prizes stated as follows:—

"I have been interested for the past 25 years in an industry in which, in this as in most other countries of the world, the livelihood and welfare of the great majority of the population largely depends, and you can therefore readily understand how important government considers it to be to provide young men here with a *thorough instruction in the science of agriculture* in order that they may apply the results of their knowledge for the benefit of their country in future years". After comparing the position of a farmer in England to that of his confrere in India and pointing out that while in England the land is owned by individual landlords who are in many cases farmers themselves and have home-farms where they cultivate their own crops and breed their own cattle, in India a land-owner is only the rent receiver and knows little of the practical nature of this great industry from which most of his income is derived; he goes on to say, "But there is one other point of dissimilarity which I wish most particularly to impress on your minds. The farmer in England is in most cases an independent man with independent means who makes his living out of his farm and can bring up and educate his children to such professions as they are best fitted. The small yeoman and peasant farmer in India is, as we all know, very largely in the hands of the money lender *and has no independence from year to year in the cultivation and sale of his crops.* I want to see the farmer class in this country an independent, self-reliant people, free to use and cultivate their land to their best intereset and advantage. Governmet is doing what it can by encouraging the co-operative system throughout the country."

Sir Harold Stuart also emphasises this aspect of the question in his presidential address at the third Provincial Co-operative Conference at

Madras laying particular stress on Co-operative purchase of agricultural implements, seed and manures and in particular such machinery as is beyond the means and hands of the individual ryots. He also laid stress on co-operative sale of produce and co-operative shops and stores.

Diwan Bahadur V. K. Ramanujachariar in welcoming the delegates of the 4th Tanjore District Co-operative Conference stated as follows:—"In the coming civilization . . . . . the keynote will be co-operation, as competition has been of the existing civilization. The faculties that have been developed by means of these societies, strength of character, concentration of will and capacity for organization, will be retained and they will be used for better purposes than crushing a member of helpless families for the craze of a gigantic fortune. The strong will help the weak, the wise will instruct and guide the ignorant and the well-to-do will support the poor and lighten their burden". See that as much as possible all disputes arising in the village are referred to your Panchayats.

I cannot close this branch of the subject better than by quoting the words of Diwan Bahadur Adinarayanaiah. "Co-operation has come to us as an angel's gift and in it, if it is properly utilized, there are potentialities not only for promoting the well-being of the people but also building up their moral worth. It furnishes the most effective method immediately available for making *village life* less repressive and for investing it with some colour and charm."

GOVERNMENT AID.

Mr. James Mackenna, Agricultural Advisor to the Government of India, in his review of Mr. Crosthwaite's book on co-operation refers as follows:—

"The state alone has never been able to make a co-operative movement. It is true that in almost every country - England and Germany are notable exceptions—the first impetus has been given either by Government or by officers of Government. . . . . . . But Co-operation has never yet in any country become a powerful and regenerating force unless (1) attention has been devoted to the moral as well as to the material necessities of the people, (2) leaders of education and enlightenment have been found from the ranks of the people to preach and to work, (3) effort has been co-ordinated, guided and disciplined by paid professional experts, (4) sympathetic encouragement and assistance have been forthcoming from Government, and (5) the members of co-operative societies have been made to think, act, and carry out the essential details of the work of their societies for themselves. Spoon-feeding by Government is, in its way, far less harmful (because far easier to stop) than spoon-feeding by parent co-operative institutions of the societies for which they are responsible. An excellent motto for every practical co-operator is this; 'Never do for another co-operator what he ought to do, and can be taught to do, for himself.'

Having regard to the fact that we made a start 10 years later than the British Indian Provinces in regard to this matter we have every reason to be satisfied with the steady progress we have been making by taking advantage of the experience gained by sister institutions in British India. In this connection I would, with your leave, quote some figures in proof of my statement.

PROGRESS OF THE CO-OPERATIVE MOVEMENT IN THE STATE.

Number of societies in this state in	1339 F. 1930	2,164
Number of members ...	... ...	57,000
Working capital of societies		1,90,00,000 and odd.

This does not take in the figures for the British Administered Areas which are as follows :—

Number of Societies ...	... ...	17
Number of members ...	... ...	5,403
Working capital ...	... ...	4,62,000

The Registrar of the state is ex-officio the Registrar for the Administered areas also. I take this opportunity of acknowledging the very good work that has been done in the Administered Areas by Mr. Daniel Chellappa who, with Rao Bahadur Padma Row, has been responsible for the successful working of the sister Co-operative Union in the British Administered Areas.

I would be failing in my duty if I did not express the grateful thanks of the co-operators of the Dominions for the kind sympathy and benevolent help that has been always evinced by our Government and its officers, among whom I would particularly mention Maharaja Sir Kishen Pershad Bahadur, Nawab Sir Akbar Hydari and Mr. Collins, our Director-General of Commerce and Industries.

GRATITUDE FOR GOVERNMENTS HELP.

The Union is particularly grateful to the Government for the annual recurring grant of Rs. 10,000 and for the non-recurring grant of Rs. 3,000 towards the cost of running of a Co-operative training class for the officers and probationers.

You will be particularly pleased to learn from me that the Government has very kindly almost completed the construction of a building which is to be the home of the Union. It would be used as a Reading room, a lecture hall and in fact will be, in the words of the Hon'ble Mr. Ramadas Pantulu, a true centre of all kinds of co-operative study and research. The Government has also done a lot in the way of helping the movement in the matter of co-operative housing and marketing, the details of which I refrain from referring to lest my address should weary

you. But, our Director General will be in a position to inform you about these in a much better way than I can attempt to do.

While we are extremely grateful to the Government for all that they have done and are doing in the matter of educating the people of this state we cannot too strongly emphasise the necessity of making rural education compulsory as far as possible, so that the best result may be attained for the furtherance of the Co-operative movement, and the risks and disadvantages consequent on the ignorance of the rural population be minimised in the best interests of this well ordered state in general and of the co-operative movement therein in particular. The success of the co-operative movement in Japan and Denmark is a signal confirmation of the theory, that is, rural uplift that can achieve such results. The Italian Cattle Insurance Society and the *Unione Co-operativa* of Milan which includes milk distribution in the work, are two admirable examples of the work which can be accomplished by Co-operative methods.

RURAL UPLIFT.

SOME OF OUR ACTIVITIES.

1. We are interesting ourselves in organising land mortgage banks.

2. We are encouraging Visual instruction to villagers by means of decent lantern slides.

3. We are starting Co-operative Marketing Societies and a Cotton Sale Society has recently been started at Koppal.

4. We are attempting to get a liberal cash-credit arrangement with the Government.

5. House building societies are in course of formation.

6. Artisan Co-operative schemes are being subsidized by loans free of interest.

7. H. E. H. the Nizam's Government has exempted from the payment of customs duty all raw material intended for manufacture.

8. H. E. H. the Nizam's Government has recently abolished Octroi duty completely.

9. Translations are being undertaken from the original French and German of useful literature regarding co-operation.

I beg once again to thank you all for the honour you have done us by responding to our invitation. We are not oblivious of our short-comings in the matters of the arrangements that have been made for your comfort and convenience during the period of your stay here. But, we trust, you will forgive us for any such short-comings and take the will for the deed.

Sir Lallubhai was then galanded and taken to his seat. Sir Lallubhai rose amidst acclamatians and delivered the Presidential Address as follows:—

Mr. Chairman, Nawab Sir Akbar Hyder and Brother Delegates:

I am but voicing the feelings of all assembled here when I say that we feel very grateful to H. E. H. for the very sympathetic and encouraging message that he has been good enough to send us through His Excellency Maharajah Sir Kishen Pershad. We also feel obliged to His Excellency for having taken the trouble of coming over here this afternoon and of delivering a thoughtful inaugural address giving helpful guidance in our work at this Conference.

This is the Second Conference held under the auspices of our Association, the first having been held in Bombay in September 1929. Our original idea was to hold a Conference at the end of each official year. Owing to various reasons, chief among them being the political situation in the country, we were not able to hold the Conference during Christmas last year. The delay however, had led to one very good result. It has enabled us to meet in the capital of the premier Indian State and thus show to the country that, so far as the Co-operative Movement is concerned, British India and the Indian States work in a fraternal spirit hand-in-hand and march towards the common goal of improving the economic, intellectual, moral and social stature of agriculturists and small traders and craftsmen. We Co-operators, have federated in practice long, long before Federation began to be talked of by politicians. It is the spirit of genuine co-operation that has brought together co-operators from British India and Indian States. As one who has for several years taken part in active politics, I desire to express my sincere wish and prayer that a similar spirit of co-operation and goodwill will prevail amongst the Delegates of Indian States and British India when they meet together, again, at the Second Round Table Conference.

EXCELLENT PROGRESS IN NIZAM'S DOMINION.

Though this is an All-India Co-operative Conference, it will not be out of place to make a reference to the excellent progress that the movement has made during the past few years in H. E. H.'s Dominion. The best thanks of all Co-operators are due to H. E. H.'s Government for the generous financial assistance given to the movement by the State. In this connection, I desire to refer particularly to the statesmanlike action of Sir Akbar Hyderi, the Minister-in-Charge in recommending to the Government that the audit of unlimited liability societies should be conducted free of charge.

The State has also set an excellent example of giving the services of the inspectors of the Co-operative Department to the Central Banks to work as their inspector—managers and it is very gratifying to find that the Central Banks have taken advantage of the new arrangements and that the directors of these banks appreciate the advantage of establishing direct contact with primary societies. The unfavourable seasonal conditions and the heavy fall in prices have affected the economic condition of the members of the primary societies in this State as in the whole country, and yet it is satisfactory to note that the movement as a whole has shown signs of growth. I hope you will not consider my remarks as impertinent when I say that the Co-operative Department in Hyderabad is working on very correct lines when it believes that its mission is to work out ways and means for the economic salvation of the small peasant.

As we have a very heavy agenda before us I shall refer only to a few points of general All-India interest. The Co-operative Movement has three distinct aspects and in most provinces each of the three functions is performed by a distinct agency although co-ordination is secured between the three agencies. The three aspects of work are: (1) Registration, audit, arbitration and liquidation. (2) The provision of credit and banking facilities. (3) Education, training, organization and propaganda.

The first group of functions is under the control of the Registrar of Co-operative Societies and his assistants. The second function is performed by the Provincial Bank at the apex with the central banks and unions in the middle, and the primary societies at the foundation; and the third by the provincial institute, federation or union with its branches or affiliated district, regional or local unions. There has been a co-ordination of the statutory side of the movements in British India and Indian States in the form of a Registrars' Conference. This conference used to be held in the pre—Montagu—Chelmsford Reforms years under the aegis of the Revenue Department of the Government of India and was opened by the Hon'ble member in Charge, while the Secretary of the Department presided during the whole Session of the Conference. Afther the introduction of the Montagu Chelmsford Reforms, Co-operation became a provincial and transferred Subject and the Government of India had nothing to do with it directly. Consequently, the old system of the Government calling a Registrars' Conference fell into abeyance. The provincial Registrars must have felt it desirable or necessary to continue the old practice and the first conference under the new arrangements met in Bombay in 1926 and the second was held at Simla in 1928. At these conferences, two non-officials are usually invited by each Local Government or Indian State to help the Registrar of its province or State with their advice. These non-officials are nominated by the Government and not elected by any principal Co-operative Institution. Whether in view of the establishment of Provincial Institutes and Banks such non-officials should not be elected by these bodies is one of the questions that will come before you for discusion. My reference to this Conference is, however, for another purpose.

ONE ALL-COMPREHENSIVE ASSOCIATION.

In 1926, the Directors of the Bombay Provincial Bank in consultation with the other provincial banks decided to hold a conference of such banks and the first Conference of apex banks was held in Bombay, soon after the Registrars' conference. At the invitation of the promoters many of the Registrars attended the Banks' Conference. It was at that time that the question of co-ordination between the Institutes and Federations also was considered and as a result of prolonged deliberation a preliminary Institutes' Conference was held at Simla. Later on an Association for the co-ordination of the activities of these Institutes was established in September 1929. We have thus three conferences held biennially or even triennially two of these being held under the auspices of non-official workers while one is held under the auspices of official workers, with non-officials co-opted to work with them. As many of the Co-operators in the country are connected with more than one side of the movement and as there is no sharp division between their activities I am of opinion that we should have only one Association or one conference of all the three branches. The joint Conference which we might call the Indian Co-operative Congress can have three departments, each holding its sub-committee meeting or sectional conference under its own chairman. The resolutions of the sub-committees which affect the other activities should be submitted for consideration and adoption at the open session of the whole congress. If this suggestion of mine is accepted, there will be better co-ordination between the three branches of the movement and there will also be saving of time and energy of the workers and less strain on the resourses of the movement. If this idea meets with your approval, a resolution on the subject may be submitted to the Conference.

PROVINCIAL BANKING ENQUIRY COMMITTEES' REPORTS

The event of the most outstanding importance in the Co-operative world during the last year and a half is the publication of

the reports of the various Provincial Banking Enquiry Committees. The Committees were constituted in June 1929, and most of them began their investigations, which embraced an examination of the place of Co-operation in the development of banking, some time after we met last. On the whole, I think, co-operation has emerged well from the test, and a majority of the Committees, if not all, have been drawn irresistably to the conclusion that in co-operation lies the best hope of rural India. The Bihar and Orissa Committee, for instance, recognises that within its own particular sphere, namely, the provision of credit for the ordinary rural population, the supremacy of Co-operation is only a question of time. Even though co-operative banking has not assumed a vital part in the economy of rural finance in the province of Bihar and Orissa its progress in that sphere has undoubtedly been great, while co-operative banks have also proved to be an invaluable agency in spreading the banking and investment habit in urban and rural areas. Very similar is the opinion expressed by the Madras Committee, which holds that of all the organizations so far evolved for financing cultivation in the country, co-operative societies have been the most promising. And the general conclusion of most of the Committees is well summed up by the Bihar and Orissa Committee which observes that, for the ordinary agriculturists, it sees no method of supplying either short term or long term credit on a firm and sound basis except through the extension and betterment of the co-operative movement.

Before a gathering of Co-operators, I need not dilate on the factors which give to the co-operative movement this acknowledged predominance in the future banking organization of the country. What I am more concerned about is to examine why, despite the favourable conditions of the soil for the growth of co-operation, the progress achieved so far has been comparatively not as satisfactory as one would wish. In Bombay, for instance, only 10.7 per cent of the agricultural population has been brought under the influence of the co-operative movement and only 7 per cent of the finance required for the current needs of agriculture is supplied through its agency. Even in the Punjab, which is said to lead in the matter of co-operative progress, not more than 11 per cent of the population is affected by the co-operative movement. In Bihar and Orissa, not more than two per cent of the sum required annually for the finance of agriculture is provided through the co-operative machinery and its share of the total indebtedness is still less. Only five per cent of the rural households deal with agricultural credit societies in that Province, while in Bengal one out of five villages and one out of fifteen families are served by the Co-operative agency. For the Central Provinces and Berar, the figures are still more unsatisfactory; only two per cent of the families are reached by Co-operative Societies whose share of the total agricultural debt of the Province is hardly three per cent.

The general causes which impede growth, so far as I am able to analyse are:—

(1) Inelasticity of the machinery of finance.

(2) Uneconomic nature of the agricultural industry.

(3) Want of education and consequent inefficiency of the human material.

As this is not a conference of Co-operative Bankers, I refrain from dealing at length with the first factor. I would only observe that the task before the co-operative banker is one of considerable difficulty. Co-operative credit is credit democratized but at the same time it is controlled credit; and how to ensure sound control while working through a domocratic machinery is a task which may well—nigh seem insuperable. The inelasticity that is complained of in our machinery arises from the operation of various forces and I do not envy the position of those who have to carry out co-operative theories in practice without making the co-operative system of finance rigid and irresponsive to the needs and demands of individuals it serves.

ECONOMIC DISTRESS AND ILLITERACY.

There is, no doubt, that their efforts at the improvement of the machinery would be considerably facilitated and the task simplified if we were better off in respect of the two other factors referred to above. It is because the economic conditions of agriculturists as a class all over the country is as unsound as it is to-day that financial operations have necessarily to be hedged round with safeguards and stipulations that appear to hamper the free working of the system. And next, it is because the agriculturist is illiterate and unable to follow accounts or understand records that an elaborate machinery has to be devised to protect his financial interests. With an educated peasantry the co-operative credit organization would naturally be self-governing and self-contained, having its own internal checks and its machinery for mutual control. With a prosperous peasantry, the dependence on finance from outside the village would be much less than it is now, and village banks could come to

exercise independent powers which our credit Societies, financed mainly out of external resources cannot at present enjoy.

CENTRAL ORGANISATION FOR MARKETING AGRICULTURAL PRODUCE.

The problem of the economic improvement of the agriculturist is so complex and involves such large issues of national policy that I cannot even attempt to discuss it comprehensively in my address to this conference. I may mention, however, such aspects of the problem as fall within the range of co-operative endeavour. For the last twenty years at least, we have had it dinned into our ears that co-operative credit cannot stand by itself and that there should be all-round co-operative development in rural areas, comprising especially the supply of agricultural and domestic requisities and the marketing of agricultural produce. The Provincial Banking Enquiry committees have also examined the general question of agricultural marketing; and with the exception of one or two committees all of them agree that it is possible and necessary to organize arrangements for the marketing of agricultural produce on co-operative lines. It is a matter for regret, however, that no systematic attempts are being made in this direction in a majority of the provinces of India. The only attempt on a large scale that has been made in recent years is the formation of a Central Society for the marketing of jute in Bengal.

CURRENCY AND EXCHANGE RESPONSIBLE FOR DEPRESSION.

I have referred incidentally to the present agricultural depression and to the relief that could have been afforded to the rural population had we developed in various provinces a sound system of co-operative marketing. The crisis through which rural India is passing to-day is one of almost unprecedented magnitude. There is no part of the country unaffected, there is no crop untouched by the severe fall in prices. It is true that the present abnormal conditions are due in part to the operation of world factors and in part to defects in the management of the country's currency and exchange which are brought about by forces that lie outside the scope of this conference. I feel, nevertheless, that it is incumbent on co-operators to put their heads together and take such action as will enable the agricultural population or that part of it which is within the pale of the co-operative movement to face the crisis without being over whelmed by it.

MASS EDUCATION, MAIN PROBLEM.

Education, however, transcends in importance all the other factors affecting co-operative progress. Being a system organized on a democratic basis, co-operation presupposes the presence among those who come within its fold of certain minimum qualifications. One of these qualifications is the ability to read and write and the capacity to follow intelligently the procedure of business and to add to the stock of knowledge. The very foundation for the trained exercise of intelligence is unfortunately lacking in our country among the masses of its rural population; and hence the task of diffusing the knowledge of co-operative principles and practices has become an extremely arduous one. Though the attempt is being made, it is not easy to approach through the spoken word the large number of persons who constitute the membership of Primary Societies; and in the absence of a knowledge of the letters only a nominal check can be exercised by the Committees over the doings of their Officers and by the general body of members over the affairs of their Committees. Publicity which is the life breath of co-operative organizations is practically valueless in societies drawing their membership from an unlettered peasantry. The first task before the co-operators, therefore, is to secure an immediate extension of literacy by the introduction of a system of free and compulsory education. That by itself is not quite enough. We must introduce and develop a system of adult instruction in rural areas for the education of the present generation of agriculturists who are members of Co-operative Societies. It is not mere knowledge of letters that is required. What is wanted is a redirection of the system of education so as to train the agriculturist in better living, in better farming and in better business; and the value of co-operation lies in the fact that it is the most suitable agency through which this programme of practical education for the rural population can be taken in hand.

INSISTENCE ON EDUCATION OF MEMBERS.

All the Provincial Banking Enquiry Committees reiterate the view of the Royal Commission on Agriculture in India that too much attention cannot be devoted to the patient and persistent education of the members of co-operative societies in the principles and meaning of co-operation; and I have no doubt that the apex institutes, federations or unions in the various areas are contemplating the improvement of their systems of co-operative training and the extension of their educational activities so as to ensure that effective instructions in co-operation are provided to all who are served by the movement.

The work of instructing ordinary members of societies can hardly be carried out through large mass meetings or conferences or even set lectures in institutes or schools. Homely talks and direction in actual management will be far more effective and for this we want local workers who are in touch with and live amidst the population to be served. Experience in various provinces shows that there is no teacher so useful as a good supervisor. The function of such supervisors is entirely distinct from the function of inspectors of central banks or auditors. It is more educative in its scope and should hence be performed by a different agency. It is for this reason that I look upon the supervising union, under the auspices of which the supervisor works, as a most valuable unit in the co-operative structure.

NEED FOR WELL-TRAINED SUPERVISORS.

I need hardly emphasise the necessity of these supervisors being well-trained in the theory and practice of co-operation and to enable them to get requisite knowledge of the subject it is essential that there should be large co-operative literature written in popular language and mainly in the vernacular of the areas served. The supervisor works in collaboration with representatives of the local societies which contribute towards his expenses and the union is, in a sense, really the local federal controlling agency through which the primary units, too small in themselves and in no sense self-contained, can seek to establish contacts with the outer world. It is of these local units that our apex provincial institutes or federations should mainly be composed and it is through them that they should derive their main strength.

This is not the time nor the place to say anything about the method of making appointments to the post of Registrars from amongst the members of the I.C.S., or on some occasions from members of the Provincial Civil Service who have not, as a rule, any previous knowledge of the working of the movement. Registrars in several provinces bewail the lack of new workers, regret that no new life is infused into the movement and wonder why the co-operative movement fails to attract to itself young men intent upon national service. The fault lies with the unique system which makes the movement rotate and revolve round one individual, the Registrar rather than with the young men? for after the experience of past twelve mouths, not even the severest critic of the new national spirit can deny to the youth of the country the readiness to serve and suffer at the call of the nation for service in the interests of their poor and illiterate brethren in the villages.

Political reforms can only be a prelude to the reorganization of society on wise, sound and equitable foundations. It does not matter much whether this reconstruction goes by the name of socialism or co-operation; but the goal to which I and we all look forward with hope is one which will bring real joy and hapiness to the millions of workers in the field and the factory in this land of ours. We seek to build up a commonwealth in which the ideal of a human society inspires every enterprise and gives to every member an equal dignity. We need the regulation of our entire economic life in the national interest and we wish to secure its direction under a scientific plan for the general good. I believe in co-operation and plead for its extension in India.

The President then announced some changes in the programme. The Subjects Committee would meet at the Delegates' Camp at 7 P. M. and the Business meeting of the Association at 8-15 A. M., on the 5th at the Delegates' Camp. The open session of the Conference would commence on the 5th at 11-30 A. M.

The Conference was then adjourned to 11-30 A. M. on Sunday the 5th.

In the evening, H. E. Maharaja Bahadur Sir Kishen Pershad gave a Garden Party in the grounds of his beautiful palace—Shad Mansion, to which he had invited the elite of Hyderabad to meet the delegates of the Conference. The arrangements in connection with the Party were splendid and the delegates passed a very enjoyable evening.

MEETING OF THE SUBJECTS COMMITTEE.

At 7 P. M. the Subjects Committee met at the Delegates' Camp. Sir Lalubhai suggested that the first resolution to be passed by the Conference should be one conveying to H. E. H. the Nizam, the thanks of the Conference for his message. The suggestion was accepted and it was decided that the resolution should be moved from the Chair.

The President then asked Prof. Kaji to lead the discussion on the first subject.

Subject 1.—Nominations of non-officials at the Conferences of Registrars of Co-operative Societies. Prof. Kaji remarked that the practice in connection with the Registrars' Conferences was that each Registrar took with him two non-official co-operative workers, but these two were not representatives of any institution. This was all right for the early days of the movement. Now, there were the Institutes and the Provincial Co-operative Banks and it was but proper that these two provincial institutions representing the financial and the propaganda side of the movement should be given proper representation at these Conferences. The administrative side would then be represented by the Registrar, the financing side by the Banks' representatives and the educational, supervising and propaganda side by the Institutes' representatives. Besides, he urged, there were now two All-India Associations—one for the Provincial Banks and the other for the Institutes and it was but proper that these should also be represented at the Conferences of Registrars. Prof. Kaji explained that he had carried on correspondence on this subject during the last year with the Registrars and the Institutes to elicit their views and he found that while the Institutes generally favoured the idea of the two non-officials being elected, the Registrars were generally non-committal in their replies. The Government of India which also was addressed in this matter replied, promising very careful consideration when the occasion came. Prof. Kaji thereupon read out his draft resolution on the subject as under :—

This Conference strongly urges the Government of India to invite the following non-officials to future Conferences of the Registrars of Co-operative Societies :—

(i) Presidents, Vice-Presidents and Hon. Secretaries of the All-India Co-operative Institutes' Association.

(ii) President, Vice-Presidents and Hon. Secretaries of the All-India Provincial Co-operative Banks' Association.

(iii) One representative elected by each of the Provincial Co-operative Institutes in the provinces.

(iv) One representative of each of the Provincial Co-operative Banks in the provinces.

He however suggested that perhaps the better course would be to amalgamate all the three Conferences, the Registrars', the Banks' and the Institutes', and placed before the Committee the following draft resolution also :—

This Conference is of opinion that three separate Conferences—one for the Registrars, another for the Institutes and a third for the Provincial Banks are unnecessary and wasteful of time, energy and money and recommends that there should be, instead, only one Conference, the Indian Co-operative Congress, to meet every year and requests the Provincial Governments to depute their Registrars and the Provincial Co-operative Banks, their representatives to the Congress.

This Conference directs the Standing Commitee of the Association to frame a suitable constitution for the Congress in consultation with Provincial Governments and the Provincial Co-operative Banks and submit it for adoption at the first Co-operative Congress to be held some time in October 1932.

Mr. V. Ramadas Pantulu, the President of the All-India Provincial Co-operative Banks' Association assured the Committee that so far as the Provincial Banks were concerned, he did not anticipate any difficulty in amalgamating the two Conferences. He was doubtful however about the practicability of bringing in the Registrars within their fold. He pointed out that they were responsible to their Governments and could not take part in the discussions freely and at any rate could not accept any resolutions that might be passed without consulting their Governments. He wanted therefore the Registrars to be left alone. Rao Bahadur Kelkar pointed out, however, that the resolutions of this Conference were not mandatory, but only recommendatory, even so far as the Institutes and the Banks were concerned. Sir Akbar Hyderi was in favour of the amalgamation of the three Conferences into one, but suggested that in view of the number of representatives being bound to remain small, the word—Congress should be replaced by the word 'Conference'. Many delegates took part in the discussion on the subject, some being in favour of the second draft resolution, some in favour of both the resolutions, some suggesting that from the first resolution, the representation of the All-India Associations should be dropped. Rao Bahadur Mathura Prasad informed the Committee that the U. P. Government had already accepted the principle of electing non-officials to attend the Registrars' Conference upon a representation made by the U. P. Union. Ultimately it was agreed that a resolution should be moved before the Conference about a joint Conference of the Banks and the Institutes and that the Provincial Governments should be invited to send their Registrars to that Conference.

Subject 2:—Right of Voting for election to legislatures to office-bearers of important co-operative organisations.

Prof. Kaji was asked to lead the discussion on the subject. He remarked: In Madras, Bengal and the United Provinces, Presidents and Vice-Presidents of Central and District Banks were given the privilege of voting for the Central and Provincial Legislatures, and the resolution that he wished to propose was intended to systematise the practice and introduce uniformity on the subject in all provinces. He did not ask for a separate constituency, and it was not correct therefore to allege that this step meant mixing up the Co-operative Movement with Politics. All that he sought was the recognition of the importance of the Co-operative Movement.

The President was quite sympathetic and held that they represented a very large and important class of the people—the rural population—and if merchants, through their Chambers got recognition as a separate constituency, they were more entitled to ask for the same. In view of his not being in favour of separate electorates however, he did not like to have a separate constituency, but he certainly thought that the franchise should be extended as suggested in the draft resolution. The Madras delegates, Mr. K. L. Narasimha Rau and Mr. S. Subba Rau, favouring adult suffrage pressed for the extension of the franchise to all members of co-operative societies. After considerable discussion, it was resolved that the draft resolution to be moved before the Conference should ask for the extension of the franchise for provincial legislatures to all members of co-operative societies and for the central legislature to the members of the Managing Committees of Provincial, and District Banks and Institutes.

Subject 3:—Supervision over co-operative societies,

(i) *The Machinery most suitable for it.*

(ii) *Whether it should be controlled by the Institutes, Central and Provincial Banks or by the Departments.*

The subject was introduced by Mr. V. Ramadas Pantulu, Vice-President of the Association. He argued that there were three important functions involved in looking after the working of the co-operative societies—audit, inspection and supervision. The emphasis in audit was on accounting, in inspection it was on finance, while in supervision it was on the administration of the society. Practices differed in the various provinces and States. It was desirable that the responsibility of looking into the due discharge of all the three functions should be vested in one body and that body should preferably be the Provincial Institute. The President suggested that inspection was the duty of the Provincial and the Central Financing agencies and that it should remain with them. Mr. Pantulu agreed that he had no objection, only he thought that a good auditor, in charge of say 25 Societies would be able to do the normal inspection also for the Bank, and that therefore the Provincial and Central banks would have to do only special inspection to safeguard their financial interests. However he agreed to emphasise the responsibility of the Bank in this connection in the ultimate draft that may be prepared. This subject roused considerable discussion and almost every one of the delegates had something to say on it. They explained the system in their respective provinces and the President elicited very interesting facts on the subject from the delegates regarding different provinces. Opinion was fairly strong that Central Banks were the proper parties for being entrusted with this duty of supervision while the Madras delegates strongly pressed the claims of their system of Supervising Unions with local control. Mr. N. Satyanarayana of Alamuru made a spirited appeal in favour of providing for local touch and non-official enterprise in any scheme that may be evolved. No unanimity was reached on the subject though the discussion was continued upto 11 p.m. It was resolved however that Mr. Ramadas Pantulu should draft the resolution in the light of the discussions for the morning session of the Conference.

Subject 4. Agricultural Marketing and Organisation of Agricultural Wholesales.

Prof. Kaji in whose name the subject stood, stressed the great importance of Co-operative Marketing and pointed out that he had no cut and dry scheme for the same to be presented to the Conference for their acceptance. He thought that the purpose would really be served best if the Conference appointed separate Committees for different stages of Indian trade and asked those Committees to prepare schemes and push them on and organise Central Co-operative Organisations. Agricultural distress was very acute, prices were very low and it was upto Co-operators to assist agriculturists by trying through big central organisations to relieve the distress by enabling them to secure better prices by holding up the stock, by a suitable system of warehousing, by standardising, grading and so forth. After some discussion the draft resolution proposed by Prof. Kaji was accepted and names were suggested for the various committees. Mr. S. K. Lahiri suggested having a Committee for Paddy sale also, and the suggestion was adopted. Mr. S. Subba Rau wanted a Committee similarly for ground-nut but he agreed to wait and watch what the other committees did.

At this stage the meeting of the Subjects Committee was adjourned.

SUNDAY, THE 5TH APRIL.

THE BUSINESS MEETING OF THE ASSOCIATION.

The next morning, at 8-15 a.m. the *Business meeting of the Association* was held at the Delegates' Camp, with Sir Lalubhai in the chair. The Secretary, Prof. Kaji explained that though according to the constitution of the Association there was no such thing as a Business Meeting, he had, in consultation with the President, thought it desirable to separate the problems to be discussed at the Conference from the elections, adoption of accounts and reports and amendments to the constitution. As regards the minutes of the last meeting, the printed report of the last Conference which was circulated to the members long before constituted the minutes. These were confirmed. The Secretaries then presented their report and Statement of accounts. It was pointed out that in the Statement of accounts, on the receipt side a correction was necessary. The receipts should read as Rs. 775 instead of Rs. 700. Consequential corrections were necessary on the other side, as regards the balance. The report and the accounts were approved, but it was suggested that the report and the accounts should in future be submitted to a meeting of the Standing Committee to be convened just before the Conference, before being submitted to the Conference.

The amendments to the constitution of the Association were next taken in hand. As regards Rule 1, Mr. M. Bashir Ahmed Khan (Punjab) moved that the name of the Association be changed to "The Indian Co-operative Association". It was suggested that in view of the next Conference probably being a joint Conference of the Institutes and the Banks, the whole constitution might have to be amended or recast. It was therefore desirable to wait till then. Mr. Khan thereupon withdrew his proposition. It was then suggested that the inclusion of the members of the Standing Committee as delegates of the Conference was not clearly expressed in the Constitution, nor was it clear whether the representatives of a member Institute to the Conference included its representatives on the Standing Committee. It was accordingly resolved that in Rule 5 (a), the words "including the members of the Standing Committee" be added after the words "consist of representatives" in line 1. Similarly it was resolved that the words "and of the Conference" be added in line 6 of Rule 6 after the words "the Standing Committee". It was next pointed out by the Secretary, that some member Institutes were very small, having but a few hundred societies affiliated to them, and who therefore found the subscription of Rs. 50 per annum, payable under the present rule, too high. It was accordingly resolved that the following clause be added to Rule No. 7: "Institutes having a membership of less than 500 societies to pay Rs. 25 per annum.

The election of office-bearers was then taken in hand, and it was resolved that all the present office-bearers be requested to continue in

office till the next session of the Conference. Pandit Kashi Prasad Pande, the Governor of the C. P. and Berar Co-operative Federation then invited the Conference to Jabalpur. The invitation was thankfully accepted and it was agreed that the Jabalpur Conference should meet some time in October 1932. Mr. S. K. Lahiri then expressed the desire of the Bengal Co-operative Organisation Society to invite the Conference to Calcutta but the invitation of Jabalpur having already been accepted, the Bengal invitation could not be accepted. A vote of thanks to the Chairman and the Office-bearers of the Association brought the Business Meeting of the Association to a close.

MORNING SESSION OF THE CONFERENCE.

The Open Session of the Conference commenced at 11-30 P.M. on Sunday, the 5th April at the Town Hall. The President moved the *first resolution*, which was as under:—

This Conference respectfully conveys to His Exalted Highness the Nizam its sense of grateful thanks for the message, he was graciously pleased to send to the Conference with his Prime Minister, His Excellency Maharaja Bahadur Sir Kishen Pershad, G.C.I.E., and its deep appreciation of His Exalted Highness's interest in and sympathy for the Co-operative Movement in which lies indeed the best hope of rural India.

The resolution was carried unanimously.

Prof. H. L. Kaji (Bombay) then moved the *Second Resolution* which read thus:—

This Conference is of opinion that separate All-India Conferences for the Provincial Co-operative Banks and the Provincial Co-operative Institutes are unnecessary and recommends that there should be instead only one Conference, the All-India Co-operative Conference to which the Provincial Governments and Indian States should be invited to depute their Registrars of Co-operative Societies.

In moving the resolution, Prof. Kaji said: Many words from me are not necessary in support of the resolution. At the Subjects Committee meeting last evening, it was clearly brought out that the subjects to be discussed at the Institutes were common or at any rate were of vital importance not only to the Institutes but also to the Banks and to the Registrars. It was but a waste of time, energy and money for each one of these three arms of the Co-operative Movement to meet in separate Conferences and pass resolutions or accept decisions, without consulting the others. The better course obviously is to have a Joint Conference or Congress—call it what you like, where all interested in Co-operation from one point of view or the other could meet together and arrive at conclusions after a thorough discussion from the Administrative, Financial and Education and propaganda arms of the Movement.

As at the Science Congress, we at the Co-operative Conference could split up into three sub-committees or sectional conferences, each sectional conference discussing its own particular problems, problems of general interest being discussed or reviewed in the general session of the Conference to be held at the end. Though this is undoubtedly the best course, it appears to me that the Registrars might not like the idea since they might plead that without consulting their Governments they could not accept any resolution pressed for by the Banks or the Institutes. It is a matter of satisfaction that the Registrars of Co-operative Societies in Indian States, such as Hyderabad and Baroda favour the Joint Conference, but the trend of opinion in the British Indian Provinces might perhaps be not so favourable. Under the circumstances, I propose that we might for the time being be content with holding a joint conference of the Banks and the Institutes and request the Provincial Governments and the Indian States to depute their Registrars to attend the Conference. The next Conference then would be such a joint Conference, when the question of amalgamating the three Conferences might be considered. I therefore commend the resolution to your acceptance.

Mr. S. K. Lahiri (Bengal): I do not think it is necessary for me to add anything to what Prof. Kaji has said. I therefore second the resolution.

The resolution was put to the vote and was carried unanimously.

Mr. N. Satyanarayana of Alamuru, (Madras) moved the *third resolution*, which was as under:—

This Conference is of opinion that the franchise for the Provincial Legislatures should be extended to all members of Co-operative Societies and the franchise for Central Legislatures to all members of the Managing Committees of the Provincial, District and Central Banks and of the Provincial, Divisional and District Federations or Institutes.

He said: the real purpose of this resolution was that all co-operative societies should be given the privilege of the power of voting. Some provinces had extended the franchise to important office-bearers of the chief co-operative organisations; others had not. The idea behind this resolution was to make the practice uniform all over the land. The subjects committee had extended the scope of the draft resolution that was placed before them, and it was thought desirable to recognise the importance of the movement and the members of co-operative societies by extending the franchise to them. They wanted to give the power of the vote to those who are working—the members of the primary societies. It was a move in the right direction and it was good that the primary societies should feel that they had some voice in the election of members to the legislatures.

Mr. Lakshminarayana Sahu of Cuttack (Orissa) seconded the resolution, which on being put to the vote was carried unanimously.

Prof. B. B. Mukherji of Sabour (Behar) moved the *fourth resolution* as follows:—

This Conference is of opinion that the Co-operative Organisation of the marketing of agricultural produce and in particular of the great staples, Cotton, Jute, Wheat and Rice, is essential and that for this purpose, besides the Co-operative sale societies, Central Organisations should be set up with the assistance, financial, and otherwise of Government.

This Conference appoints the following Committees with powers to co-opt prominent business men to prepare suitable schemes for and organise such Central Co-operative organisations for the marketing of Cotton, Jute, Wheat and Rice:

Cotton Committee:—

Sir Chunilal V. Mehta (Bombay).
Sheth Chimanlal Girdharlal (Baroda).
Prof. Ahmed Mohiuddin (Hyderabad).
Prof. H. L. Kaji (Bombay).

Jute Committee:—

Babu Mahendra Prasad (Behar).
Prof. B. B. Mukherji (Behar).
Mr. S. K. Lahiri (Bengal).

Wheat Committee:—

Mr. Malik Nur Mahomed (Punjab).
Mr. M. Bashir Ahmed Khan (Punjab).
Mr. Guru Sevak Upadhya (U. P.).
Rai Bahadur Lala Mathura Prasad (U. P.).
Prof. W. G. Urdhawareshe (Indore).

Rice Committee:—

Mr. S. K. Lahiri (Bengal).
Mr. S. Subba Rao (Madras).
Mr. N. Satyanarayana (Madras).

The object of having these committees is to emphasise the necessity of organising some co-operative whole sale societies. The Co-operative Movement has not been able to achieve that amount of success which in normal circumstances, it should have achieved. The marketing of agricultural produce, on a co-operative basis, has not been tackled properly so far. Attempts have been made in the various provinces, but with the exception of Bombay and its Cotton Sale Societies, no great success has attended these efforts. It is very necessary to organise these attempts on a wider basis. The attempts in Bengal for the co-operative marketing of Jute have been attended with failure. That, however, need not dishearten us, and need not mean that further efforts in that direction should not be made. By organising these markets on wholesale commodity basis, you would be able to increase and improve the economic resources of our members. Besides, it will give to our members better marketing facilities elsewhere. The Conference cannot possibly go into and formulate any definite scheme; the committees will go into details and prepare suitable schemes and will in various ways be of great use to and help the Movement.

Mr. N. Satyanarayana (Madras) seconded the resolution but suggested the addition of the name of Mr. Lakshminarayana Sahu (Orissa) to the Rice Committee.

Mr. L. Sahu (Orissa) in further supporting the resolution said: In America, one third of the agricultural produce was sold through co-operative markets. In our country where the ryot is concerned solely with cultivation, the middleman profited. Where there are well-organised co-operative institutions, these undertake the sale of agricultural produce and the agriculturist thereby reaps the full benefit of his labours. An expert in America was once consulted in connection with the depression of the wheat trade there. The expert advised that the produce should be burnt, in order to raise the price of wheat. A better way of doing this however is to find a market for the produce. Towards the finding of new markets and subsidising co-operative organisations for marketing, America has been spending a million of dollars. In India, we do nothing like this. The ryots are able to produce, but they are not able to grade and standardise the produce. The only effective way of dealing with the problem is to see that agricultural markets on a co-operative basis are well organised. Lack of organisation has lost us our industries, and as a consequence we are enriching other countries. Java for example is sending huge quantities of sugar to our country, though our country is capable of producing all the sugar that we need and much more besides. It is upto us, co-operators, to organise agricultural marketing and see that our agriculturists are benefitted. I support the resolution whole-heartedly.

Mr. K. L. Narasimha Rao further supported the resolution.

Mr. Ramadas Pantulu addressing the Conference at the President's request said: We require persons with first hand knowledge of business on these Committees. I hope that in co-opting members you will bring in such persons, for persons without adequate business qualifications will not be able to help the Committees to any very large extent. There are two or three problems which require special attention in this connection. For one thing, we require a good system of warehousing. This is indeed a prime necessity. So far as I can judge Railway campanies are not willing to help us in this business. From inquiries, it is ascertained that railways in other countries do help in this direction, but in India, the Railway Board does not appear to be in favour of such a scheme. Receipts granted by warehouses will be

valuable documentary bills which must be made negotiable instruments. To make warehouses render the best possible service, there are difficulties to be overcome. Unless the warehousemen are thoroughly honest and trustworthy troubles are bound to crop up. There should be therefore somebody to see that licenses are given to the reliable warehousemen. A Licensing Board is necessary not merely for licensing but also to ensure proper grading and standardising of the produce and storing it. The grading must be done in the interest of the buyers and the producers. Therefore in order that the Committees may succeed in evolving schemes and pushing them on, men with adequate knowledge of business should be co-opted. The solution with regard to Jute will be entirely different from what it would be in the case of cotton, for India has a virtual monopoly of Jute production.

Mr. S. K. Lahiri (Bengal) said: It will be proper for these Committees to prepare their reports and submit them to the Standing Committee of the Association which will on the basis of these reports take the proper action if and as necessary.

Prof. Kaji: I am afraid, I do not agree with Mr. Lahiri's suggestion. The work of the Committee does not end with merely the preparation of a Scheme. Action cannot be left to the Standing Committee of the Association. That would be unnecessarily delaying matters. In including this subject in the agenda, I always had in mind the necessity of prompt action and the very idea of putting in prominent business men on the Committees is to avoid delays which are bound to occur in the Committees' reporting and the Standing Committee's considering these reports and taking action. It is for these committees themselves to push on with their scheme, it being understood ofcourse, that the Association as such will have no financial responsibility.

Mr. Lakshminarayan Sahu (Orissa): I find that though we have got a number of co-operative societies we have not got any scheme or organisation or central market to which the agriculturist could take his produce for sale. If you have even a big central organisation and there are no stores enough for the agriculturists, it will not help the agriculturists in any way. You must have smaller stores before you start any association.

Rai Saheb Raj Prakash Narain (Behar): Suppose these four committees were set going. If they were allowed to do so, we do not know where they may land us. It has been our unfortunate position to be nowhere successful, hitherto. From 1924 we have not been able to organise a central organisation. If there are no foundations the superstructure will not stand. Let us consider the cost of running a central co-operative organisation before we commit ourselves to appointing these committees. We ought to consider this matter seriously before we commit ourselves.

Mr. Bashir Ahmed Khan: Mr. Lahiri has suggested an amendment. I support it. Instead of giving a blank cheque to these committees without first obtaining the sanction of the standing committee of the Association, I submit that the scheme be held in abeyance. It cannot be passed unless the scheme has been approved by the Standing Committee. This time we are not going to give any sort of financial help, but I suggest that these committees be appointed to prepare schemes and submit them to the Standing Committee.

The amendment by Mr. Lahiri seconded by Mr. Bashir Ahmed Khan was then put into shape and ran thus:—

This Conference appoints the following committees with power to co-opt businessmen to prepare a suitable scheme for a central co-operative organisation for marketing and submit their reports to the Standing Committee at an early date.

Chairman: The amendment and resolution are now both before us.

A Delegate: Sir, I do not understand the force of the words, "blank cheque". This is not an unlimited liability association. It has not the backing of crores of rupees. What is the blank cheque? What is the responsibility? It is quite open to you to add such an expression but to pass the amendment merely on the ground that the Association will uselessly incur expenses is a very timid affair.

Another Delegate: I am sorry to say this is not a banking concern or a trading concern. All the resolutions that are going to be passed here are mere recommendations. We are enunciating policies. I submit that Mr. Lahiri's amendment be rejected.

Another Delegate: If you want to do some good to the agriculturist you should do it now. Some of their lands are being sold. Now is the time they will rush into local banks. The money already advanced will be insecure. I suggest that you take such measures as will be beneficial to the villagers.

Mr. Lahiri in replying said: I suggested the amendment because I thought that otherwise it will be impossible to do any good. So far as my province is concerned we have made experiments in the co-operative sale of jute and paddy.

We know where we are. As regards wheat I can give you a better account as there are a number of societies that are successful. Under these circumstances, I do not think that the resolution as it is framed will be of any use to my province.

Chairman: I will now put the amendment to the vote. The amendment wants the committees to submit their report to the Standing Committee.

The amendment was put to the vote and lost by 13 to 12.

Rao Bahadur N. K. Kelkar: The problem is a very difficult one. As my friend Mr. Ramadas Pantulu has told you, it requires financial

backing. If the Central organisations are started, I feel confident that we will be able to get the support of businessmen. The question of finance can then be met. We will have to go to Government for help in matters of finance. But little can be achieved unless our organisation is efficient, capable and honest. We must have businessmen on these committees, or else our organisation, however well constituted, will not go far. We also must be very careful in not allowing business to hold on in expectation of orders. I am hopeful that if we have strong organisations, our Provincial Co-operative Banks may come forward to put up warehouses. But if the problems connected with the scheme are to be solved successfully we require the assistance of honest men. I think India possesses many men, keen, capable, business-like men, who are unselfish enough to be prepared to use their time and knowledge for the benefit of their brothers. I hope you will accept the resolution as it is put before you by Mr. Mukerji.

The resolution was then put to the vote and carried by 22 votes to 2.

Mr. V. Ramadas Pantulu then moved *Resolution No. 5* which read as follows :—

There is now no uniformity in the system of audit, supervision and inspection of societies in the several provinces. In some provinces, they are entrusted to three different agencies; in others, to two agencies. There is a great deal of duplication of work and unnecessary waste of time, effort and money. Audit is said to be unsatisfactory in many parts of India. The system of mutual supervision through separate Supervising Unions and District Federations and District Councils is pronounced to be on the whole unsuccessful in the provinces in which it was tried. Co-operative audit conducted in accordance with the spirit of the Co-operative Societies Act and the principles laid down by the Maclagan Committee, if efficiently and thoroughly conducted will help to place the societies on a very sound and stable basis. The auditor, if he is given a manageable number of societies will and ought to do far more than a mere mechanical audit, by way of instructing the Panchayatdars of societies in the right methods of conducting their business and enabling them to rectify the irregularities found in audit.

This Conference is therefore of opinion that a Provincial scheme of centralised audit by well-trained auditors will bring about the necessary efficiency, economy and uniformity in the matter of audit, supervision and inspection of societies and recommends for adoption, with such modifications as local conditions may require, by the various provinces and States in India, the following scheme :—

(i) The responsibility and the duty of inspection of societies will and ought to continue to rest with the Central Financing Agencies—the Central Banks, the District Banks, and the Banking Unions.

(ii) Audit should be centralised in and entrusted to the Provincial Institutes.

(iii) There should be District Audit Unions, composed of representatives of societies—primary and central—in the area of the District Unions.

Note:—An "Audit District" does not connote the revenue or administrative unit, but an area comprising a manageable number of societies and representation should be by groups so as to ensure local touch and non-official initiative and enterprise in the conduct of the business of the District Audit Unions.

(iv) All the District Unions should be affiliated to or federated in the Provincial Institutes.

(v) The staff of the Provincial Institute and District Unions should be appointed and controlled by the Provincial Institutes.

(vi) Primary Societies should be audited by the staff of the District Unions.

(vii) Central Banks and Provincial Societies should be audited by the staff of the Provincial Institute.

(viii) The staff of the Provincial Institute and District Unions will consist of well-trained and competent men recruited from those who are licensed by the Registrar. The Registrar may cancel the licence of any employee if in his opinion he is incompetent or otherwise undesirable. But the Registrar shall not otherwise interfere in the internal management of the Audit Union or the Audit Branch of the Provincial Institute.

(ix) The Supervision Fund which is now collected by the Supervising and financing agencies should be pooled in the Provincial Institute. The Provincial Institute, may with the previous sanction of the Registrar, levy audit fees from Urban Societies and Central Banks according to a scale fixed with due regard not only to the working capital of the institution audited but also to the amount of time and labour involved in the actual audit.

(x) The rural primary credit societies should get their audit free. On this basis, the Provincial Governments be requested to subsidise the Provincial Institutes with such sums of money as may be necessary to ensure free audit to the rural primary societies.

In commending the resolution to the conference he said: My friend Prof. Kaji had written to me some time ago to initiate a discussion on the very important question of the supervision of Co-operative Organisations. But at that time he did not suggest that I should sponser a resolution on the subject; but since we met in the Subjects Committee the matter has been discussed at considerable length, both last night and this morning, and I have put down my ideas in the form of this resolution to form the basis of discussion. I shall explain the salient features of the resolution before I read it out to you and ask your acceptance.

I would request you to bear in mind one or two important considerations before judging my views. When I speak of certain attempts as having proved successful in some provinces, and failed in others, I speak in general. So if any delegate of a province feels that my remarks are not applicable to his area, I stand to be corrected. The second thing I ask you is not to go away with the idea that I or any other Co-operator can ask for absolute uniformity on any matter for the whole of India. The scheme I put forward will have general features of All-India applicability, and at the same time it will have enough elasticity to be so modified as to suit local conditions.

The words "Audit", "Supervision" and "Inspection" are in my opinion closely allied and not easily separable functions. *Supervision*, a comprehensive word used by Prof. Kaji, is a word I am going to omit from my scheme. It may appear paradoxical to you to omit supervision from a scheme of supervision. Audit, Supervision and Inspection are no doubt in current use in the vocabulary of co-operators but they really overlap each other. I feel that Audit is a word which lays emphasis on accounting, Supervision on administration, and Inspection on finance. I think most of us have been labouring under a hallucination regarding the so-called technical scope of the words. My belief is that 'inspection' includes 'supervision.' So does audit to a certain extent.

The general sense of the scheme I place before you is this: Inspection, which includes Supervision and which is a primary responsibility of Central Banks should still continue to remain with the Central Banks or financing agencies. As for Audit, it is being done in different provinces by different agencies. On the whole, the Supervising Union system has not proved much of a success in Madras. I understand from Prof. Kaji's book that in Bombay too, it has not been a great success. The Punjab and Behar and Orissa have a different system. In the Punjab Audit is carried on by the staff of the Provincial Co-operative Union. It has a staff for audit work, each inspector being given a number of societies. Inspection is done by certain departmental officers, who take the help of the inspectors. The Central Banks do nothing. In Behar and Orissa the Federation (Provincial Institute) does the audit, and the Registrar controls the staff and arranges for test audit of a percentage of societies by his officers. I am told that on the whole it is satisfactory in both these provinces. In Bengal the Registrar is given a small audit staff, while inspection, control etc., of the co-operative organisations are in the hands of the Central Banks. The Central Banks have there, as a result, taken much on themselves.

Thus, we see there is no single system of audit, supervision and inspection for All-India. Each province follows its own inclinations in

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the matter. While I leave inspection to the Central Banks, I want to bring audit under a system which is more or less common to all parts of India. How I propose to do it is this: the audit of primary societies should be dealt with in a different manner from the audit of Urban societies and Central Banks. I earnestly think that rural societies should get free audit for many years to come, for they are in a bad way and to tax them with audit fees would be a hardship. They should be recommended for free audit to the Governments. With regard to Urban societies and Central Banks they have to tax themselves for audit. Then I proceed to the essential features of the scheme.

With regard to the agency that should carry on the audit, I am proposing an organisation generally on the lines of the Punjab Organisation, with one important variation. I will not embody in my scheme any details which can best be left to local Co-operators to chalk out. There is one drawback, however, in the Punjab system. It does not allow sufficient room for local touch with non-official co-operators, who are the main stay of the co-operative movement in India. The audit staff should be so centralised as to be both Provincial and District in its operation. The audit district need not be a political or administrative unit but will cover an area comprising a manageable number of societies. I leave the details to be worked out by the provinces, but the staff of the district audit union should be recruited from men who possess local knowledge. The District audit unions will be federated in the Provincial institute. These district audit officers will audit all the primary societies while the higher staff of the Provincial Institute with better knowledge of banking will audit Central Banks and deal with other works of greater importance. Thus there will be two classes of work. I also wish to make it perfectly clear that in licensing these men, the Registrar shall not interfere with our internal management which must be left to the District Unions and Provincial Institutes. The ultimate responsibility of the Registrar will, however, remain unimpaired. These are some of the salient features of the scheme. These audit unions will be constituted from representatives of societies and the Central Banks in the District. The non-official boards of the District Unions will look to the proper conduct of the work and will have full administrative control over these District Unions.

Mr. Ramadas Pantulu then read his resolution and concluded his speech in the following words:

I see signs of Government trying to tax rural societies. If this could be avoided, so far as rural societies are concerned, they should be tax free. I desire to emphasise the need to get together an efficient audit service for the societies. You can certainly get good men to conduct these District audit Unions with a very well-qualified and trained auditor at the head. I request you to give careful and dispassionate consideration to the scheme I have put before you. I earnestly plead for a very calm consideration of the scheme which, I feel confident

will go a great way in solving a knotty co-operative problem. The auditing work now done by the Government staff is not much to speak about. An efficient and thorough audit will do away with many of the evils from which the societies are suffering.

Mr. Raja Prakash Narayan (Behar) seconded the resolution.

At the request of the President of the Conference, Mr. A. B. Collins, I.C.S., C.I.E., Director-General and Secretary Commerce and Industries Department, H. E. H. the Nizam's Government, spoke as follows:—

I start by saying what pleasure this Conference has given me at meeting old friends and I hope, too, to make some new ones. What has impressed me most is that many gentlemen present here have had considerable experience of primary societies. From what I have heard, you have discussed important questions in a business-like manner. I quite expected the resolution on the subject of Supervision would be a resolution on the lines of the one proposed at the Registrars' Conference held two years ago, as the result of the Royal Commission on Agriculture. A resolution was to be proposed which absolutely condemned the supervision of societies by Central Banks. Then I wrote hastily a long note. I pointed out that different parts of India differed very much. In some provinces there are temporary or non-permanent settlements, where there are men of great influence living in the villages. If we could interest them in the work, they would form the very best agency. In other provinces, such gentlemen are not available. My only suggestion now is that although I heartily believe in a uniform system of supervision, the resolution should be framed in such a way as to allow a loophole for other systems to exist. Mr. Ramadas has lucidly described the system in Behar and Orissa, but in doing so, he has left out one or two essential features. No doubt, as he explained, the functions of supervision, inspection, etc. are in the hands of the Central Banks. But unless they have licenses from the Federation, they are not allowed to supervise. The reason why they condemned the system was that the Central Banks appointed anybody they liked. That was why I introduced a system of licenses in order to ensure proper qualifications. I suggest that in laying down this system of supervision and control by Central Banks, your Conference should see that the licensing of the whole staff employed by the Central Banks should remain with the Federation. I think Mr. Ramadas advocated that audit should be free. At the same time at the present state of development a safeguard should be provided, which will be a source of satisfaction and confidence to the people who deposit their money in the Central Banks. I also suggest that in recommending that audit should be free and should be entrusted to the Institutes, it should be provided that a test audit should be carried on by the Government.

Rai Bahadur Mathura Pershad (U. P.): If the power of appointment and dismissal rests with the Registrar, difficulties are sure to crop up. The Union should have full powers of appointment and dismissal. In my province the supervisors are under the control of the Union. The Registrar has nothing to do with them. There the Unions themselves have full powers of appointment and dismissal. But in this scheme the powers rest with the Registrar. It is not proper that the scheme should give such rights.

The President explained that such was not the object of the scheme.

Rao Bahadur Talmaki (Bombay): The Scheme which has been placed before this Conference by Mr. Ramadas Pantulu requires close examination. It is desirable that it should be circulated to all the provinces and their opinions obtained and I move an amendment to that effect.

Mr. Shams-Ur-Rahman (Bengal) In seconding the amendment: The persons primarily affected should be consulted in the first instance. Before launching into the scheme we should send the whole resolution to the Central Banks and other bodies and the scheme can be considered at the next conference. I think it will be better to have it circulated in the way suggested. Nothing will be lost by allowing a year to pass by.

Rao Bahadur R. M. Khare (Berar): I request the house to accept the amendment and circulate the scheme.

Mr. R. N. Rajagnya (Bombay): The scheme should be circulated to the Provincial Unions and the Federations, as the matter is not very pressing.

Babu Mahendra (Behar): I do not think any good purpose will be served by postponing the scheme, as asked for by the amendment. For, after all, the question is not new. Even if it is circulated and comes before you next year, you will then say, 'Give us another year'. It is not necessary to postpone it. The system is working already in Hyderabad and Berar. If this resolution is now postponed, we will be merely postponing a useful resolution. I therefore request you not to postpone it. I believe that the attendance of delegates for this Conference is very satisfactory and they are competent to decide one way or the other. It does no good to postpone the resolution. I ask that it should be considered and passed now.

Rao Bahadur N.K. Kelkar (C.P.): We are not taken by surprise by Mr. Ramadas Pantulu's resolution. For the subject had been set down in the agenda and we discussed this question in the Subjects Committee spending three hours last night and about one and a half hours this morning over its consideration. Therefore none of the delegates can say that he is not in a position to consider the resolution. After all, our resolutions will be merely recommendatory. We place concrete proposals and try to give a lead to the country. Next year it is possible that the

resolution may have to the altered or cancelled. Meanwhile it will not be proper to waste one year's time. If we go on postponing such important resolutions, then the accusation levelled against us, that we are not come here to do real business, will be fully borne out. If we only circulate the scheme, we will be wasting time. Therefore I submit that we should discuss the resolution, now and fully, and come to a decision on it, in order to give the whole of India a lead. Another reason why the circulation of the resolution would not serve a useful purpose is this, that if the resolution is not discussed now, Registrars and Central Banks would have nothing to guide them during the year. They must have some material to guide them and this would be our discussions on the resolution. So I oppose the amendment.

Prof. H.L. Kaji (Bombay): If the amendment is passed, I, as your Secretary, will have to circulate the resolution and collect views. I know what that means. Some will reply, others will not. Here we have representative opinion from all provinces. We will not therefore be a bit better off after its circulation than we are to-day. Each province will assert that its system is better than the system in other provinces and we would be as far from reaching a settlement as ever. Nothing therefore is to be gained by temporising and circulating. Our Association is meant to give a lead to the rest of the country and express a well considered opinion and no advantage will accrue by merely delaying its consideration. The Institutes need not be consulted, for all our resolutions are only recommendations, not mandates.

The amendment, that the resolution should be circulated, was put to the vote and lost by 16 to 10. Discussion on the original resolution was continued.

At this stage Mr. Lakshminarayana Sahu (Orissa) requested the mover of the resolution to delete certain words. In doing so, Mr. Ramadas assured Mr. Sahu that he was not partial to the Registrars.

Mr. Bashir Ahmed Khan (Punjab): I am very glad that the system which has been followed in the Punjab is going to be adopted with minor alterations. In the Punjab the Provincial Union carries on all the four functions, namely, audit, supervision, training and propaganda. At the present movement we have about 20,000 societies where this system has been working very successfully. I support the resolution in so far as it says that audit should be entrusted to the Provincial Unions, but I fail to see how the "local touch" of which the resolution speaks has been in fact lost. There is no necessity for creating any district audit unions, for I do not feel they will be successful.

Asked if he would alter the resolution in the light of Mr. Bashir Ahmed Khan's observations, Mr. Ramadas Pantulu said: Reject my scheme as a whole or accept it as a whole. I cannot alter it.