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Editorial Notes

Rural Reconstruction

1. (a) Considerable interest is being evinced at the present time in rural reconstruction and our esteemed contemporary the "Bengal Co-operative Journal" published a brief account of the working of the various schemes about which certain observations are made elsewhere. In this note we should like to draw the special attention of our readers to a comprehensive scheme of rural reconstruction published in most of the Indian papers—the scheme elaborated by that great practical statesman and administrator Sir M. Visveswarayya.

The one essential point in which Sir M. Visveswarayya's scheme differs from various schemes now working in India is this. The present schemes take to the task of rural reconstruction more or less as a philanthropic object. In some cases Provincial and District Banks lend their financial support ultimately with economic motives because they know that if the villages are flourishing, they themselves will share their prosperity. But in almost all these schemes the reforming agency is an outsider. It is true that the outsider merges himself wherever he can into the population, which he is a part of.

to serve and very soon he gets himself acclimatised ; but the initiative does not come from within. So also in the case of financial responsibility. The outside agency practically finances the whole enterprise, and the villagers that are benefitted are not made to share the financial responsibility. To the best of our knowledge not one scheme now in operation expects contribution from the villagers themselves. Sir M. Visveswarayya's scheme removes this fundamental defect and he adumbrates an organisation in which the villagers themselves take a prominent part, and to maintain which the villagers contribute a substantial portion. The difference though essentially affecting only one point is very vital and that alters the whole nature of organisation and working.

Even in education the present method is to make children learn things for themselves and the teacher is there merely to guide and help them. To use a well known figure, he is there as a gardener allowing things to grow, helping the natural process, occasionally removing an obstacle here and a weed there. So also the policy of rural reconstruction of villages should be based on the initiative of the villagers themselves and the outside agencies should be there to help the villagers to solve their own problems.

(b) In the latest number of the "Bengal Co-operative Journal" (quarterly—April to June 1931) Prof. Sukumarranjan Das has given a brief account of some village reconstruction schemes now working in India. The schemes dealt with are :—

The well-known Gurgaon Scheme of Mr. F. L. Brayne and the Lyallpur scheme in the Punjab,

The Benares scheme in the United Provinces,

The Desa Bandhu Palli Samity Scheme,

The Viswa Bharati Scheme,

The Daniel Hamilton Scheme, at Gasaba and

The Calcutta Anti-Malarial Society,

} In Bengal.

The Y. M. C. A. and the Madras Provincial Co-operative Union schemes (the latter including Alamuru in Madras,) and

The Palwal Scheme in Chota Nagpur.

An account of so many schemes in one article is bound to be crappy, and the portion relating to the Madras Provincial Co-operative Union Scheme (called by Mr. Das "the Panthalu Scheme")

EDITORIAL NOTES

(because it was adumbrated by Mr. Ramadas Pantulu) is particularly meagre and inaccurate. Mr. Das does not seem to know that there are eight centres working under the scheme, inclusive of Alamuru, and that they are located in eight different districts. It is not true that "the scheme bases the entire programme on the statutory panchayat". Being an effort entirely supported and conducted by the higher co-operative institutions of the province, the scheme is really based on the co-operative society, though the panchayat also is emphasised. Mr. Das's article, however, is welcome, as it enables the reader interested in rural reconstruction to know some of the important schemes that are in operation in the different parts of the country. The list avowedly is not exhaustive. There are some other schemes, less known and recently started, and it would be very useful if an adequate account of all of them be made available in a single book or pamphlet. We should think the All-India Co-operative Institute is the best body to take up this compilation.

Our New Constitution for the Annual Conference.

2. The last Provincial Co-operative Conference passed a constitution for future conferences. The draft constitution as published in our journal (February 1931 issue) was practically approved *in toto* with this important modification that the Executive Committee of the Provincial Co-operative Union has been made the body responsible for holding the conference instead of an *ad hoc* committee contemplated in the draft.

We take it that our readers would have noted the important changes that have been introduced in the constitution and we should like to invite their attention to some of them. If the resolutions of the conference are to have any weight, they must not be sprung on the conference at the spur of the moment, but should have received the careful consideration of a large body of co-operators. The new constitution amply provides for this purpose. The resolutions passed at various district, taluka and sectional conferences are to be codified and things of provincial importance are to be urged at the provincial conference. Any constituent association, nay even any individual co-operator, is given the liberty to suggest subjects for consideration at the conference. All this is as it should be. In these days of democratic control a brilliant individual co-operator may not have an opportunity to come as a representative of any constituent association. He has now the liberty of

communicating his ideas direct with the executive committee of the Provincial Co-operative Union and his suggestions, if worth having, will be included in the agenda of the conference. To avoid dumping too many resolutions on the Subjects Committee which they may not have time to consider, the rules provide that the subjects for consideration should reach the conference authorities sufficiently early and that they must be published in the journal *at least two weeks before the conference*. That will give the necessary time for all co-operators to pay sufficient attention to the subjects included in the agenda.

Brilliant individuals who may be left out have been given not only opportunities to suggest subjects for consideration at the conference, but the rules provide for their being nominated as delegates and also being invited as distinguished guests to address the conference. Thus the widest possible opportunities are given to individuals, who may be left out, to give the conference the benefit of their suggestions, advice and guidance and the democratic nature of the organisation is at the same time kept up.

Following the procedure adopted in the West, the conference committee may hereafter appoint a credentials committee to look into the question of delegation and see that those who attend the conference as delegates have got their proper credentials. A stricter enforcement of this will make the conference more authoritatively representative and its resolutions are likely to be invested with greater power and significance. In the transitional stage a strict enforcement of discipline by the credentials committee may cause difficulties and therefore the conference committee has been invested with the power to waive the objections in the matter of delegation, if in its opinion they are of a minor nature. We hope the spirit of the new constitution will be appreciated by co-operators all over the province and we look forward with great interest to the working of the new constitution at the time of the next conference.

Affiliation of the Andhra Sahakara Sammelanam.

Co-operators all over the province and especially our enthusiastic brethren from Andhra Desa will be delighted to note that the Provincial Co-operative Union has been strengthened by the affiliation of the Andhra Sahakara Sammelanam to it. We have always held the view that the Andhra Sahakara Sammelanam has got its place in the scheme of things as the Tamil Nadu Federation has and so long as the province of Madras remains what it is and

so long as co-operators have to deal with one Minister and one Registrar, there is very little purpose in weakening the central authority. We very highly appreciate the wisdom of our Andhra brethren and we hope this wise step on their part will be a cause of strength not only to the Provincial Co-operative Union but to the Sammelanam as well.

Recent Utterances.

The extracts we have published elsewhere from the Presidential addresses of Dr. P. Gurumurthy and Mr. A Sivarama Menon delivered at Guntur and Ernakulam respectively will be found each in its own way very helpful to Co-operators. Dr. Gurumurthy was outspoken almost to a fault. We should congratulate him on his boldness and we hope other presidents will follow that example and will not be afraid of calling "a spade, a spade." That section of his speech which deals with the mistakes committed by co-operative societies deserves to be carefully read and pondered over. Also another section where he appeals to co-operative societies to take a broader view of their functions and look upon village uplift as their ultimate aim and not to confine themselves to merely lending and borrowing. Mr. Sivarama Menon also outlined a scheme of inter-connected Co-operative structure for Cochin, each section confining itself to one department of activities and discharging that function efficiently. He pleaded for the formation of societies for non-credit activities and as the President of the Premier Store in India, he put in an eloquent plea for the starting of co-operative stores in Cochin. He also advocated the encouragement of cottage industries for the agriculturists and advised Cochin Co-operators to conduct a periodic review of their activities.

We have occasionally heard complaints that we give too much predominance to speeches. Our justification for the practice is that these presidential addresses are not the empty effusions of irresponsible persons, but they are weighty pronouncements containing much wisdom, the result of long and matured experience and therefore they are as valuable as original articles and our opinion will be shared by those who read the extracts from the addresses mentioned above.

A Forward Step in the Right Direction.

We have received a copy of the proceedings of the Committee entrusted with the business of convening an All-Kerala Co-operative

Conference. One of the resolutions passed at the last Cochin Conference was that steps should be taken to convene an All-Kerala Conference and the Committee entrusted with the work has not allowed the grass to grow under its feet.

If we give up the old habit of looking to government for concessions and realise that co-operative movement is people's movement and that its success or otherwise depends upon the people, there is ample justification for convening the conference as contemplated. It is true that the three component units, Travancore, Cochin and Malabar are under three different administrative agencies, but this, as we said above, is a minor matter. That they have a common language, common laws of inheritance, manners and customs and common culture is the real point and therefore a conference where representatives can express themselves in their own mother tongue and exchange notes upon the common problems will be greatly appreciated by co-operators all over the West Coast. This would be the first step of forming a Malayalam unit of the Future Federated India.

As we observed on a previous occasion in dealing with the session of the All-India Co-operative Institutes' Conference held at Hyderabad (Deccan), the co-operators anticipated politicians in the matter of organising an All-India Institution transcending political barriers between British India and Indian States. This step on the part of West Coast is in perfect conformity with the co-operative ideal and the practice hitherto followed by eminent co-operators in this great sub-continent of India and we wish them all success in their enterprise.

The lesson we have to learn from the Balkan States.

The Balkan States of Europe have been notorious for internecine quarrels and that portion has witnessed more wars during the last 100 years than almost any other part of the world. Yet during this present period of economic crisis these states have come together and have taken a united action in certain matters.

The example of her powerful neighbour, Russia has not been lost upon them. The repercussions of the activities of the Soviet Republic in accordance with their five year plan have been felt by these states, and they have learnt for some purpose the lessons of organised effort which this plan has to teach.

In this connection it is interesting to note that the Economic Committee of the League of Nations which was commissioned to

enquire into the present crisis has published its report under the title of "Agricultural Crisis" Volume I and the Committee points out that the agricultural crisis is considerably aggravated by the disorganised nature of agriculture and recommends formation of groups of agricultural producers to organise the sale of their crops on an international basis, so that representatives of national producers may meet together and do business. The Balkans have almost anticipated this recommendation and they have felt the need for each country possessing an organisation for dealing with their crops. They also felt the need for finance to help their farmers and organisations such as, warehouses and elevators. Yugoslavia, Bulgaria and Rumania have evolved institutions to manage the export of their agricultural products, and the British Government is lending a very large sum to these States to finance their new organisations for handling the agricultural produce.

We in India have got a lesson to learn. The most important industry of the land, agriculture is now in a most chaotic condition, absolutely disorganised in almost every stage of its activities. We, co-operators have got a supreme duty to the agriculturists of not merely helping them with cheap credit, but of organising them and making them an efficient unit in a long chain of interdependent national organisations, which by their representative and authoritative character will be able to do business with similar institutions of other lands on a footing of equality.

A Novel Co-operative Venture in America.

There is no end to new methods of applying Co-operative principles to human needs and activities and the latest Co-operative enterprise of an extremely interesting nature is the starting of a Co-operative Park at Brule in North Wisconsin. The park is located at a naturally beautiful spot on the famous Brule river and has got dining rooms, and assembly hall and facilities for every form of out door activity from swimming and fishing to open air theatricals and picnics. This park is designed primarily for strengthening the co-operative movement by doing effective propaganda and educational work. Children's summer camps, Youth's summer course etc., are held here, and all activities are intelligently interconnected and co-ordinated. The possibilities of service to the movement by an institution like this are immense. The membership is open to every farmer and to all co-operative labour organisations and the

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shares are priced as low as 5 dollars a share. We commend the spirit underlying this new enterprise to our readers and we hope that the old institution of *Yathras* and *Vanabhajans* so popular in this land in times of old would be revived and run on co-operative lines.

A Lady Co-operator as Minister.

The Associated Press of India flashed sometime ago interesting news all over this sub-continent about certain radical changes in the administration of prisons in Spain which are to be introduced by the new Lady Director of Prisons under the Republican Government. Our co-operative brethren would be glad to know that this Lady Minister is a prominent co-operator of Spain.

Senorita Victoria Kent is a Malaga girl of British descent and she was the first lady barrister in Spain. At the last conference of International Women's Guild held in Vienna the Committee of the Guild felt the absence of a woman from Spanish-speaking part of the world and in exercise of their powers of co-option invited Senorita Victoria Kent of Madrid to join the Committee. She was a lawyer and member of the Board of National Federation of Spanish Co-operative Societies. She was also the legal adviser of the Fisher women's Co-operative Association of Spain which is a state-aided institution.

Co-operators all over the world and especially in India where our women are making strenuous attempts to take their legitimate place in public affairs would be glad to note that the honour of being appointed as the first Director-General of Prisons in Spain under the new Republican Government has fallen to the lot of a lady Co-operator. Our hearty felicitations to our sister and we hope the lessons she has learnt through her connection with the co-operative societies will stand her in good stead in the new sphere of her activities.

France's Co-operative Disaster.

Elsewhere would be found an appeal by the Secretary of the International Co-operative Alliance on behalf of the Co-operators of France. The daily press in this country merely mentioned the fact that a steam boat called "St. Philibert" turned turtle in the Bay of Biscay. Fuller details have come to us from the co-operative press of England and it forms very painful reading.

We are told how the excursion was organised by a newly started Co-operative Association known as "Nos Loisirs" and it

consisted of 467 persons besides the crew of the ship. Even on the onward journey the steamer seems to have encountered rough weather. The party succeeded in going to Noirmontier which was the place of picnic they had fixed up. Of the excursionists 28 decided not to return by water as the wind rose. But the rest of them started on their return journey at 5 P.M. and at 6.30 P.M. the ship was observed to be in difficulties. One violent squall and the ship was no longer to be seen. All attempts of aeroplanes and teamers to locate the spot where the ship sank were not successful. Whole families have been wiped out.

Our deepest sympathies go to France in her moment of unparalleled distress and we too appeal to our readers to subscribe their mite to relieve the distress of our French brethren. Any contribution, however humble, would be welcome and may be sent to the Secretary of the Provincial Co-operative Union, Royapettah, Madras. It will be forwarded to France or to the Secretary of the International Co-operative Alliance who has issued the appeal.

The Conference Committee on the Co-operative Bill.

Elsewhere would be found published as a special supplement a report of the Committee appointed by the XIX Madras Provincial Co-operative Conference to go into details about the Madras Co-operative Societies' Bill. Our readers would remember that prior to the Conference there was a joint session of the Boards of Management of the two apex institutions, the Provincial Bank and the Provincial Union and certain resolutions were passed at the Conference in conformity with the general principles agreed upon at the joint sessions. The Committee whose report is under reference was appointed by the Conference to go into further details and formulate specific amendments to the several clauses of the Bill.

The Committee, we are glad to state, took up the matter with great earnestness and have discharged their function satisfactorily. They have drawn pointed attention to the following general features of the Bill, viz. (1) that it is highly retrograde, in as much as very little encouragement is given to non-official organisations for their free development, (2) that there is excessive spoon feeding which will eventually lead to divided responsibility, (3) that non-official organisations have not been given powers to discharge such functions as education, which is acknowledged on all hands to be specially their own. The Committee have also pointed out how the

Bill in spite of the declarations contained in the statement of objects and reasons, depart, and in some places widely, from the recommendations of the Townsend Committee. That the statutory powers of the Registrar have been unnecessarily increased and strengthened, that there is no adequate provision for appeal against the orders of the Registrar, and other defects have also been exposed.

It is hoped that the members of the Legislative Council will give that attention to the report of the Committee which the weighty document deserves and shape their own attitude and policy in the light of the recommendations of the Committee.

The Committee deserves the hearty thanks of all co-operators.

REPORT

OF THE

XVII Madras Provincial Co-operative Conference

PER COPY: ENGLISH As. 8
TAMIL As. 4

Apply to:—

THE JOINT SECRETARY,

The Madras Provincial Co-operative Union,

ROYAPETTAH, MADRAS.

REPORT OF THE COMMITTEE

OF THE

XIX Madras Provincial Co-operative Conference

ON

The Madras Co-operative Societies' Bill.

1. INTRODUCTORY.

The Committee was appointed by the Nineteenth Madras Provincial Co-operative Conference with the concurrence of the Boards of Management of the Madras Provincial Co-operative Bank Ltd, and the Madras Provincial Co-operative Union, to consider the opinions received on Bill No. IV of 1931 and to make proposals for the improvement of the Bill in accordance with the accredited non-official opinion of the Province. The instructions to the Committee were that the amendments and additions to be proposed by them shall be in substantial conformity with the principles underlying the resolutions of the said Conference and the joint meeting of the said Boards. Agreeably to those instructions, the Committee have formulated amendments to several clauses of the Bill and recommended certain additional provisions for incorporation in the Bill, which are set out in detail in the annexure to the Committee's Report. The Committee met on the 12th, 13th and 14th of July 1931, and examined all the opinions on the Bill which were sent up to the Madras Provincial Co-operative Union or expressed at the Provincial Co-operative Conference and the joint meeting of the Boards of the Provincial Bank and Provincial Union. Among the members of the Committee, Mr. R. G. Nallakuttalam Pillai alone sent in a minute of dissent on some of the conclusions of the Committee and signed the Report subject to his minute; otherwise the conclusions are unanimous.

The views of the Committee on the general features of the Bill and a very brief summary of the more important among the detailed proposals contained in the annexure are set out in this Report in order to elucidate the scheme of the amendments and additions recommended by the Committee.

2. GENERAL FEATURES OF THE BILL.

(i) The Bill, in its present form, is on the whole a retrograde measure and some of its provisions are in conflict with the generally

accepted aim of the Government to progressively de-officialise the Movement. The existing provision for official control is considerably enlarged. The growth of overdues in societies and failure of panchayats to effect recoveries of overdue debts and other evils, that have crept into the movement, cannot be remedied merely by a larger measure of official control. Copious surcharges and numerous prosecutions will not improve either the working of the societies or the tone of the Movement. The creation of conditions and environment for the play of the virtues of self-reliance and self-help and elbow room for the development of non-official organisations in an atmosphere of freedom, so as to foster a sense of responsibility, is the real remedy. In this connection, the Committee wish to draw attention to the principles laid down by the Government of India in their famous resolution dated 29th April, 1904, for observance in working the Co-operative Societies' Act X of 1904, to show how widely they have been departed from in this Bill. The Government of India then said that the "regulative interference of Government should be limited strictly to essentials so as to leave spontaneous growth unhampered." They further stated that, in giving a fair trial to the Act, it should not "either suffer from the absence of that official guidance without which a successful start cannot be hoped for in this country, or be prevented by too much supervision and too many restrictions from attaining its full development." They desired further "to lay stress on the necessity of reducing restrictions to a minimum, so that people might be encouraged (subject to certain necessary safeguards) to work out the problem on their own lines, with such guidance and advice as can be given to them." Referring to the Registrar, the Government of India said that "the Registrar should, for the first few years, at least, be constantly visiting the societies and watching their progress, rather as a friendly adviser than as an inspecting officer" and that "gradually as experience is gained and the societies are able to stand alone, the fostering care of the Registrar will be less required until his duties become purely official."

(ii) The Scheme of the Bill suffers from the tendency to excessive spoonfeeding, which is bound to lead to divided responsibility. Such divided responsibility is bound to prove very detrimental to the Movement. This is specially noticeable in the clauses dealing with the financial operations of the societies. They are calculated to destroy all sense of responsibility in those, to whose hands the conduct of the financial business of the societies is entrusted. Such interference with the internal management of the societies at every

turn defeats the very end in view, namely, the healthy growth of the Movement. This view was forcibly expressed by the Government of Burma in their resolution on the Report of the Calvert Committee, to which attention is invited. (*vide* page 6 of the Report of the Committee on Co-operation in Burma).

(iii) The Bill is conspicuously defective in so far as it does not recognise the need to invest the non-official organisations even with such minimum powers as are clearly necessary to guide and control the institutions affiliated to them, and the need to associate, in some suitable manner, representatives of the non-official organisations with the conduct of the Movement. Two illustrations may be given to elucidate this point. The financing banks are not given the slightest scope to safeguard their financial interests by inspection or enquiry into the financial conditions of their constituent societies, even in cases where the banks' investments in them are in a perilous condition. All that the banks can do is to helplessly look up to some departmental subordinate to help them with a report of the debtor societies' conditions. Again, there is no trace of any desire to commit the important functions of co-operative education and training to the hands of non-official organisations. The supreme need for co-operative education is recognised on all hands. But, there is not even a reference to it in the Bill, much less any provision, for its encouragement. These points are chosen because they were unanimously accepted by the Townsend Committee, whose recommendations the Bill purports to carry out. (*Vide* Recommendations 145 and 146 regarding ascertaining non-official opinion by Registrar; 147 and 149, regarding vesting powers in financing banks to inspect and make enquiries and 233 and 234 regarding education and training being entrusted to non-official organisations).

3. THE TOWNSEND COMMITTEE AND THE BILL.

A Committee was appointed by the Government of Madras by G. O. No. 1336 Development, dated 1st September 1927, to enquire into the state of the Co-operative Movement in the Province, with Mr. C. A. H. Townsend C.I.E., I.C.S., as its Chairman. The Committee reported in January 1928 on many matters of vital importance to the Movement. The Bill is naturally expected to deal with them. The recommendations of the Townsend Committee in relation to the Bill may be grouped under four heads :

(1) Recommendations of a progressive and beneficial nature to the Movement, which the Bill has ignored or nullified. Under

this head may be mentioned those recommendations of the Committee which are intended to strengthen and develop the non-official organisations. As instances of these may be given the recommendations Nos. 147 and 149, regarding the necessity to vest the Central Banks with powers of inquiry into the working of societies and inspection of their books; recommendations Nos. 233 to 240 regarding co-operative education and training being entrusted to non-official organisations; recommendations Nos. 145 and 146 regarding non-official organisations being consulted before initiation of policies; and recommendations Nos. 63 to 73 regarding the encouragement of loans against produce by the formation of loan and sale societies, which clauses 32 and 33 of the Bill practically counteract. It may be generally stated that the financial provisions of the Bill are substantially opposed to the spirit of the recommendations of the Townsend Committee.

(2) Recommendations which are only partially or unsatisfactorily carried out. As instances may be mentioned recommendations Nos. 29, 140, 231 and 243, which are not implemented as claimed in the statement of objects and reasons, but are either seriously deviated from or carried out only partially. Recommendations Nos. 29 and 140 suggest that the lien over the crop, cattle and implements, now given by section 19, be converted into a charge and such charge be given priority over subsequent Government loans. Clause 21 of the Bill which purports to implement these recommendations does not work them out satisfactorily. In a sense, it makes the present position worse by making the societies' charge subject not only to *prior* claims of Government, as is now the case, but to all claims *prior* as well as *subsequent*. Again by giving priority over the societies' charge to money recoverable as if it were land revenue, or as if it were rent, the benefits of the clause are almost rendered nugatory. If forest revenue, takkavi loans, income tax and all other such dues have priority, little will be left. The effect of the decision of the Madras High Court in 41 Madras 691 in regard to land improvement loans under Act XIX of 1883 has to be set right by the clause. Recommendation No. 140 of the Townsend Committee specifically accepts this principle that subsequent Government loans should be postponed to societies' charge. The other defects of the clause are dealt with under the amendments to the clause detailed in the annexure.

Recommendation No. 231 empowering recovery of overdue debts by summary methods is now embodied in clause 28. This clause as it stands is exceedingly drastic and offends against elementary

notions of Jurisprudence. The Townsend Committee never contemplated the exercise of the power even without an application by the concerned society. If the clause is confined to execution of decrees, awards and orders, it may prove useful. Emergent attachments to provide against fraudulent alienations and attempts to defeat or delay prospective decrees or awards in pending cases is provided for in clause 49. So, clause 28 is unnecessary for that purpose is therefore recommended for deletion in its present form.

Recommendation No. 243 to empower the reduction of borrowing power of a society, is now sought to be embodied in clause 60 (h). The Townsend Committee recommended that power in the case of only primary societies under very stringent conditions and excluded central banks altogether from its scope. The Bill goes far beyond the Townsend Committee's recommendation in letter as well as in spirit. The clause is recommended for deletion. The evils of this provision are further commented upon in a later section of the report dealing with "Financial provisions."

(3) Recommendations which are fairly well carried out. Instances of these are recommendations Nos. 218 to 223 and 232, containing provisions to improve the present position regarding Arbitration, Liquidation and Execution, and recommendations Nos. 241, 242 and 244 to 247, relating to certain powers of the Registrar, such as calling for returns and information, summoning of general body meetings, when committees fail to do so and revision of awards and orders. In all these matters, the amended provisions of the Bill, generally speaking, constitute an improvement over the existing legal provisions. They are, however, still defective, and to remove the defects in the clauses relating thereto, detailed suggestions are made in the annexure.

(4) Matters on which the Townsend Committee did not make recommendations, though pressed for, but which the Bill now provides for. Powers of surcharge under clause 48 and prosecution under clauses 51 and 52 are instances in point. The Committee have recommended the deletion, or in the alternative substantial modifications of these clauses as stated in the section of the Report, dealing with the Registrar's powers.

The notes to the amendments in the annexure deal in detail with the variance between the provisions of the Bill and such of the recommendations of the Townsend Committee as are covered by the Bill. The matter does not therefore require further elaboration.

4. CONSTITUTION OF SOCIETIES.

The main clauses dealing with the constitution of societies are clauses 4 to 13 and clause 60 (i). Various amendments are suggested to these clauses in the annexure. Two of these deserve special mention here. The nature of the unlimited liability referred to in clause 4 and the mode of its enforcement should be clearly stated in the Act. A majority of the Committee favour the view that such liability ought to be joint and several liability arising not on liquidation as in the Bombay Act, but even before liquidation. The Committee also recommend by a majority that such liability shall be enforceable against any member of the society, in execution of a decree or award or order obtained against the society, though the members are not sued by name and a joint and several decree obtained against them. The Madras High Court, in a recent case, recognised the hardship involved in such a course, but upheld the liability in this form. (Vide the "Hindu" dated 30-7-1931.) Provision for contribution should of course be made to enable the member who had to pay more than his due share to recomp himself. The Registrar should give awards in favour of such person and enforce them promptly; otherwise, the hardship will be great.

Regarding clause 60 (i) which seeks to empower the Government or their delegate to fix and determine the number of individuals and societies in the Board of Management and the General Body of the Central Banks, the Committee feel that it is a wholly indefensible provision. It does away with the fundamental rights of co-operators to settle the constitutional basis of their own institutions. In view of the fact that by-laws have to be approved in any case by the Registrar and thus an opportunity to correct grossly improper constitutions exists, this rule-making power is unnecessary.

5. FINANCIAL PROVISIONS.

The main clauses dealing with the financial operations of societies are 32, 33, 34 and 60 (h). Clause 32, as its marginal note states, deals with "Restriction on Loans" and clause 33 with "Restriction on borrowings". Under Clause 32, the societies may lend only to such extent and on such conditions as may be prescribed by the Act, the Rules and the By-laws. Under clause 33, the societies can borrow to raise their capital only to such extent and on such conditions as may be prescribed by the rules and the by-laws. Why the reference to the Act is omitted here, it is difficult to see. No society can naturally lend or borrow against the provisions of the Act or its own by-laws. The reason for further regulating these

normal financial powers by *executive rules* is not evident, specially when the by-laws themselves, which deal with these powers of lending and borrowing, are subject to the approval of the Registrar. This rule-making power may cause grave inconvenience, if lending and borrowing powers, contained in the by-laws and on the basis of which the public deal with the institutions, are interfered with at the pleasure of the officialdom. It may well paralyse the activities of the Provincial and Central Banks in evolving financial policies, or making plans ahead for regulating rates of interest and other matters relating to lending and borrowing and allied transactions. As for conditions regulating loans (which obviously include the purposes of the loan) the recent G. O. against Khaddar is an instance which proves that economic activities, highly beneficial to co-operators, but not favoured by the executive, can be suppressed by rules notwithstanding the fact that they are permitted by the Act and the by-laws. Clause 32 (1), which introduces this rule-making power for the first time, does not occur in the Bombay Act. It must therefore be deleted.

Clause 32 (3) amends the existing provision by prohibiting not only unlimited liability societies but also limited liability societies (e.g. loan and sale societies and urban banks) from lending on the security of movable property, save of course with the sanction of the Registrar. This is a deplorably retrograde measure. All the Provincial Banking Enquiry Committees, who have examined this question, made strong recommendations for encouraging the grant by the co-operative societies of produce loans. (Vide also recommendations 63 to 73 of the Townsend Committee which strongly urge the dispensing of produce loans by Co-operative Societies.) Nevertheless, loan and sale societies, which do this business exclusively, are now brought under this new restriction. In order to enable the producer to get better prices and to improve marketing conditions, lending against produce is very necessary. Again, pledge of gold and silver is a traditional form of security familiar to rural and urban borrowers and to shut out co-operative loans on them will inevitably drive members of societies to money lenders. One wonders whether this provision is made in response to the hostility which the Imperial Bank of India has of late been manifesting against co-operative societies lending against produce and gold, thus to some extent trenching on its business through its branches.

Clause 32 (4) vests Government with power to restrict lending on mortgage of immovable property. Normally, the discretion to take real property security or not must rest with the financing institution and not the Government. The clause can have no application

to Land Mortgage Banks. House mortgage in urban areas is a well recognised and useful form of security and any attempt to restrict it will deprive the people of the locality of a most convenient form of raising credit. If the intention of clause 32 (4) is to arm Government with reserve power to prevent certain classes of non-credit societies, from locking up their resources in immovable property, then it may be made clear.

Clause 34 purports to deal with restrictions on transactions with non-members. Clause 32 deals with lending to non-members and Clause 33 with borrowing from non-members. What other transactions are contemplated by Clause 34 is not clear.

Not content with all these liberal powers of rule-making, clause 60 (h) seeks to vest further power in the Registrar to reduce the borrowing power of societies provided for in their by-law, presumably without recourse to the general body for amendment of registered by-laws. This will be the last straw on the financial autonomy of societies. This power is far from being in consonance with recommendation No. 243 of the Townsend Committee as already pointed out.

The Committee are clearly of opinion that the fixing of the maximum borrowing power of primaries and of their members should rest with the financing central banks. In fact, it is not possible for the Registrar to discharge this duty effectively in the interests of the Movement, or of the financing banks or of the investing public. This power is vested in the financing banks in many other provinces and the Burma Committee on Co-operation and the Government of Burma have also taken the same view. A clause must be introduced in the Bill vesting the power in the financing banks.

The Committee therefore recommend the deletion of reference to *rules* in all these clauses, leaving the societies to function under the Act and the by-laws.

The Committee also desire to point out that those provisions are an anachronism as they are borrowed from Act X of 1904 which only provided for registration of primary societies. The evolution of Provincial and Central Banks which now do many banking functions, is not taken note of and they are put on the same footing as primary societies, a course which is wholly indefensible. The framers of Act X of 1904 evidently intended to be more liberal than the authors of the Bill of 1931. (Vide resolution of the Government of India dated 29th April 1904, paragraphs 20 and 21). The Committee also desire to point out that these provisions, which profess to ensure the close

regulation of the financial operations of the societies, are calculated to kill all sense of responsibility in the financing organisations and miseducate the investing public into a sense of false security that the Government is regulating the finances of these banks, while, in practice, it cannot do so and expressly declared that it does not assume any financial responsibility to the depositors and creditors of co-operative banks.

6. REGISTRAR'S POWERS.

The powers of the Registrar under the Bill are so numerous that almost every operative clause gives some power or other, obligatory or discretionary. It is therefore not possible to group in one place all the powers of the Registrar or to comment upon them. The main statutory powers of registration, audit, enquiry, inspection and dissolution are contained in clauses 10, 38, 39, 40 and 43 respectively. The amendments to these clauses are of the nature of details and their scope is explained in the annexure. There are certain new powers which the Bill creates for the first time and which call for special mention. They are (1) powers of summary recovery of overdue debts by distraint and sale of defaulters' property under clause 28, (2) surcharge and attachment under clause 48, (3) attachment before judgment under clause 49 and (4) power to order prosecutions for non-compliance with his orders calling for information or returns or failure to attend on summons.

The Committee is opposed to the vesting of these powers in the Registrar, except the one under Clause 49. Surcharge and Penal powers were not favoured by the Townsend Committee, though asked for.

The Committee are of opinion that the power under clause 28, as it stands, is unreasonable and opposed to rules of natural justice specially when there are numerous benami transactions and fictitious loans. Such power can however be legitimately exercised in execution of decrees, awards or orders, but not *suo moto* when no proceeding of any kind is pending against the alleged defaulter.

With regard to the surcharge, the Committee are of opinion that it is not merely unnecessary, but is not in the interests of the movement and should be deleted. If it is however to be retained, it should be confined to cases of misappropriation, fraudulent retainer or criminal breach of trust. Misapplication and misfeasance should be taken out of its purview. Moreover the aggrieved party should have the liberty to challenge the order in a Civil Court within a prescribed time

The attachment of property, in pending proceedings to prevent fraudulent alienation or to defeat or delay decrees and awards, is a useful power and the Committee see no objection to clause 49.

Regarding Registrar's powers to order prosecution for offences under clauses 51 and 52, the Committee are of opinion that they are unnecessary in the best interests of the movement. In any case, the power under sub-clause (a) of clause 51 is wholly indefensible for, having regard to the utter absence of facilities in primary societies even to write up books and loan applications, the enforcement of the compliance with the Registrar's orders to furnish returns and information in writing is unreasonable and may easily be a veritable engine of oppression in the hands of some subordinates for obvious reasons. There is nothing that the army of numerous junior and senior inspectors and audit staff cannot ascertain during their visits to the tiny primary bodies. In the case of Central Banks the need hardly arises and there will be scarcely any case of non-compliance to furnish information or returns.

Clause 55 is gravely defective in not providing for an opportunity being given to the person concerned to be heard before the Registrar sanctions his prosecution.

The Committee are also of opinion that if the clauses relating to offences and penalties are retained, it should be made clear that the operation of the Indian Penal Code, in respect of the same acts where they constitute an offence under the Indian Penal Code as well, should be definitely excluded. This is suggested in view of certain observations of the Madras High Court, in relation to prosecutions for election offences under the District Municipalities Act and the same offences under chapter IX-A of the Indian Penal Code dealing with election offences of a similar nature (vide 52 Madras 695).

7. PROVISION FOR APPEALS.

The Bill is silent on the question of appeals against the Registrar's orders. There is nothing in the Act to prohibit appeals. It is therefore true that rules may be made to provide for appeals. It is, however, unsafe to leave it to rules. Appeals must be provided for in the Act itself. The Bill also creates new powers without providing any remedy against their improper exercise. It is necessary in the opinion of the Committee to provide remedy by way of appeals against the orders of the Registrar under clauses, 10, 12, 13, 41, 43 and 46, for the persons aggrieved or affected by such orders. As to the authority to which appeals may lie, the Committee discussed

three alternatives viz. (1) The Local Government, (2) Principal Civil Court of the District and (3) A special Board set up for the purpose. These being orders more or less of an administrative character, the Civil Court is not obviously suitable. The power of surcharge under clause 48 stands on a different footing. Appeals to the Local Government will not, in the opinion of the Committee, result in the correction of Registrar's orders in accordance with the accredited non-official co-operative opinion in the province, because there is no machinery in the Act to help the Minister for Co-operation to get into touch with such opinion formally. The Committee therefore recommend that a Board, of which the representatives of the Madras Provincial Co-operative Bank and the Madras Provincial Co-operative Union and the Central Bank, in whose area the matter under appeal arises, are also members, may be usefully set up by the Local Government. There may be official members on it and if it is found practicable, the Minister himself may preside over it. Where a financial central bank is itself involved in the appeal, the appeal may lie to the Local Government.

In this connection, the Committee urge the examination of the question whether statutory provision should not be made to constitute an advisory body to advise the Registrar in the discharge of his duties which involve decisions on questions of policy and to give advice to the Minister in the disposal of matters that come up before him and similarly involving questions of policy. The Townsend Committee has definitely recommended that the Registrar should not embark on any important change of policy without first consulting the non-officials (vide recommendations Nos. 145 and 146, page 69, of the Townsend Committee Report).

8. NON-OFFICIAL ORGANISATIONS.

In dealing with the general features of the Bill, it is pointed out that one of its grave defects is the non-recognition of non-official organisations. This defect is sought to be cured by the Committee by insertion of a few additional clauses to the Bill. In order to do so, some definitions were added to clause 2, namely, of "Primary Society," "Union," "Urban Bank" and "Central Bank". As already stated, one way in which certain non-official organisations can be brought into touch with the administration of the movement is to give them representation on the Board to hear appeals and on statutory bodies to advise the Registrar and the Minister on matters involving policies. (Vide Townsend Committees' recommendations 145 and 146). Coming to more direct statutory powers to be vested in these bodies, the enactment of a clause is urged for vesting powers of enquiry and inspection in the financing banks, similar to those exercised by the Registrar under clauses 39

and 40. This proposal is in accordance with the recommendations of the Townsend Committee on the point (*vide* recommendation Nos. 147 and 149 of that Committee). Another provision in the same sphere is suggested to empower the financing bank to enter on the management of moribund debtor societies in order to revive them. This will provide an intermediate stage before liquidation and was recommended by the Bombay Provincial Banking Enquiry Committee. That Committee, no doubt, suggested the supervising union as the superseding agency, but the financing bank will be more suitable. (*Vide* pages 162 and 163 of the Report of that Committee). Provisions dealing with co-operative education and training of the nature detailed in the annexure will also improve the Bill in its utility to the movement. (*Vide* recommendations 233 to 240 of the Townsend Committee.) This Committee has therefore suggested a new clause dealing with co-operative education and training.

9. CONCLUSION.

The foregoing resume of the more important of the proposals contained in the annexure shows that the amendments and additions proposed by the Committee are intended to cure the retrograde nature of the measure and also to remove its chief defect of non-association of non-official organisations with the conduct of the Movement. The Committee hope that the amendments and additions suggested by them will receive the careful consideration of the Local Legislature and will be found acceptable.

The Committee have not attempted, in the annexure to their Report, to prepare a full and complete draft of the amendments to the Bill, but have tried to indicate as precisely as circumstances permit, the nature of the amendments and additions they recommend. It is the substance of their amendments that they press for. Amendments of a purely verbal nature to improve the drafting or to eliminate overlapping and repetitions are also not attempted by the Committee.

The Committee express their sense of thankfulness to the Madras Provincial Co-operative Bank Ltd., and the Madras Provincial Co-operative Union for affording the necessary facilities to the members of the Committee to meet and complete their work promptly. The thanks of the Committee are also due to Mr. G. Harisarvathama Rau, who has assisted the Committee in its work throughout as convener.

V. RAMADAS PANTULU (*Chairman*).
J. KRISHNAMURTHY RAO
V. KRISHNA MENON
E. S. SUNDA
S. HANUMANTHA RAO
E. S. GANAPATHY IYER
R. G. NALLAKUTTALAM PILLAI *
G. HARISARVATHAMA RAO (*Convener*)

* Subject to Minute of Dissent, published on the next page.

THE MINUTE OF DISSENT

BY

MR. R. G. NALLAKUTTALAM PILLAI,

Member, Conference Committee on the Madras Co-operative Societies Bill.

1. The Bill no doubt imposes several new financial restrictions and adopts the recommendations of the Townsend Committee in a grudging spirit, narrowing the scope in some cases and twisting again some others, invariably enlarging the powers of the Registrar and unduly safeguarding the interests of the Government; most of the modifications of the Committee go to the other extreme of substituting or adding regulative interference by financing banks for or to that of the Government, which again cannot but hamper the spontaneous growth of societies.

2. The Committee was carried away, I should say, with the idea of making the Banks all powerful; so much so that some of the non-official organisations of supervision, education and propaganda, such as the language and district federations, cannot even find a place in their amendments and that even some of their exclusive functions would be entrusted to financing banks. The recommendations of either the joint session of the Board of Management of the Provincial Co-operative Union and the Provincial Co-operative Bank or the Conference, did not give the Committee any such direction; it had on the other hand full liberty in the matter of amendments and as a matter of fact gone in one instance against the definite recommendations of the said joint session. It is neither the intention of the Townsend Committee nor the recommendation of the Bombay Provincial Banking Enquiry Committee that financing banks should take up the management of bad or dormant societies; the latter suggests definitely (pp. 161-162 para 217) that supervising unions should have the power of supersession of such societies with the approval of the Registrar and have them managed by its nominees. The report of the Bill Committee says in the face of these facts that its recommendation of management by the financing bank is in consonance with the intention of the Townsend Committee and the recommendation of the Bombay Banking Enquiry Committee.

The Royal Agricultural Commission has spoken well of the supervising unions of our Presidency and recommended their adoption elsewhere, the Townsend Committee has discussed at length and defined the functions of the Government, Banks, Federations and Supervising Unions and the several Provincial Banking Enquiry Committee Reports have similarly expressed themselves on the subject. The Banks are given in no instance any more powers than power of mere inspection.

The Committee merely complains that the Bill does not aim at the progressive deofficialisation of the movement, assign any function to non-official organisations in the matter of controlling or guiding the institutions affiliated to them or generally in the working of the movement and even attempt to commit the important functions of co-operative education and training to non-official bodies, but neither makes any proposal nor adopts the substantial proposals made by me to remedy them.

The two prominent provincial institutions of the movement are the Provincial Co-operative Bank and the Provincial Co-operative Union. The individuals in the former institution may disappear in course of time. Excluding them, it is only a bank of central banks, not even all of them, for the Christian Central Bank has not yet chosen, notwithstanding the recommendation of the Townsend Committee, to affiliate itself to the Provincial Bank. The Provincial Bank can therefore represent only financial interests of the movement and even that, more of the lender's view than that of the borrower. The Provincial Co-operative Union may not be open to all societies and all the societies that can become its members may not have yet become its members but all the same, all sorts of institutions are on its roll of membership. It may be made compulsory for all societies to affiliate themselves to the Provincial Co-operative Union and representation may be given to them on territorial basis.

The progressive de-officialisation of the movement can take effect only when there is a statutory recognition of the non-official organisation that can take the place of the Registrar and his functions and provision for sufficient finance and the gradual divestment of the powers of Registrar to it. The Provincial Co-operative Union is defined by me as follows under clause 2 (5), supervision societies, and included among several other new definitions under the clause. The Provincial Co-operative Union means the society, the objects of which are the co-ordination of the work of all co-operative organisations in the Presidency and general direction of their activities by

giving them definite lead and financial assistance as regards finance, supervision, audit, special studies of rural economic problems, rural uplift work, organisation, administration, propaganda and education." The provision for its finance is made by me under clause 31 as sub-clause (1) in these words: "The Government shall give Provincial Co-operative Union every year for its working a grant of not less than its income from other sources during the previous year and shall also place with it all lump or special grants to co-operative societies for distribution among them", and again under clause 36 as sub-clause (1) as follows. "Every society other than a supervision society shall pay every year a percentage of its working capital during the previous year to one or more of the supervision societies, the Provincial Co-operative Union, the Linguistic Federation, the District Federation and the Supervising or Audit Union to such extent and in such proportions as may be prescribed by the rules from time to time. Similar provisions are made for the utilisation of surplus assets of liquidated societies and common good fund of societies by the Provincial Co-operative Union and other supervision societies for their rural uplift work and other activities. The Unions, District Federations, Language Federations and Provincial Co-operative Unions can under the scheme never suffer for want of funds. The higher supervision societies can then liberally help their immediate subordinate supervision societies with necessary finance.

The Townsend Committee recommends that important changes of policy should not be embarked upon without previous consultation of non-officials such as the Board of Management of the Provincial Co-operative Union. The President of the Provincial Co-operative Union is an ex-officio member of the central association of training institutes. The entire propaganda and education work may be left under the new scheme of things to the Provincial Co-operative Union and other supervision societies, with Registrar as an ex-officio member of the Executive Committee and the Board of Management of the Provincial Co-operative Union.

The clause 38 (1) of the Bill simply reproduces the existing provisions regarding audit. Audit by certified auditors is now allowed and recognised by the Registrar. The sub-clause is under my proposals to the Committee so amended as to allow its continuance and expansion on the recommendation of the Provincial Co-operative Union until it is eventually allowed to be done by the qualified staff of union itself.

Enormous powers are wielded by the Registrar and the Government in making rules. The sub-clause 4 of clause 60 is so amended as to make the exercise of rule-making powers possible only in consultation with or on the suggestion of the Provincial Co-operative Union. The non-official journals of Co-operation also are given some recognition in that the drafts under this clause and notices under clauses 5 and 13 are to be published in them.

An advisory body of the kind proposed by the Committee for appeal or other purposes of the Act cannot function properly; nor can it be as representative and useful as the Provincial Co-operative Union.

There are references to class of societies under clauses 30 (2) and 60 (1). There are several classes of societies requiring special rules and by-laws with regard to the maximum of individual shares, formation or otherwise of reserve fund, contribution to supervision, division of profits, provision for bad debts etc.. This is provided for in my new sub-clauses under 60 (2) for prescribing the model by-laws of several classes and types of societies. The Bombay Act defines the several classes of societies. I have made my own suggestions and they may be adopted.

Mere joining in an application for the registration of a society should not involve unlimited liability. Payment of entrance fee and share capital by an applicant should of itself and without any intervention of the committee complete the formalities necessary for becoming a member. Some committees insist upon regular admission if the entrance fee and share capital are not paid by the original applicants on the day of starting but some time after. The marginal heading of clause 14 may be re-written as 'Rights of membership when exercisable' and no person may be substituted for 'no member' in sub-clause 1 of the said clause.

The calling of general body meetings within three months after the receipt of audit certificate should be provided for in the Act itself. One month's time generally allowed by the by-laws is not sufficient. The Registrar or supervision societies and not the financing bank should be in a position to call General Meetings of societies when the committees of societies refuse or fail to call meetings which they ought to. Financing Banks should have only powers of inspection as recommended by the Townsend Committee and not of supervision or enquiry except when delegated by the Registrar. The extraordinary powers of the Registrar contemplated by the Model

by-law No. 62 of the unlimited liability society may, with certain changes suggested by me, be provided in the Act itself.

There are no express provisions in the Bill nor even in the rule making clause for the realisation of either the surcharged amounts or awards. Execution should be provided for in the Act itself. Clause 28 has been modified in consonance with the recommendation of Townsend Committee and placed under execution. Co-operative Societies are sometimes forced to take up properties in auction when there are no bidders and this means much hardship to them. The Bombay provision is therefore added by me under execution.

The surcharge and penal provisions are necessary and they may be adopted as modified by me. There are similar provisions in the Bombay Act. Appeal may be allowed to Civil Court in cases of surcharge and penal provisions made possible of being acted upon only after hearing the concerned party and the Provincial Co-operative Union. The special provisions of offences under the Act make them non-cognisable and prosecutions possible only on the sanction of the Registrar, whereas the same offences under the Penal Code which will operate otherwise may work greater hardship and seriously affect the movement.

'One man, one vote' should be the rule and so 'registered after the passing of this Act' in clause 16 (1) should be deleted as proposed by me.

The constitution of not only central banks but also of other societies containing individuals as well as societies may be prescribed by rules; reduction of borrowing powers may be limited to unlimited liability societies alone; the defaulters to be prohibited also from representing their society in another society and voting in its affairs.

I believe with the Committee that time has come for the de-officialisation of the movement; that supervision propaganda, education and training can be completely left to the Provincial Co-operative Union and other supervision societies without now disturbing the powers of the Registrar in these matters; that audit may be allowed

to be taken up completely by the Provincial Co-operative Union in course of time ; that the powers of organisation, registration and liquidation must be exercised by the Registrar only in consultation with the concerned financing bank and supervising union ; that the Provincial Co-operative Union should have its say in sanctioning prosecutions, rule making and other administrative problems connected with the movement and that specific provisions should therefore be made in the Bill for the exercise of these powers by the non-official organisations, divestment of the powers of the Registrar in course of time and the securing of sufficient finances for non-official organisations to discharge their functions satisfactorily.

Rural Credit-Security

(By M.R.V. RAO BAHADUR A. VEDACHALA IYER AVL.)

All primary societies in rural villages are expected to finance credit to all operations connected with agricultural and other small industries inclusive of labour employed in such concerns. They are at present working under the statutory provision of unlimited liability basis. The legal implication of this basis is that every member in a primary society stakes his all to raise a combined credit for the benefits of all members. In the first instance, it is contributory liability, the loss being recovered from the members in due proportion to the shares held by each which also regulates the credit power for each member. In the second place, all alienations by the members after joining the society are binding on the property and unlimited liability can operate only subject to such alienations. Alienations made prior to a member joining the society are in many cases not returned to the society when the property statement is prepared.

In the 3rd place, the presence of this facility to alienate properties by members renders the regulation of credit power difficult and elaborate and unsatisfactory arrangements have to be or are being made to determine the net assets of members for the fixation of the credit power of the society. Hence the system of fixing the credit power of the society in relation to the net assets of members under the existing arrangement is attended with very elaborate enquiry which however is woefully neglected and is bound to be unsatisfactory. If accurate investigation is insisted on year after year, there will be a very heavy strain on the registration department in securing encumbrance certificates for each land owned by each member.

Hence an alternative system has to be formulated where the credit power fixed will have as basis an unalterable security safely and soundly fixed and not liable to fluctuation by the vagaries of members. It would seem advisable to fix the credit power of each member offering immovable property as security with reference to the value of his property subject to no encumbrances and deal him credit by obtaining a continuation mortgage of his property for the credit so fixed. This would apply to those who have property. The credit power in regard to such property may be $\frac{1}{2}$ or $\frac{1}{3}$ of the value

of the property pledged. In the case of those who have no such property, the standard of credit will be some definite multiple of paid-up share capital (5 times the paid-up share capital and eventually raised to 10 times the paid-up capital as the institution works up satisfactorily and builds up a reserve) with one or two sureties who have similarly paid up share capital. Those who offer immovable property as security need take as share capital only 1/20 of the credit power desired.

I will explain the scheme as follows :—

Suppose the unencumbered property to be brought under continuation mortgage is valued at Rs. 6,000. The credit to those members will be Rs. 2,000. The credit of the society will be Rs. 3,000. A sum of Rs. 1,000 will be available as surety loans. If for Rs. 1,000, we received a paid up share capital of Rs. 200 and for a loan of Rs. 2,000 on immovable property, a paid up share capital of Rs. 100, a further credit power to the society will be secured for Rs. 1,500.

The entire fabric will be on a real unlimited liability basis not based on contributory liability according to shares held.

This system does not require any elaborate investigation each year by verification of the statements of net assets of members.

It will be more easy to work and be more satisfactory than the present one. The enforcement of unlimited liability would be justified and members who stake their property will be expected to be very careful in handling the affairs of the society. The credit power will be limited but will be well based on defined and ascertained security.

Need for Reform of the Constitution of Bigger Societies.

BY

MR. K. C. RAMAKRISHNAN, *University of Madras.*

A new feature of the Bill to amend the Co-operative Societies Act, which has not attracted sufficient public attention, but is of vital importance to growing Urban Societies is the provision made for the *amalgamation*, as well as division, of societies. The conception of a co-operative society as a compact and closely knit association of individuals of particular social or economic strata with full mutual knowledge of one another and living in close neighbourhood does still hold good of rural unlimited liability societies of the Raiffeisen type. This type preponderates in India and deserves the special support of the State ; but it cannot, beyond a limit, serve as the model for other types of societies, whose special needs should be borne in mind even by a State with a predominantly rural bias.

In the case of Urban Credit Societies, the Townsend Committee on Co-operation did not countenance the idea of restricting the number of members ; they indeed favoured large size as they thought that the business of such banks was more technical than personal, that mutual knowledge among members was of little consequence when the liability was limited ; that the best technical knowledge was obtained when adequate payment was made and that the larger the bank was the larger were the funds available for such payment. They added " we found banks with 2,000 members doing very well ; while many of the small banks were not prospering " ¹. The revised *Co-operative Manual* for Madras also favours larger size and suggests " the formation of local branches, each with a limited area of jurisdiction and a local Committee " as a remedy for unwieldiness ².

As for Trading Societies, the economics of large-scale purchase, production and sale do so much outweigh the social and constitutional disadvantages of wide jurisdiction that amalgamation has become the order of the day. Though many members of the

1. *Report of the Committee on Co-operation in Madras 1927-28*, p. 48.
2. *The Madras Co-operative Manual (Revised)* p. 63.

Triplicane Urban Co-operative Society, the oldest of our co-operative stores, are alarmed at the 'unwieldy' growth in membership (a little more than 6,000 now) and talk of downright decentralisation as the remedy, there are mammoth stores in Europe and America that reckon their membership in tens of thousands and their branches in hundreds. In all countries where Co-operation has taken firm root the tendency is for the number of societies to go down while the number of members is steadily increasing. This is amply borne out by the figures supplied every year in the People's Year Book.¹ Management is becoming more unified, while employees dispersed over several branches are entrusted with greater responsibility.

While the idea of amalgamation has become acceptable to the framers of the Bill here, they do not seem to have envisaged the difficulties of administration and even deliberation that huge societies are bound to give rise to. There is no provision in the Bill for the much needed alteration in the constitution of the supreme governing body of such societies as has been adopted in recent times in other countries.

Let us confine our attention to the working of the General Body which has been invested with the same old supreme powers in the new Bill, but has ceased to be regarded elsewhere with that superstitious awe and has been indeed replaced by a representative body in many cases.

It must be patent to the simplest mind that when a society consists of thousands of members the Triplicane Urban Co-operative Society has more than 6,000, and not a few urban banks have more than 1,000 each—it is beyond the physical capacity of many a meeting place to hold the majority of members on the rolls. And it is vain to expect any adequate and orderly deliberation if such large numbers turn up. Meetings at which lunch is provided are generally best attended; but a close analysis of the attendance, for instance at the Triplicane Urban Co-operative Society,² reveals that they are far from representative of the different branches of the society or classes of members. Discussion often becomes heated or haphazard, decisions are taken on the spur of the moment and slowly-built policies are not seldom upset in such gatherings. The attitude of the large majority of members who stay

1. *People's year Book*, 1930. (C.W.S. Manchester) pp. 18-24 and pp. 104-162.

2. *Vide Appendix below.*

away, partly deterred by the atmosphere in general body meetings, grows into one of apathy and indifference; and the vicious circle is not broken.

This is not, however, a peculiar Indian failing. Even in England, the mother of consumers' co-operation, the society with a huge membership is "not a live democratic community," the members are "not alert, active or public spirited" and only two to five per cent of the members attend the quarterly General Body meeting.¹ In Germany, Dr. T. Cassau writes,

"With the growth of the societies, the General Meeting became an inorganic part of the constitution and one which, though not dangerous in normal times, might nevertheless have disastrous effects, when any disturbance took place in consequence of its being unsuitable in regard to the development of large-scale operations."

On the other hand,

"A consumers' co-operative movement with a capacity for achievement cannot do otherwise than engage in operations on a large scale; and these call for a consideration of the basic principle that the co-operative society is a neighbourhood union."

Dr. Cassau says,

"There was a shake of the head by the practical men everywhere; the danger was recognised for many years but there was hesitation to alter the law till 1922."²

This was only natural for co-operators with whom the supremacy of the General Body had been an article of faith.

It is to introduce a certain amount of continuity and steadiness in administration of bigger societies and to facilitate due deliberation of all questions of policy that the characteristic device of British political democracy, a Representative Assembly intermediate between the Directors and the Executive on the one hand and the General Body of members on the other, has been recently adopted in the co-operative law of several countries.

England is a lover of conventions rather than of written constitutions, and has slowly adopted, as a matter of practice, the above device of a representative assembly. But she has also sought "to stimulate wider participation in the affairs of the society by the rank and file of members and make more effective the influence of membership on administration". The functioning of the General Body is sought to be made more real in the following way. Instead of holding one unwieldy General Body meeting, it is split up into a

1. Webb. *The Consumers' co-operative movement*, p. 49.

2. Dr. Theodor Cassau. *The consumers' co-operative movement in Germany* pp. 25-29.

series of divisional meetings held periodically and on special occasions. In such meetings only identical resolutions or amendments, of which previous notice has been given, are brought up for discussion and vote by members. While no member can vote in more than one meeting, one may speak wherever one likes. All the votes are added up to produce the decision. Even elections of Directors and Auditors are thus held. These divisional meetings are legally parts of one General Body Meeting. This is said to be "a novel device, unknown to political science" though it resembles the method of the referendum in some respects.¹

This device of divisional meetings is perhaps satisfactory for the decision of broad issues of policy and for election of office-bearers. But it may not succeed where detailed deliberations involving direct and rapid interchange of ideas among the members of *all* branches or sections and the discussion of administrative matters are concerned. There is also the danger of developing in divisional meetings sectional patriotism to the detriment of the larger interests of the society.

There has been, therefore, in Britain a natural tendency to adopt also the pre-eminent British institution of a Representative Assembly.² The Divisional meetings elect each a number of Local Committee men and women who besides administering the affairs of the local branch or group of branches are assuming the role of representatives with independent powers of sanction and initiation and they all meet the Directors in conference. The Directors dare not ordinarily defy these Local Committee men and women assembled, lest in the General Body meeting which is still retained for purposes of passing the accounts and declaring dividends, the members should exercise their original powers of drastically dealing with the Directorate. In the result, instead of the old cumbrous General Body with its 'spasmodic mass votes', a smaller but sufficiently stable and clearly recognised body of representatives who can exercise continuous control over the management and executive actions has been evolved; and this in a country characterised by qualities so much needed for success in co-operative trade, as Gide points out in his *Consumers' Co-operative Societies*: "love of order, respect for discipline, spirit of solidarity and passion for organisation"³. These are qualities which, it is not mere modesty to say, not only the Latin races but also our people are sadly lacking in. No wonder our cumbrous machinery of General Body has begun to creak.

Germany, whose model in the organisation of rural societies has been so largely followed in our country has found it necessary to alter her co-operative law by which the General Body meeting has been replaced in the case of bigger societies by a meeting of Re-

1. Webb. *The Consumers' co-operative movement*, p. 52-54.
2. *Ibid*, pp. 59-65.
3. p. 166.

presentatives. It is only in the small society in a petty town with one shop that 'primitive democracy is the rule'. But,

"in the case of societies with 1500 to 3000 members the General Meeting *may*, and in societies with more than 3000 members, the General Meeting *must* be substituted by a meeting of Representatives who are elected by the members. This provision was necessary because the will of the members as a whole could not find expression in any other way. Another reason for this measure was to prevent certain groups with definitely one sided interests from obtaining a majority"¹.

Russia (U. S. S. R.) has a more elaborate provision for the management of societies which have grown beyond a directly manageable size.

"The consumers' co-operatives with a membership of between 400 and 500 (according to district) are governed by the general membership meeting—while societies with more than 500 members are governed by the meeting of representatives which is held at least four times in the year. For certain constitutional issues two-thirds majority of representatives is required. Other questions are settled by an ordinary majority"².

The meeting of representatives may set up a council to direct the work of management during the intervals between their own meetings. Eight to sixteen members may be elected by the representatives to such a council and they can hold office for one year. An auditing committee is also appointed by them.

Japan is not behind the times and she has also enacted now that,

"In case of a large society with a membership of over 500 it is permissible to replace the general meeting by a representative members' meeting which has the same privileges as the former except that it cannot pass a resolution concerning the dissolution and annual grant of the society."³

Should we in our country alone ignore the pressing need for a alteration of the method of management of the bigger societies and for the fetish of the supremacy of the general body in its primitive form, hinder the growth in membership and transactions of our Urban Banks and Trading Societies? For those of us who wish to conserve the spirit of the founders but are also anxious to adopt the constitutional machinery best suited to the expanding needs of the movement, a combination of the novel device of the Divisional meetings of the General Body and the well-tried method of Representative assembly seems to be the best solution.

1. *Review of International Co-operation*, January 1930, p. 8.
2. *Review of International Co-operation*, March 1930, p. 100.
3. *Review of International Co-operation*, February 1931, p. 56.

APPENDIX.

Analysis of Attendance at six General Body Meetings of the T.U.C.S. Ltd.

BRANCHES.	Average No. of members on the rolls in each Branch in the period.	No. of members from each Branch who attended General Body Meetings on :—						Average attendance at each meeting.	Percent attendance per Branch to membership.
		6-1-1929	13-1-1929	* 7-4-1929	21-7-1929	1-9-1929	*23-2-1930		
1 Triplicane	531	13	16	52	18	15	21	23	4.3
2 Mylapore I	418	...	1	4	...	...	...	1	.24
3 Car Street	385	20	12	30	13	17	35	21	5.5
4 Purasawalkam	326	...	2	8	...	...	3	2	.6
5 Mylapore II	318	1	2	3	1	4	2	2	.5
6 Egmore	298	4	3	18	3	2	12	7	2.4
7 George Town I	292	4	1	18	2	2	3	5	1.7
8 George Town II	279	1	1	6	...	5	1	2	.7
9 Perambur	271	...	...	3	...	...	...	1	.4
10 Nungambakam	268	2	1	10	2	5	5	4	1.5
11 Saidapet I	265	1	1	7	...	...	2	2	.8
12 Chepauk	246	4	5	23	5	1	12	8	3.3
13 Mambalam	228	3	2	15	2	2	9	6	2.6
14 Tiruvatiswaranpet	208	30	19	15	6	4	5	13	6.3
15 Royapuram	196	...	...	3	...	...	1	1	.5
16 Saidapet II	194	...	...	1	...	...	2	1	.5
17 Komaliswaranpet	184	7	2	10	1	1	12	6	3.3
18 Muthialpet	172	...	...	...	1	...	1	...	...
19 Vepery	134	...	...	1	1	...	...	...	...
20 Madhavapuram	132	...	1	1	...	2	3	1	.8
21 Sowcarpet	124	1	1	8	1	2	1	2	1.3
22 Royapettah	114	1	3	7	2	1	2	3	2.6
23 Kilpauk	108	1	4	8	1	1	2	3	2.8
24 Villivakam	81	...	...	1	...	1	2	1	1.2
25 Gopalapuram	71	...	2	4	2	3	6	3	4.2
Affiliated Societies	16	...	1	1	...	...	...	...	...
Illegible	...	1	3	18	11	8	24	11	9.1
Total Attendance from all Branches	...	94	83	275	72	76	166	...	...
Total No. of members on the rolls in all Branches on the meeting days	...	5412	5412	5568	5781	5902	6040	...	...
Percentage of Attendance (to total membership)	...	1.7	1.5	4.9	1.2	1.3	2.7	...	...

* Ordinary General Body meetings where lunch was provided.
Other meetings were Extraordinary General Body meetings.

The Triplicane Urban Co-operative Society.

CONSUMERS' CO-OPERATION IN MADRAS

BY MR. S. SUBHARAMA AIYAR, M.A.,

(Senior Lecturer in Economics, the Madras Christian College.)

It is well known that the Co-operative Movement in India, in its modern form, was introduced by the State and down to the present day the connection it keeps with the State is very close. The pioneers acted on the advice given by Sir Frederick Nicholson, who can be regarded as the father of Co-operation in India, "Find Raiffeisen". It has remained up to the present mainly a *credit* movement among the agricultural and industrial classes to provide money means with which to purchase articles needed for production as well as consumption. The purely consumers' aspect of co-operation has not made any great progress in India.

Indeed, in the widest sense, all the main forms of co-operative activity—credit, purchase and sale—can be said to refer to the needs of consumers, but the phrase, "Consumers' Co-operation" is used to denote only the activities directed towards the co-operative or common purchase and sale by retail of the necessities of life; in more technical language, of consumers' goods as distinguished from producers' goods. Such consumers' goods which have so far received co-operative treatment are foodstuffs and groceries, clothing, housing and some other special products both of agriculture and manufacture. There are, however, innumerable other needs of consumers—consumption goods—which are not 'co-operatively' purchased and retailed anywhere. Such are peace and order, justice, education, water-supply and lighting in town, all forms of transport and communication. They are supplied by the State or Municipality; indeed, in one sense their supply by public bodies is a co-operative endeavour too, but it is not so in the eye of the law. The phrase, "consumers' co-operation" applies therefore to the common purchase and retail by a co-operative society of food materials, articles in the groceries line, clothing, housing and a few other sundries. The special features of a Co-operative Society—which are common to all the forms—are well known and need not be repeated here.

As in the rest of India Co-operative activity in Madras too has been mainly directed to the popularisation of credit—short-term credit, and, quite recently, long-term credit. But it is obvious that what people require—producers and consumers—is not money, but the things that money will purchase—tools and implements, manure and cattle if they are agriculturists, and articles of food, clothing and houseroom in the case of all. So, once co-operation begins to tackle the business side of life, it must expand backward and forward, embracing all the varied aspects of that life, but it must be confessed that in spite of the progress of 25 summers such expansion is negligible in India.

If you look at the development of the Consumers' Co-operative Movement in Europe you will find, except perhaps in Denmark, that it is mainly the product of the urban environment, an aid to living in towns. The citizen cannot grow his food, build his house, or make his clothing but has to purchase them in the market. He is at the mercy of the grocer, the retailer, the wholesaler, the speculator and all that species of men whom we call by the comprehensive word, the middlemen, who with their superior knowledge of the market, profit seeking instinct and specialised ability could take advantage of the ignorance and weakness of individual consumers who are their customers. Further, the pressure of cost of living is greatest in towns and cities. Thus circumstances are favourable for consumers' co-operation to take root in an urban environment. The Rochdale Equitable Pioneers—who are rightly regarded as the Father of Consumers' Co-operation—began their experiment in a town and in England with its predominance of city industries and urban population the movement is the strongest and contains within its fold the largest number of consumer—co-operators.

In India too, more especially in her towns and cities, such needs are being felt and circumstances are favourable for starting Consumers' Co-operative Societies. The credit of putting such ideas into execution for the first time, so far as one is aware, goes to the Triplicane Pioneers who, even before the passing of the Co-operative Credit Societies Act of 1904, decided to begin in a small way by opening a small groceries shop in Triplicane in which they closely followed the principles of business as laid down in the original memorandum of the Rochdale Equitable Pioneers. The Triplicane stores is not only the first to be

started, but remains till to-day the premier institution of its kind. Since then a number of Societies have been started in the Madras Presidency; they confine their business to retail sale, are confined mostly to towns and are patronised chiefly by the middle or official classes. There are a few for the working classes—labourers in factories or organized industries—like the M. S. M. R. Co-operative Society and the Buckingham and Carnatic Mills Co-operative Society managed by Messrs. Binny & Co. But these are managed *for* the working classes and not *by* them—an adjunct to the Management; and hence they remain as convenient places from which the workmen can purchase their provisions and not the fruit of real Co-operative effort on their part.

The Triplicane Urban Co-operative Society, popularly called the Triplicane Stores, is the one with which I am familiar being a member of it since 1918 and having been in its management since 1926, and I shall therefore take as my thesis the *modus operandi* of that Society for illustrating the method of working a Consumers' Co-operative Society in an Indian environment, its facilities and handicaps, its problems and difficulties. It is not necessary to take you through the detailed history of the T. U. C. S.—its genesis and progress. Suffice it to say, that started in life by the Fourteen Pioneers of Triplicane in the year 1904 with a total share capital of Rs. 310 and a turnover for the first year of over Rs. 5,000, it has today over 6,000 members scattered in 24 branches in all the different municipal divisions of the City, with a share capital of over one lakh of Rupees and an annual turnover of 10 to 12 lakhs. The area of its operation is limited to the City of Madras and its vicinity. There are at present three classes of members:—(1) Individual members who pay Rs. 5 as share capital; (2) Institutions such as college hostels which are treated as ordinary members and (3) Society members of which there are 16 at present which take a minimum of 10 shares of Rs 5 or Rs. 50 in all. It must be confessed that these member societies have not been effective members making any considerable purchase, though they are entitled to purchase from the Society at its wholesale rates *plus* one to one and a half per cent.

There are one or two peculiarities in its progress that deserve special mention. Whenever a sufficient number of would-be members join in a locality, they address the management of the T.U.C.S. to start a Branch there rather than start an independent stores society for themselves. Another peculiarity is that, attached to the store is

the credit department which receives deposits and grants loans to members. This side of activity was forced upon it in 1904 as the Co-operative Act of that year, under which the Triplicane Society sought registration, did not contain any provision for a purely consumers' society. The Credit Department, however, has proved on the whole a very useful adjunct, though there are at present critics who doubt its utility and would like to see it abolished. The total deposits amounted to nearly Rs. 2,77,283 and the loans to Rs. 75,000 in 1928-29.

Till 1925 the Society was managed at the head by a Directorate consisting of 5 to 7 members elected by an Electoral Board of as many members as there were branches. This mode of indirect election based on a narrow franchise did not satisfy the sense of democratic decency of our members who decided to elect one Director from each Branch based on the franchise of members belonging to a particular Branch. This body consisting of 24 members and tending to increase with the increase in branches was considered too unwieldy to transact business expeditiously and hence a small committee known as the Executive Council of 5 members was elected by Directors from among their members. This body was given all the reserve powers of management except such as were definitely specified to be done by the Directorate. The purely business side—the work of purchase and distribution—was entrusted to another Committee of Directors known as the Purchase Committee. This body was created by the General Body by a special resolution and did not receive statutory recognition at first. This defect was remedied by the alteration of the constitution made by the General Body only recently and the Purchase Committee has become a statutory body and made responsible for the important task of attending to the policy and details of business-management. Ever since the creation of the Executive Council that body became the butt-end of attack by the other Directors. Its activities were scrutinized not only with a critical eye—which is all to the good—but often with an unkindly and even suspicious eye by the other Directors. A sort of unhealthy rivalry arose between the creator and the created and business often came to a standstill. This was also remedied in the recent constitutional changes referred to above by which the Executive Council as such has been abolished. At the same time the Committee system of working the store has been blessed by

providing for four Committees at present :—(1) Credit ; (2) Purchase ; (3) Office Management ; (4) Education and Propaganda. Each Committee will consist of three Directors. It remains to be seen what special difficulties will be experienced in working the new constitution. It may be safely said that whatever the degree of theoretical perfection to which any constitution might attain, its success will mainly depend on the men who work it. Given enough of good will and good feeling and abundant desire and sufficient capacity to co-operate with one's fellows towards a common end, we are bound to succeed and minimize the friction inevitable in the working of any written constitution.

In the matter of management the branches are not helplessly under the thumb of centralized Directorate, for there is the Branch Panchayat of five members elected from among the members of the Branch who are to look after the affairs of the Branch in an advisory capacity. Recently the Panchayatdars have formed themselves into an association for promoting *esprit de corps* among them and extending their powers and privileges of management.

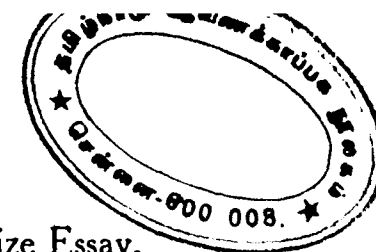
Mention should also be made of the *General Body*, that undifferentiated, unrecognizable, indefinite and withal the all-powerful limb of the Constitution of a Co-operative Society—the repository of all powers and by whom the whole machinery is ultimately controlled. The General Body of the T.U.C.S. is like the General Body everywhere, but one peculiarity is that it has not one, but two General Bodies—one that meets at the Head office to transact affairs pertaining to the whole Society and the other at the Branches which meets to elect the local representative to the Directorate and the Members of the Local Panchayat and to transact such other matters as may be referred to them by the Directorate. This second body is not statutorily recognized and its resolutions are not binding. In consequence it seldom meets except for election of office bearers when some flutter may be created if the competing candidates whip up the enthusiasm of members. The Head Office General Body meets ordinarily once in six months and may meet more times if extraordinary meetings are called for. One or two features of the General Body meetings deserve special mention. The average of attendance of members is not bad. The two ordinary meetings in 1929 and 1930 called together 268 and

166 members respectively. Even the British Societies, it would appear, could not boast of more than 2 to 5 per cent of members for attendance at General Body Meetings. But there is a complaint that owing perhaps to difficulties of distance members from the outlying parts do not attend in appreciable numbers, but that Triplicane and its vicinity where the Head Office is situated are over-represented. To avoid this and to afford all branches *equal* opportunity—equality, you know, is the very essence of a democracy—a suggestion has been made that the statutory General Body meetings should be held in all the Branches or at least in a group of them in rotation like the Moon moving among stars. A minor matter, yet one that is not without its significance. All General Body meetings for which tiffin arrangements are made—and all statutory half-yearly meetings are entitled to this distinction—are well attended, but if the meeting has the misfortune to drag on after tiffin time—as it of course invariably does—there is a very appreciable fall in attendance. Secondly, our members, at least the *vocal* or the *vociferous* section among them—are great sticklers to form; the manner in which things are done is more important for them than the merits or actual consequences of such action. When all members have assembled at a meeting and the chairman's election is over it is not unusual for a member to rise up and move—"This meeting is not in order, it is *ultra vires*"—Indeed this *ultra vires* question is always a live wire in the General Body Meetings which will bring them to a close unexpectedly at any stage of its progress. If its application fails at the outset, it will be raised again when propositions are moved and unless the chairman of the meeting is on the alert, strong, and even autocratic with infinite powers of persuasion and even vituperation, business often becomes impossible. The qualifications of chairmen of General Body Meetings are of some concern therefore to the Management. Thirdly, the din and noise of discussion among members while propositions are deliberated upon on the floor of the House is a noticeable feature; the call-to-order bell must be constantly used. Another mentality which distinguishes the General Body Meetings of the T. U. C. S. is the almost suspicious eyes with which the members scrutinize every doing or misdoing or even non-doing of the Management. The General Body is a sort of standing opposition to the Executive and the Directorate. This attitude is not altogether bad, but it must be confessed there are times when the business of management comes to a standstill on account of this opposition; and more than that the fear of

opposition often stands in the way of undertaking new ventures or taking bold steps which may be attended with some risk. The General Body has taken upon itself, under the present constitution, the right of passing a vote of no-confidence on the Directorate on passing which the Directors ought to resign. This only adds to the dread of the General Body in the minds of Directors. Occasionally, too, meddlesome interference by the General Body on the policy or details of business management has proved detrimental to progress. The gravity of the situation can be realised from the admonition given by the Rt. Hon. V. S. Srinivasa Sastri—one of the early Pioneers of the Society and one of its staunchest well-wishers at present—in the course of his Message to the Society on the occasion of the Celebration of its Silver Jubilee. Said he:—"We have a very vigilant General Body. I do not by any means wish them to be less so. But they should also take care not to interfere needlessly with bodies created by them while discharging their respective functions. Let them select their representatives with all possible care, but having done so, they ought to give freedom to the latter to work according to their best lights. Without such trust and confidence they cannot venture on progressive lines but can only mark time; and the Society will stagnate. The special dangers to the Society from the General Body are extreme apathy on the one hand and on the other too much interference, the one is as bad as the other."

It is, however, some consolation that the General Bodies of Co-operative Societies in European Countries are not very much different. Prof. Gide, an authority on consumers' co-operation writes about the General Body as follows:—

"At every general meeting—and there are at least two a year—there are numerous and vehement accusations, particularly if, for some reason, the profits have decreased. We do not mean to assert by this that there is great enthusiasm among the members about attending the meetings—there are societies with 20,000 members, of whom only some 300 or 400 come to the general meetings—but it is precisely the turbulent ones who are most assiduous. And it is all the more difficult to maintain order in discussion because the Chairman of the meeting is almost always ignorant of the administration of the society, being elected by the most energetic canvassers of some name or other. Thus it happens that very delicate questions, and even a complete policy which has been slowly and carefully built up by degrees, may be left to the mercy of an absolutely blind



Sir Daniel Hamilton Prize Essay.

BY MR. K. SRINIVASAN, B.A.,

SUBJECT.—“How the co-operative movement combined with the issue of a sound paper currency based not on gold and silver, but on organised reliable labour and the assets which that labour will create, will provide plenty and employment for all and unify India”.

TRUE WEALTH.

“Thers is no wealth but life” Ruskin.

Of the many things that surround man, it is not all he considers as wealth. It is only such things as he *values* for their usefulness that constitute his wealth. A thing however useful, unless it is also valuable, cannot be called as wealth. The air we breathe, though of the greatest importance and usefulness, has yet no *value* because of its universal abundance. The attributes of wealth are discussed at length in books of Economics. We can however understand by wealth, all those things, natural or created that tend to satisfy human wants, are capable of possession, and come to have a *value* because of their uniqueness or the trouble of getting or making them. Since all things thus acquire value only by their usefulness or utility to man, it is easily inferred that that community is the richest which makes the greatest use of things and surroundings. In other words, the more complex the life of a society is and the greater the kinds of things it wants and makes, the richer it is said to be. Roughly it is this that is meant by “the standard of living”. The higher the standard of life of a people, the richer they are to that extent; so that it is not false to say “their life is their wealth, their truest wealth.”

WEALTH
DEFINED.

2. It is seldom however we meet men now-a-days, who understand wealth as above. To the majority, the greater the money a man has in Bank the wealthier he is. But, after all what is money but a credit slip, that organised society agrees to honour, and which confers on the possessor a right to a share of “Common—Wealth” as and when he may want it: Though only a credit slip, by accident of history this slip called ‘money’ having long been printed in gold and silver metals of high intrinsic worth, people have come to

vote.” (Consumers’ Co-operative Societies, Prof. Gide: p. 158). Every word of it is applicable to the General Body of the T. U. C. S. Apparently human nature is the same everywhere. Nor is the following description culled again from the same authority unfamiliar to those who attend the General Body Meetings of the T.U.C.S.—“In the course of the meeting complaints increase, questionous and challenges of various kinds are interchanged There comes a time when, tired, worn out, the mass of the people is incapable of doing any business, no matter how important it may be, perhaps the revision of rules, loans or the building of some property. Dinner hour is passed, the house-keepers have gone away, and cries of protestations arise, both jocular and vehement. Dinner! And, like an irresistible waterspout, deaf to the entreaties of the authorities, this mass surges outside, heedless of the demoralisation it leaves behind amongst the level headed co-operators and the personnel embittered by the humiliations suffered.”

Such, in brief, are the constitutional arrangements for carrying on the affairs of the Triplicane Stores. Mention should also be made in this connection of the paid staff who, under the direction and supervision of the Honorary Workers, carry on the details of management. At the Head Office on the clerical side there are three sections, viz., the Purchase, the accounting and the Audit Sections under the charge of the Manager, the Accountant and the Auditor respectively. The Secretary of the Society is the highest paid officer with powers of general supervision and control over all the rest. Then there is the Godown Staff who look to the details of stocking goods and distribution of the same to Branches. At each branch is an Accountant who issues purchase slips to members and a salesman to attend to consumers’ purchases and a chokra to assist him. The Society’s employees of all description number 140 . . . and the yearly establishment charges amount to Rs. 45,000.

[To be continued].

associate money with metal, and look down on all other forms of money, unless backed up by metallic money, as inferior. But is it necessary that money should be in metal at all? Let it be supposed, all people learn to make gold and silver almost for nothing by a process of alchemy, what will be the worth of our money then? No peasant would then come forward to exchange the nourishing grains of hard labour, for this new glitter of alchemy. He would hardly care for what gold was worth yesterday; and would value his grain only in terms of labour it cost him to produce. So then it is not true to say men do not know in their hearts that true wealth is applied labour, and money but a unit to measure such labour and facilitate the exchange of the products of labour. The knowledge is there deep down and sub-conscious. Man knows that true money is labour; but he fears slip money being only a contract with society, may not be enforceable in times of anarchy, and hence his preference for a slip printed on a metal of nearly equal worth—the coin. The caution was certainly justified in the past, when government was insecure and trade mostly by barter. In those days men who had anything to save and hoard, had to do it in the form of indestructible gold and silver. It is no longer necessary, now a days, however to distrust society and government. In fact that we have learned to trust them, will be evident from the huge national debts of government willingly subscribed for by the people, and the enormous quantities of paper money in circulation. Why is it yet people and government look upon metallic money as the real one, and count wealth in terms of coin? The fact is the hypnosis of history is still too strong for people to shake, and the few that know the true nature of money, and are in control of government do not find it profitable to own the truth.

3. It will be interesting, as it is relevant to know the origin of money. In early days when people lived in small communities, and worked by hand, men being of almost equal skill, goods were valued by the amount of labour involved, and exchanged by barter. Thus wealth, though it had value then had yet no price. The first approach to money was made when perhaps a pilgrim—traveller from a strange land offered a jewel, a stone or a knife in consideration of food and raiment. The latter was perishable and bulky, the former portable and imperishable. Thus a conch, a jewel, a piece of gold were the first forms of units of exchange between different communities. The units of exchange thus first set up by

the merchant-pilgrim, became increasingly popular with the rise of peace and settled life. Not only chiefs and leaders, but also the well-to-do of the tribe soon wished to have these rare excellences—jewels, stones, knives and works of art; they passed hands—no more as gifts—but for a consideration and thus acquired a purchasing value.

ii. *The Birth of Mammon.*

“Mammon led them on—
Mammon the last created
Spirit that fell from Heaven”

—Milton P. L.

4. For a long time the several units of exchange continued to be in vogue side by side. Gradually however the craze for jewelry being the steadiest, and jewel metals the rarest, the latter began to preponderate, and displace the other units of exchange. The king, the strong man of the realm, himself a owner of and dealer in curious and jewel metals, early imitated the merchants and dispensed his favours by printing medals in jewel metals. These by passing hands of exchange soon acquired a purchasing power, which was rather constant. It was but a step further for the king who owned the mines, to issue his medals in uniform weight and command the favour and services of his subjects. Being convenient to handle, the people in turn used these medals for exchange, and told the value of each article in terms of the medal. Thus arose first the idea of money and price; which, with the development of communications and commerce, attacked one commodity and another, till at last money economy became universal.

5. Till recently though money economy was common, it was by no means all controlling. Men laboured primarily by hand and exchanged commodities in rural sides. Though they seldom discussed the labour theory of value they really understood it. The price of each article was its cost of production which in turn, in the then society, meant only the cost of living of the worker. Even then there were differences in the standards of living of the workmen of the several trades, according as their guild was well organised, or the products of their occupation was in demand. Occasionally certain guilds by monopolistic organisation kept their members extra-prosperous. But sooner or later, more people entered the trade,

VALUE BY
LABOUR STILL
THE RULE.

broke the monopoly and brought down the price of labour to a uniform level.

6. All these days it was only the merchant who carried the goods of one country to another that calculated value in terms of bullion or coin. To him, indeed, naturally therefore, more money meant more wealth, and thus sprang up the mercantile theory of wealth. It was gradually found however that whilst the value of goods in terms of labour was constant and depended on the cost of living, that of bullion and money varied with the supply of and demand for it. This was especially the case in Europe in the 17th century, due to the enormous imports of silver from America. With the rapid fall in the purchasing power of money, rich men who felt to be growing poor asked again 'what is wealth'?

7. It became increasingly clear to thinking men once again that productive labour and not bullion was true wealth. But was it always human labour? Disparity of industrial conditions and modes of work enabled enterprising organisers to economise employment of human labour by adopting improved processes, and earn a larger profit on the same unit of production, than his fellow crafts-man. The first consequence of this revolution in Industry was the emergence of a capitalist class.

The growing complexity and magnitude of industrial processes, and the growth of competition in markets at the same time, prevented the crafts-man from being any longer his own employer with profit. In a progressive world not to keep pace with the rest is as good as going behind. The result was within a few generations the guild system disappeared, and society divided itself into classes. Thus arose (i) a minority class of enterprising capitalist-employers; (2) an intermediate class of aspiring capitalists called entrepreneurs, and brain workers; and (3) in the bottom a majority class of workers, who shorn of the dignity of men, were merely called 'hands' and treated only short of slaves.

iii Misrule of Capital.

8. The industrial changes that made possible the rise of a capitalist class, at the same time, also increased the power and production of the countries concerned. Producers who had perforce to find an outlet for their increased production, naturally looked

to their familiar neighbour,—the well-to-do merchant to do it. The merchant was willing to carry the goods to distant lands, sell them and bring back profits and undreamt of luxuries to the producer. But he was not, very often, prepared to pay for the goods he took; especially if travel was risky and anarchy prevailed in market countries. Thus arose the opportunity of the well-to-do banking merchant who paid the producer the cost of goods, on condition the purchasing merchant would repay his investment with a premium variously called interest and profit.

9. The profits of industry and trade in the above countries, during the last two centuries were so enormous and tempting that the merchants readily set up as producers, and inversely, successful producers took to trading also. Gradually, the rapid fluctuation of prices in international trade and the risks of personal management induced prudent capitalists to transform business into joint-stocks, and retire content with a share in the profits, leaving all control to expert business-men. This development denied the capitalist personal touch with his employees, and reduced his status in industry to something impersonal. Enthroned in his power called capital, conscious of the ability to command the goods and labour of society, he made the most of it, making profits and making power.

9. The aggressive history of modern Europe is the history of this rising class of industrial capitalists—aptly called the "Children of the wheel". Their insolence grew with the growth of their capital. They disestablished the rule of kings by blood, and claimed and ruled by committees manœuvred by them, in the name of the very masses whom they exploited. They guarded the ocean ways like wolves in winter time, and interfered freely with the governments of market countries. They cajoled, they threatened and conquered as a rule the weak nations of the East acting on the maxim "trade follows the flag".

10. Apparently there was nothing to check the growth of capital. However, its own size proved its ruin. Gradually the ramifications of capital ceased to be national and became international. It exploited the poor in its own country, as it oppressed the weak abroad. Not unnaturally, there arose men who saw things through and criticised the evils of capitalism. Not daunted however, capital through its

priests, the economists invented theories to account for the lot of the proletariat and the need to let capital thrive. Nations too, for a time, were hypnotised by their teachings and swore by the Bible of these economists. Men of heart, however, like Carlyle and Wesley, continued to doubt the truth of these and freely referred to Economics as the dark and dismal science. But only in the fifties of the last century, oppressed labour came into adolescence, and began to question the rule of capital.

CO-OPERATION: AN OLIVE BRANCH.

"Co-operation instead of being soiled by filthy lucre, in its turn proves to be the magic which turns finance into a missionary enterprise and business into a benefaction".

K. T. Paul, M. B. C., July, 1928.

11. The several leaders of labour who agreed as to the misuse of capital, however, did not agree in the remedy. Some advocated trade unionism—viz. the right of collective labour to bargain with its employers. Others, impatient and dazzled as they were with the triumphs of capital got by blood and iron, led by Marx advocated the outwitting of capital in its own game, by the same unscrupulous method of class war and revolution, till the rule of labour was established the world over.

12. Both the above schools had its adherents. But there were also a large class of moral and peace loving men, to whom it seemed ruinous, even if possible, to try to destroy capital by force and riot.

Were not Capitalists too men after all? It was enough according to them to check the misuse of capital, to set things a right. They set therefore to find how Capital played its game of profit, and, to their astonishment, found it to be only their lack of purpose, brotherliness and organisation. A prime source of gain to Capitalist they found was interest, the premium he got for lending the money and taking the risk till he finally got the money back. Apparently just at first sight, it was clear very soon that the rates of interest charged were disproportionately high to the risk involved. In truth, no one would lend with the certain chance of not getting the amount back. It was better, therefore, for the borrowers of capital to join together and tell the lender he had better not charge them for the risk. They would jointly and severally take the risk among themselves,

FIRST APPLIED
TO CREDIT.

guarantee the safe and punctual return of the money, they told, and refused to borrow individually. The professional lender finding his money idle, and borrowers firm, finally agreed to lend to the group at a considerably reduced rate, on the strength of their total solvency and the pledge of unlimited liability. Thus the group was finally enabled to realise that character was really wealth, provided there was union or co-operation of each with the rest.

13. The man who first discovered the value of co-operation in finance, was Robert Owen, the celebrated Irish philanthropist. But the person to apply it in practice on a large scale was the German Baron Raiffeisen. The value of Co-operation thus first discovered in credit, was next extended to trade to eliminate the profits of middlemen, and finally to industry to enable the work men to become their own Employers. Thus today the application of Co-operation has extended to all the branches of life and trade as it has also spread to all the countries of the world. It is a world force to count with today and though pacific, grows daily irresistible.

14. The ways in which Co-operation has scored victories over capital in the fields of credit, trade and industry, though few, are all so steadily on the side of Co-operation that there cannot be the least doubt of the ultimate success of the cause. The rule of life in future is bound to be *Co-operation and not oppression*. To Co-operators, unlike to revolutionaries, Co-operation is both the means and the end of life. With the intelligent application of Co-operative principles, according to these, Co-operation can make bid to rid the world of the shackles of Capital without a drop of blood or revolution. Being a rather big claim, sceptics may doubt it. But facts speak for themselves. In recent years Co-operation has indeed begun to question the very basis of Capitalistic organisation and finance. What is Capital that is told in Rupees, it boldly asks, and denies it is bullion. Even Capitalists are hesitant to deny this. Modern money is mostly credit money, kept in books and accounts, the coin and the note serving as but dummy tokens. Real Capital consists of the available productive labour, finished or otherwise in the country, and the money but a rough tally that is needed, in present day economy, to tap this *human capital*. So then why should the tally be in a precious metal at all, and men be asked to pay for the right to use such a tally?

15. Such are the questions raised by the latest phases of Co-operation here and abroad. Answers suggested in reply to the above, will be discussed elsewhere. But the questions are so momentous and far-reaching that he who answers them successfully can be considered to have answered to the hungry calls of the million—mouthed humanity!

(To be continued).

The Provincial Co-operative Union Ltd., Madras.

BY MR. R. G. NALLAKUTTALAM PILLAI.

(A Co-operator.)

The Co-operative Movement is essentially a movement of the people and it can progress on satisfactory lines only when the leaders of the people have a leading part to play in its advance and play it with zeal.

The Government declares often that the de-officialisation of the movement is its aim but tries all the same to tighten more and more its hold on several organisations.

The Provincial Co-operative Union which is the only organization that can successfully focus the non-official views and give a definite lead to the co-operators all over the presidency is not strong enough to assert itself on any question because of its poor finance and defect in the constitution. It can be said to represent only its members and not all the co-operative institutions in the Presidency and the member societies have not made it rich beyond want. The Government is always very suspicious of strengthening it.

It is not every co-operative society that can become a member of the Provincial Co-operative Union and hundreds of societies that can become members of the Provincial Co-operative Union have not yet affiliated themselves to it. Some of the Provincial institutes or unions in other provinces have them open to all societies and some of them make their affiliation even compulsory.

Every society should be a member of the Provincial Co-operative Union and the Linguistic Federation of the area, and be bound to follow their lead. The societies now contribute to supervision fund at the rate of 8 annas for every 100 Rs. of their transactions and Central Banks make similar contribution. 2 annas of this may be diverted to District Federation, Linguistic Federation and the Provincial Co-operative Union in such proportions as may be decided upon from time to time, say one-anna, half-anna and half-anna or one and half annas, three pies and three pies. These funds may be separately pooled and paid by central banks. The Provincial societies may likewise contribute to the Provincial Co-operative Union and Linguistic Federations at the rate of 6 pies or 3 pies for every Rs.100 of their working capital.

THE PROVINCIAL CO-OPERATIVE UNION LTD., MADRAS

The General Body, the Board of Management and the Executive Committee of the Provincial Co-operative Union should be as compact as possible if its voice should be effective. The Registrar and the Editor of the Madras Journal of Co-operation should be ex-officio members of them with right to discuss matters but no power to vote. There should be free exchange of views with the Registrar.

No branch of co-operation can be antagonistic to another and no co-operator can possibly be excluded as holding hostile views to a particular branch of co-operation. Separate conference of bankers like separate electorates are undermining the very health and tone of the movement. The electorate for the Provincial Co-operative Union should, therefore, be a joint one based on territorial basis and co-operative districts should be the area of respective electorates. The Central Banks, Federation, Unions and all sorts of societies in every district may be asked to return in all five delegates with one of them elected to represent it on the Board of Management. So also every one of the provincial societies including the Linguistic Federations may be asked to return five delegates with one of them to represent the society on the Board of Management. It may not be difficult in most of the districts to elect the delegates and members if the election is held on the day of meeting of the general body of the Central Bank and some device may be contrived for election with regard to the rest also. The life time of delegates and members may be three years and the interim vacancies in the Board of Management may be filled up by co-option.

All the provincial societies and districts will thus be properly represented in the General Body and the Board of Management of the Provincial Co-operative Union. The strength of the General Body may be about 150 and that of the Board of Management 30. The President and Secretary of the Board of Management will be the ex-officio members and respective office bearers of the Executive Committee and five others may be elected by the Board to the Executive Committee. Of these seven two may by convention though not by rule be of Madras city, two of Andhra Districts, two of Tamil Districts and one of Malabar and South Canara. An early arrangement to place the Provincial Co-operative Union and Linguistic Federations on some sound and strong financial basis of this kind may strengthen and help the progress of the movement a great deal.

Recent Utterances.

EXTRACTS FROM THE PRESIDENTIAL ADDRESS OF M. R. RY. A. SIVARAMA MENON AVL., B.A., B.L., AT THE FOURTH ALL-COCHIN CO-OPERATIVE CONFERENCE.

(Held on 5-6-1931 at Ernakulam.)

Fellow Co-operators,

• In western countries the Co-operative movement is purely a people's movement, in the sense that it was started by the people and is being conducted by the people. The Government intervention comes in only at a later stage in the form of laws for regulating its conduct on right lines. In India, on the other hand, the Government started the movement by passing Act X of 1904 and following the Government of India Act, Cochin passed Regulation IV of 1088. The democratic principles underlying the movement cannot be expected to be fully developed unless the people establish real control over it and it is with this object in view that organisations under the name of "Union," "Federation," "Institute" and the like are established for taking over non-statutory work and voicing public opinion on questions connected with the movement. The Cochin Central Co-operative Institute, the leading non-official organisation in the State has like the Madras Provincial Co-operative Union and the Bombay Provincial Co-operative Institute rightly taken the lead in focussing non-official public opinion in the State.

In view of the general economic depression and the phenomenal fall in the price of rice, cocoanut, arecanut, pepper and other raw products of the country, the present general condition of societies must be deemed to be on the whole satisfactory. There has been a steady increase in the number of societies, membership, working capital, total transaction, total loans issued, and reserve fund. The slight increase in overdues is really negligible if we take into account the unsatisfactory economic condition already referred to.

One point I wish to bring to the prominent notice of the Institute and that is the need for the immediate improvement in the number and quality of Unions. Ever since the publication of the MacLagan Committee report, the importance of forming Unions has been clearly recognised and I am somewhat disappointed that there is in this State practically only a single Union to-day in efficient working order. Even according to the rule of one Union for every 30 Societies there should be at least 7 Unions. After establishing a sufficiently large number of Unions you will

have to see to the proper adjustment of the various parts of the Co-operative machinery. Supervision and propaganda, finance and audit, these have to be worked in such a way as to ensure harmony and efficiency. There should be no manner of conflict between the activities of the Department, the Central Bank, and the Co-operative Institute. Audit and ultimate control must remain with the Department. Supervision and propaganda must be left to the Union under the control of the Institute. Inspection with a view to ensure the due discharge of financial obligations by the borrowing societies must be entrusted to the Central Bank. In other words, audit is the duty of the Government, supervision the duty of the Union and inspection the responsibility of the Bank.

I sincerely trust that the Institute will turn its attention to this important subject at the earliest opportunity. The funds at the disposal of the Institute are, I find, rather slender. Steps should therefore be taken to augment them. I commend to the Government the case of the Institute for a liberal grant in aid.

The main object of co-operation is to bring about distributive justice. Co-operation is a protest against exploitation and aims at bringing the producer and the consumer nearer by the elimination of the profiteering middleman. The attempt till now has been to eliminate but one type of middleman, the usurer though there are several other middlemen requiring attention such as the employer, the contractor, the middleman retailer, the landlord and so on. The Indian Act of 1904 was known by the name of the Co-operative Credit Societies Act and it had jurisdictions to register only Credit Societies. Non-Credit Society did not come within the purview of the 1904 Act. This defect was removed when the amending Act 2 of 1912 was passed. The close association of the State in the early stages of the movement produced one undesirable result namely that the rural population did not fully realise that the movement was one based on selfhelp and mutual reliance. With official propaganda and the official's eagerness to organise a large number of societies quickly it was but natural that more care was bestowed by some of them on showing quantity rather than quality. There was a vague feeling in the minds of the rural population that the movement of Co-operation was a semi philanthropic institution and not one worked on business principles. State initiative, State organisation, and State advance of capital were thus not an unmixed blessing. The people have now to be educated with regard to the true basis of co-operation, that it is a truly democratic movement aiming at the economic regeneration of the masses not by any assistance from without but by developing strength from within. They must be made to realise that a Co-operative Society is as much a business concern as any other Banking or trading institution, that loose or inefficient management has no place in it, and that the real contrast between a co-operative and an ordinary business concern lies in the fact

that in the case of the former the profits do not go exclusively to the share-holders or the Managing Directors but are divided according to the principles of distributive justice.

Another type of society which I wish to bring to your notice is what is generally known as Co-operative Stores. You may have heard of that Society which is familiarly called the Triplicane Stores. It is the Premier Distributive Society in the whole of India and it has been in existence for over a quarter of a century. I find that of the 4 Co-operative Stores established in Cochin 2 are in good working condition. There is a common belief that the Store movement is not likely to thrive in India. This in my opinion is groundless. If the movement could succeed in the City of Madras I do not see why it should not succeed in a place like Ernakulam. I do not deny that it is more difficult to successfully work a non-credit society and particularly a Store than it is to run a credit organisation. But provided you are able to command the necessary human material a store society established anywhere in our country will as surely succeed as the Triplicane Stores has admittedly done. I have been asked by several people what in my view is the real cause of the phenomenal success of the Triplicane Society. Being actively associated with the management of that institution almost from its inception I may claim to possess some real knowledge of its inner working. To my mind the two primary factors that account for the success of the T.U.C.S., Ltd., are (1) its unflinching loyalty to the principles laid down by the Rochdale Pioneers and (2) its rare good fortune in being able to attract to its management persons who belong to the most enlightend section of its members. Let me briefly explain my point. It is a fundamental law of the Stores movement that both purchase and sale must be conducted on the cash system; there has not been the slightest deviation from this rule by the T.U.C.S., up till now. There were occasions when some prominent co-operators and economists advocated the adoption by the T.U.C.S., of some safe credit system to make the institution still more popular among its members. Mr. Gilbert Slater when he was the Professor of Economics of the Madras University urged this view point on me on more than one occasion. Some other prominent co-operators also have held the same view as Mr. Slater. I find Professor H. L. Kaji of Bombay favours Mr. Slater's views in his recent book on "Co-operation in Bombay." But I have consistently stuck to the injunction of the Rochdale Pioneers. You will have a fair idea of the kind of honorary workers the T.U.C.S., has had if you will look into the list of the workers published in the T. U. C. S., Silver Jubilee Souvenir Volume. I strongly appeal to you to popularise the distributive societies by making a determined effort in that direction. Want of any big initial capital need not dishearten you because the T. U. C. S., started with a capital of Rs. 310 and a borrowed pair of

scales. The subscribed capital of the T. U. C. S., to-day is over a lakh of Rupees. It has a reserve fund of about Rs. 90,000, a common good fund of about 40,000 and an yearly turnover of about 12 lakhs. It has up to date given to its members as dividend a sum of about 1,40,000 which is nearly one and a half times the share capital contributed by them. Apart from these material advantages the T. U. C. S., confers on its members a special boon by way of inculcating in them habits of punctuality, thrift, honesty, and straight dealing. The quality, weight and measurement of commodities sold by the T. U. C. S., are all guaranteed and the price is always fixed. There is no higgling, no bargaining and no attempt at cheating. I ask you to ponder over the moral effect of these on its members.

The magic ward "Charka" is to-day in the mouth of every Indian, young as well as old. Though Khaddar has not become the universal apparel in India its sphere of influence is getting enlarged from day to day. The turning of the wheel as a subsidiary occupation has been objected to by some on the ground that it yields only a very low income of a couple of annas per day. The sum of 2 annas is not quite an adequate remuneration for a day's work at the wheel. But we are not to forget that we are thinking of a secondary occupation and that an income of 2 as. is anyhow much better than no income. Further what does the primary occupation of agriculture itself yield to its votary? An average small farmer, it is said, is not able to make more than 50 Rupees a year. If this is so, his income is not very much above 2 annas per day and he does not give up farming on that account.

To any country striving for the economic uplift of its population Denmark offers an inspiring and unerring guide. About the middle of the 18th century conditions in Denmark were not far different from what they are in our country to-day. By means of a determined effort by the people and a wise policy followed by the Government she is today the most prosperous agricultural country in the world. The Government of Denmark realised that the method of stimulating agriculture production was by vesting the ownership of land in small farmers and it courageously carried out that policy. It also understood the importance of Co-operative organisation. Therefore, it gave the utmost encouragement for the establishment of Co-operative Societies of every kind; but unlike several other Governments it abstained from unnecessary interference with the purely business side of the movement. It is important to remember that in Denmark no State subsidies were given for organising trading societies or in helping them to carry on their duty. The societies therefore, did not come under any obligation to accept State control in their internal management. What the Government did was to subsidise

education as represented by the Folk School and to encourage the standardisation through State control of agricultural products such as eggs, butter and bacon. For the rest it was content with the policy of benevolent watchfulness. I request my fellow co-operators in Cochin to make a thorough study of the history of Denmark and profit by that example. There is the utmost need at the present day for spreading a true knowledge of the end and aim of co-operation among the masses. The attributes of this movement cannot be put in words more telling than those used by Holyoake. In the language of this illustrious pioneer, "Co-operation touches no man's fortune; seeks no plunder; enters into no secret associations; it contemplates no violence; needs no trade Union to protect its interest; it subverts no order, envies no dignity; it accepts no gift, nor asks for any favour; it keeps no terms with the idle and it will break no faith with the industrious. It is neither mendicant, servile nor offensive; It has its hands in no man's pocket; it means self help, self dependence and such share of the common competence as labour shall earn or thought can win." In conclusion I thank you once again for your kindness and request you all to hold aloft the Co-operative flag.

EXTRACTS FROM THE PRESIDENTIAL ADDRESS OF DR. P. GURUMURTHI DELIVERED AT THE GUNTUR DISTRICT CO-OPERATIVE CONFERENCE.

(Held at Guntur on 30-6-31.)

Brother Co-operators and Friends,

Guntur District has been famous in the history of Andhradesa ever since the time of the writing of the Mahabharata. It has manifested to the world the heroism of Palnad and the administrative capacity of the Reddies of Kondaveedu. Amaravati is a direct and unrivalled example of the artistic excellence of the Andhras and the spread of Buddhist culture. In modern times it has won everlasting glory giving to the service of the country a patriot of the calibre of my late lamented friend Andhiraratna Duggirala Gopalakrishniah. It is Guntur that is the birth place of the Bhishma of politics in Andhradesa, Desabhakta Konda Venkatappiah. It is also the seat of the well-known social reformer, Unnava Lakshminarayana and of other renowned persons such as G. Seetharama Sastry, N.V.L. Narashimha Rao and others.

In the world of to-day, religion is at a great discount. The outward manifestations of religion, the ceremonies connected with it which are all but the shadows, are alone passing for religion proper. It is forgotten that one can serve God best through serving men, his fellow beings.

The ideal that human beings are all sons of the same God and therefore brethren is clean forgotten in the struggle for personal power. A revolution is, therefore, imminent in the industrial sphere. The Co-operative movement and the experiments of the communist type now being carried on in Russia are only the beginnings and the first manifestations of that spirit of revolt.

The present day society is built up on the conception of profit as the sole end of human existence and it is now time that a new ideal should be adumbrated which will have as its aim the reconstruction of society on the basis of human brother-hood and love. It is this ideal that Co-operation has in view and which it seeks to promote. Co-operation does not begin and end with giving and taking loans for shorter or longer periods or purchasing things wholesale and selling them or making available funds for constructing houses or such like utilities; it is much more than that and is concerned with bringing about a radical

The Salem Weavers' Co-operative Society Ltd.

No. 5, 362.

FORT, SALEM.

(Registered under Act II of 1912 India.)

Awarded Gold Medal Certificate by the Chittoor Exhibition of Arts, Crafts, Industries and Agriculture.

This society was started in August 1930 with the object of giving a living to the Weavers of Salem who were thrown out of employment. Yarn is purchased wholesale from the Indian Mills dyed in Fast colour and Woven in hand-looms by members to a Standard Texture. Profit making not being the object of the society, the prices are naturally cheap. The society consists of expert work men who can weave to any pattern. The following patterns are always ready for sale:—

DIOTIS:—of 40, 60 and 80 counts.

Sannanju, Mysore Gundanju, Bavanju borders etc., in cotton or silk, with or without lace.

SAREES:—of 40, 60 and 80 counts.

Card, Pate, Poona Pate borders: Bangalore, Poona, Dupla Heading in mercerised yarn silk or lace.

Handkerchiefs Angavastrams etc., etc.

S. THAMMANNA CHETTIAR B.A., B.L.,

President.

transformation in human out-look in the direction of encouraging the ideals of service, love and patriotism in men; in short, with creating a new heaven, a sort of earthly paradise.

It is with these high ideals that the Co-operative Movement was started in England in the closing years of the last century. In our own country, it was started by Government 26 years ago with the modest idea of securing to the agriculturists credit at cheap rates. But though it has a quarter of a century of existence, the Co-operative Movement can claim only a little over two per cent of the population as its adherents. In your own district, while there are about 1200 villages there are only 680 societies actually working. All this goes to prove that what has been done already is very little and what has got to be done still is very great.

In my opinion it would be much better in the circumstances described above if we utilised these annual conferences not merely as gatherings for taking stock of the situation but as real media for laying down constructive and comprehensive programmes of work and as agencies for carrying out those programmes into fruition. I shall place before you some relevant facts in order to show in what directions our organization is still lagging behind and has to make way.

In the Guntur district the number of Co-operative Societies shows an increase over that of last year and there has also been an increase in the membership of those societies as the following statement shows :—

Year.	No. of Societies.	Total Membership.	Total Credit Transactions.
1928-29	670	52,031	64,10,045
1929-30	695	56,953	80,11,084

In spite of this increase in all directions, it is sad to see that the number of overdue loans is very considerable.

It appears firstly that these defaulting societies have been financed from loans secured from the Government and secondly, that 3 only of the dry Taluks where the need is greatest have been financed. It also appears that the practice followed is to give larger amounts as loans to urban societies, contrary to the well-known principle that as far as possible, urban societies have to be self-sufficient and self-supporting. Only when they stand in imperative and urgent need of cash credit, should they be furnished with loans and even then efforts should be made to recover the amounts as early as possible.

When societies lend to their members they should take proper care to get correct statements of their financial position and as to whether they paid their prior debts regularly and so on; otherwise the financing of persons who have no right to any loan will result and the society will stand to lose much by such transactions. The Central Bank will have to satisfy itself with the persons who were at first recommended by them. If a borrower is in arrears of the payment of the loan, then his surety also should be deemed liable. There is also the further unsound practice of the societies lending overdue monies which have been recovered. All these are defects which have got to be removed.

Let us next see how the Co-operative societies have been working. I have already mentioned the evil of overdue loans; but in addition to that there are several other defects that have taken a deep root in them. As most of the members of the societies are illiterate and ignorant a handful of scheming and unscrupulous persons are given a "carte blanche" to run the whole show, which they do as they like. We often hear complaints that persons who have been entrusted with the responsibility of looking after the funds of the society use those funds for their private purposes. Benami transactions, using the loans for unproductive purposes, utilising the cash balances for private ends by the Presidents and Secretaries, showing that cash balances have been remitted to the Central Banks when they were not actually done so, giving loans to persons who have no physical existence, refusing to give proper receipts to monies collected, Panchayatdars themselves being long in arrears of the loans they took, delaying to take action against defaulting members for one cause or other, refusing to hold meetings even though required to do so by the Banks or the Unions, failure to prepare proper property statements, carelessness in the preparation of loan bonds, giving loans without requiring both the borrower and the surety to sign on the bonds, failure to take thumb impressions of illiterate borrowers, working with two sets of cash books, two sets of receipt books at one and the same time, Presidents and Secretaries favouring their relations in the matter of giving loans without taking into consideration their financial conditions, all these and several other drawbacks, defects and evils are to be found every where in the working of the Co-operative Societies, resulting in a considerable and dangerous loss of public confidence. It is up to the Co-operators to bestir themselves, to investigate into all these defects and to work out remedies so as to restore that confidence. In this connection the suggestion may be considered of each society or a group of societies joining together and appointing a clerk who will be in charge of the day-to-day working of the institutions, who will hold himself responsible for all their transactions and who will be in a position to render a ready account of their position and work whenever called upon to do so.

Present economic depression :—To the ryot who is immersed to the neck in indebtedness, the present depression has only made matters worse. Various people attribute the distress to various causes; some say it is due to over production, others say that it is to be traced to ill-balanced production; some others think that it is attributable to the Currency policy of the Government; there are others who consider that the present political situation is mainly responsible for the depression. Whatever they may be, one fact is patent that owing to the artificial inflation of the prices of paddy, there had been an equally artificial rise in the value of land. There was an illimitable earth hunger amongst the people which made them invest all their savings upon land as the safest and most profitable method of investment. But agriculture has ceased to be a paying proposition and all those who sunk capital upon land found that the return for it was not commensurate with the anticipations entertained. The tendency towards low return from land has been accentuated by the free and unrestricted importation of paddy from other countries; which tend to increase the price slump. Under ordinary circumstances, low prices ought to have been welcomed by the community, as they afford a chance for the people to get all their necessary requirements at a low cost. But owing to the investment of all their available funds by the ryots on land and the consequent dearth of cash in their hands they are reduced to a very sorry plight.

Till sometime back, our villages were self-sufficient units producing everything that the people required and almost all payments used to be in kind. As such there was no need for their having cash on hand. But a great change has come over our village economy in recent years as a result of the contact with the west and its civilization; and things which were considered luxuries before have now come to be considered necessities. With this change, the dependence of the village on the town has also increased owing to the lure of the latter.

Government will have to take steps to reduce the burden of the tax if the ryot is to recover from his present depressed condition. The banks also will have to follow a liberal policy in the matter of recovering loans, because notwithstanding all his good intentions to pay back the amount, the agriculturist may not and in fact is not in a position to carry his intention into practical effect. But the Banks are not now in a condition to make these sacrifices and the duty therefore devolves upon the Government to make available to them funds at a nominal interest for making advances to the ryots in all cases of real hardship and for refunding fixed deposits. Such action was taken by Government in two provinces and now the Bengal Government are following suit with a policy of advances to agriculturists at reasonable rates of interest. Madras Government also should make a similar effort. It would conduce to the more equitable distribution of the loans if they are disbursed

through the agency of the co-operative societies rather than through the officials of the Revenue Department. The aim should be to recreate the agricultural economy of the country by a comprehensive programme of ameliorating the conditions of the ryots by means of encouraging new and scientific methods of cultivation, by introducing a variety of crops, by consolidating the holdings of ryots so as to enable them to experiment a new crop production and by weaning away their attention from the towns, which are proving a source of drain on the villages. The advancement and prosperity of the country is intimately bound up with and closely dependent on the advancement and prosperity of the ryot; and I request you to concert measures for improving his lot.

The Co-operative Movement should not think that its business begins and ends with giving loans and recovering them: it should realize that a greater burden and responsibility rests upon it to bring about the all-round development of village life the necessity for which has been stressed above. A number of co-operative societies should join together and agree to appropriate a part of their common benefit fund for the purpose of establishing and maintaining such useful institutions as schools, village roads and hospitals, of rehabilitating the village handicrafts and of otherwise improving the amenities of village life. Guntur District has already earned a reputation for the manufacture of khadi; but there are facilities for improving the industry still further. The dyeing industry is also widely practised in the district, so also is the blankets manufacturing industry. But the persons practising these handicrafts are mostly in the hands of middlemen, who purchase from them the products of their labour at a rate much below that obtaining in the market and sell them for profit. The business of the co-operative societies is to rescue them from these middlemen which they could do by supplying them with the necessary wool and other raw materials and by arranging for the marketing of the finished product. The manufacture of grass reed mats is another industry which is wide spread in this district and those engaged in it have a co-operative society of their own, which however has not been functioning well. Arrangements will have to be made for the supply to them of grass reed in sufficient quantities at cheap rates. There are other industries also like the manufacture of palmyra leaf mats, of cot tape, of cotton blankets and of gunny bags, all of which require financial assistance and rescuing from the hands of middlemen. If a co-operative society could be started for these purposes, then much good will come out of it. There are persons again who are engaged in the work of raising tobacco crop for export. It is very sad that while all the locally raised tobacco crop is in the hands of foreign companies and is exported abroad, tobacco for the local Beedi manufacturing industry should be imported from Mysore. There is much virgin soil in

this district covered by forest in which the Sumki leaf for manufacturing beedies can be raised with great ease. There are extensive palmyra topes in the district which can be exploited for the manufacture of palmyra jaggery. Thus a great deal can be done by the proper husbanding of our resources and utilizing those resources for the advancement of the economic prosperity of the people. Over and above all this, Land Mortgage Banks should be established to relieve agricultural indebtedness.

England has helped the economic reconstruction of Austria by lending it 150 million pounds and could she not have helped India, which forms a part of the Empire if she had so willed in a similar way? An effort should be made to start Land Mortgage Banks on a large scale in this district also and the Government should enable these banks to have ample funds on hand. One method of doing so would be for them to amend the charitable Endowments Act to enable religious and charitable societies to purchase debentures issued by the banks. Loans should be given to agriculturists on the recommendation of the Primary Land Mortgage Banks.

Conclusion.

The country is passing through a critical time, in the economic, political, social and other spheres. Co-operators in the West have contributed a great deal to the solution of social, economic and political ills of their respective countries and have shown the way for economic regeneration, social, co-operative and political independence. We can read in the books on co-operation, how the movement has helped to remedy the economic distress in Germany and Italy, to secure the political independence of Ireland and Russia and to solve the labour troubles in England and Scotland. Let us hope that the Co-operative Movement will fulfil the hopes and expectations raised by it as a method of world reconstruction by bridging the gulf between the rich and the poor, between the literate and the illiterate, between the master and the servant, between the ruler and the ruled and by inculcating into one and all the ideals of equality and brotherhood. Co-operators should not be discouraged by the defects, the transitory troubles and other antagonistic factors but should go forward with their task of improving the prosperity of the land, keeping in view the high ideals and the noble principles on which the movement is based.

Reviews.

We have received a copy of the report on a preliminary survey of the Milk Supply of Lyallpur in 1927 by Mr. S. Labh Singh, B. Sc., Associate Professor of Agriculture, Punjab Agricultural College, Lyallpur. This forms No. 22 of the Rural Section Publication of the Board of Economic Enquiry, Punjab.

The scope of the enquiry as indicated by the title is very limited, but it has enabled the author to make the enquiry almost exhaustive. He has conclusively proved by statistics and careful observations of facts the erroneous nature of the common belief that the quality of milk supplied by ordinary cow keepers is poor on account of the inferior feeding stuff used by him. If the quality is inferior, it is because it is adulterated and people pay the price of milk for the purchase of dirty water. Incidentally it was found out that the consumption of milk per head per day in the town of Lyallpur is better than what it is in Lahore, Bombay, Calcutta and Poona, nay, is better than the figures for London, Glasgow, and Edinburgh and for Great Britain in general and is second only to that of New York. The author deserves to be congratulated upon this excellent publication which we hope will be an eye opener to many a consumer of milk not only in Lyallpur, but in other parts of India as well.

S. K. Y.

A REVIEW OF THE ADMINISTRATION REPORT ON CO-OPERATIVE SOCIETIES IN MYSORE.

(For the year 1929-30.)

Some idea of the progress of the Co-operative Movement in the forward Indian State of Mysore during the year 1929-30 will be obtained from the following figures:—

		1928-29	1929-30
1 Number of Societies	...	1,962	2,102
2 Membership	...	1,16,586	1,26,491
3 Paid-up Share Capital Rs.	...	44'35 lakhs	47'13 lakhs.
4 Working Capital Rs.	...	1'52 crores	1'69 crores.
5 Turn Over	"	5'13 "	5'61 "
6 Reserve Fund	"	19'93 lakhs	21'33 lakhs.
7 Net Profits	"	5'52 "	6'16 "

We are glad to note that in the opinion of the Registrar the Co-operative Movement "has been able to contribute its mite towards the mitigation of the distress" caused by the trade depression which

seems to have affected adversely the agriculturists especially those producing, coffee, arecanuts, cardamoms, cotton etc.

The financial structure of the co-operative movement requires looking into. The Apex Bank, Mysore has tried to convert itself into a pure-type apex bank and is reducing the number of its individual shareholders. But the Bangalore Central Co-operative Bank seems still to retain its pan-Mysore nature by lending to individuals all through the State. Between these two central banks having jurisdiction over the whole State, it is not surprising that district banks do not flourish at all. A well-ordered scheme of distribution of finance from the centre to the various parts of the State should be devised and accepted.

We are sorry to note that the Central Bank did not fully utilise the facilities granted to it by government in promoting the interests of the House Building Societies. We cannot have too many of these House Building Societies and considering the serious nature of the housing problem they deserve all the help that the State and the rich banks can give them.

We are glad to note that the Apex Bank has begun to inspect its affiliated societies. We hope this process will be carried on without in any way interfering with the autonomy of village societies.

The Registrar observes with regard to Stores Societies that "it is very pleasing to note that the cash sales amounted to Rs. 63,640 or nearly 34 per cent of the total sales." We must confess it is not all very pleasing to us, as we have always taken for granted that every sale in Co-operative Society should be for cash. We take it that the Bangalore City Co-operative Society about which the Registrar makes the remark quoted above has got a system of trade advance, but our experience in British India where trade advance has been allowed, is that members always have got a tendency to overdraw, so that it becomes ultimately credit sale and not cash sale which forms one of the foundations of the consumers' movement according to the principle of the Rochdale pioneers. Our readers interested in Consumers' Co-operative Movement will thank the Registrar for giving more details about the store movement.

We are glad to note that Students' Societies are becoming more and more popular. In one respect Mysore has shot ahead of Madras and that is in its having many societies exclusively for the use of ladies and it is very pleasing to note that Thrift is encouraged in these Societies by the use of home savings boxes.

They have just started a Land Mortgage Bank and it is too early to say anything about it. We are glad that the principle has been recognised that ordinary Co-operative Societies should deal only with Intermediate and short term loans and that a separate organisation should

come into existence to relieve the agriculturists of the heavy load of prior debt.

The experiment of the Adi-Dravida Co-operative colony originally started at Gootigere seems to have been successful; for it has been repeated in two other places.

Three features of the Co-operative Movement in Mysore and the steps taken to prevent the difficulties assuming dangerous proportions deserve to be specially noted. Firstly, overdues, which in spite of some reduction are still alarming. Secondly, unequal progress of the movement in the various parts of the State. Perhaps, this is inevitable considering the educational and cultural equipment of the people in different parts of the State. People in and round Bangalore are most advanced and therefore Co-operative Movement also seems to be at its best in that area. The Malanad is educationally backward and the movement seems to be comparatively backward in that area. Special attention we hope will be devoted for the spread of the movement in backward areas, because then alone will the movement justify itself. It is the ignorant and the really needy that require help more than the somewhat educated men who to some extent can help themselves. The third defect pointed out by the Government is the failure on the part of the Department to conduct the statutory audit of all the societies within the year. We are really surprised to be told that nearly one-third of the societies were not audited and that the figures and classification based upon them are all to that extent somewhat vitiated. We hope the Registrar will strengthen the audit staff of the department and see that every society is visited and audited by the independent Government Officer.

The Central Institute deserves to be encouraged both by the Government and by the financing bank and on its behalf we repeat the plea put forward in our review of the last year's administration report.

In other respects the movement seems to have made good progress in spite of adverse condition and we once more congratulate the Registrar for the good work that he has been able to do with the help of his staff.

S. K. Y.

A correction to page 818 of May 1931 issue.

Mr. A. Ramiah is not the Hon. General Secretary of the co-operative stores, Tiruturaipundi. He is the Hon. Secretary of some other institution.

AGRICULTURAL INDEBTEDNESS AND REMEDIAL MEASURES.

We have received a brochure of 25 pages (published as one of the Andhra Economic Series at Nidubrolu, Guntur District and priced As. 8) which contains the Presidential address of the now well-known Mr. N. G. Ranga, delivered at the Tenali Special Ryots' Conference last June and also the resolutions passed therein. A harrowing picture is drawn of the present plight of peasants who had borrowed on the past scale of prices heavy sums of money from Marwaries and others. An analysis is made of the causes of borrowing, to which the author might well have added, in the case of larger landholders, the craze for getting elected *at any cost* to a seat in the Legislature or the Local Bodies.

We are afraid we cannot subscribe to the several strong statements made in the course of the address. Undue and untimely pressure is said to be exercised by the creditors to recover their dues—though the courts seem to tell a different tale—in spite of the sound security that land offers. This is said to have been established beyond doubt by the investigations of the Godavari Economic Enquiry Committee; but even our author will admit that a catastrophic change in prices has occurred since that enquiry was made. After all in Andhradesa the money-lending leeches are not all alien marwaries; the bigger ryot money lenders are not a negligible minority.

Our author makes a passionate plea for some form of temporary aid by the State or semi-public institutions like the Imperial Bank and co-operative banks. He advocates a moratorium—the suspension of the power to collect dues or call back amount lent—until the depression is lifted, which he forecasts will not happen before the next three years. But is this feasible unless the investing public co-operate and are in a position to extend their deposits with the banks? The exchange policy of the Government comes in for a large share of the author's scathing condemnation, which in its sweep also includes a gentle hit at the protective duties—which might promote national industries, but do press on the slender resources of the peasants whose interests have not been duly considered by the Assembly.

Pointed attention is drawn to what other governments are doing by way of extension of credit to their farmers not merely for cultivation but also for the processing and marketing of their products—though we have ceased to hear glowing accounts of the working of the schemes of the Federal Farm Board of the United States. The address advocates among others some drastic recommendations:—

the collection of land revenue in 5 instead of 3 instalments,
the suspension of the collection of *takkavi* dues for 3 years,

REVIEWS

the award by civil courts of easy terms of repayment of private loans,

the extension of time by co-operative societies for repayment of dues without penalty by members,

the grant of a loan of 50 lakhs of rupees by the State to the M.C. U.B.,

and the culminating recommendation is that the State should forthwith distribute 2 crores of rupees as *takkavi* loans to needy ryots through co-operative societies or village panchayats.

This is indeed a tall order for any Government in times of depression. While we appreciate the heroic approach and appeal made by the author, we hope that depression will not drag on for another 3 years, but terminate—thanks to international action—much earlier. Indeed there are those who see positive signs of our having turned the corner.

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THE MADRAS JOURNAL OF CO-OPERATION

THE PROVINCIAL CO-OPERATIVE INSTITUTE,
BOMBAY.

XII Annual Report (1-4-1929 to 31-3-30).

The report is a record of all round progress. There was no increase in the membership which stands at 5755 of which 4855 were societies and 900 individuals. In order to attract more individual members a new class of membership with an annual subscription of Rs. 3 has been started though the response has been not very satisfactory.

The draft revising the constitution of the Institute originally prepared by the Executive Committee has been examined by a special committee appointed for the purpose and at the meetings of the Executive committee the wholesome practice of discussing some live topic has been set up. The most important work done by the Committee was the reorganisation of branches.

The Government grant was limited to Rs. 30,000 only and not extended to the full limits on the rupee to rupee basis. The Institute therefore approached District Banks and Municipalities for grants and got them in many instances, a practice well worth imitation in Madras.

There is reference to the work of the Conference Committee, the Legal Committee and the Central Education Board. The training schools were all maintained even though the income from fees was reduced. A good deal of co-operative literature was published.

With regard to the visits of the members of the Executive Committee to branches and to various places in the mofussil we are glad to be told that such visits were highly appreciated.

The work of the branches is given in detail followed by a number of useful and informing statements and appendices. We congratulate the Institute on the useful work done during the year and look forward to a more brilliant record of work next year.

S. K. Y.

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ANNUAL REPORT OF THE MADRAS POSTS AND
TELEGRAPHS CO-OPERATIVE CREDIT
SOCIETY, MADRAS

For the Year 1929—30.

We have received a copy of the above report which is a record of progress in every respect. The institution with a membership of nearly 7,500 is becoming unwieldy and they are trying the experiment of running branches and have started two, at Bangalore and Coimbatore. Starting with 123 members and share capital of Rs. 704-8-0 in 1912-'13, it has now 7429 members and the share capital exceeds 3 lakhs. They have an interesting line of activity known as Fidelity Branch.

We congratulate the management on their good work and wish them further success.

S. K. Y.

— — —
PUTTUR.

(KANARESE)

BY MR. B. ANANDA RAO.

*Published by Harihara Press, Puttur, South Kanara (Pages 20,
Price Rs. 0-2-0.)*

This is a collection of fourteen short poems descriptive of Puttur, the author's native place and its institutions. Mr. Ananda Rao lived for three years in Madras recently and the longing he felt for Puttur during that time has taken the shape of this booklet. The poems are written in a simple popular metre, rhyming at the end of the lines and in stanzas of four lines. The language is easy and graceful, and the pictures called up by the writer's memory are quite vivid. The poem on the "Elementary School" recalling the games is quite a fine piece, as is the short poem on "Home" which contains a most lovable description of the grand-father. One of the poems contrasts village life with town life, much to the latter's disadvantage; but it is made enjoyable even to the town dweller by a nice touch of humour. Puttur is almost a temple of co-operation in South Kanara and Mr. Ananda Rao an enthusiastic co-operator and writer on Co-operation. No wonder, therefore, that Co-operation should be frequently referred to in the poems and a poem be devoted to the Co-operative building. Perhaps there would have been more on Co-operation, had the movement unfortunately not deteriorated in Puttur and in South Kanara generally. Mr. Ananda Rao has written several books, and this small book of poems deserves an honoured place among them.

V. V. S.

VILLAGE TALES.

(TELUGU).

BY MR. S. SUBBA RAO.

Published by himself at Kovur, West Godavari.

This small book of 64 pages was written by Mr. Subba Rao when he was in jail recently in connection with the Civil Dis-obedience Movement. It is the first volume in a series intended by Mr. Subba Rao for adult education. He proposes to bring out the succeeding volumes at intervals of three months and they are to deal with social, political, historical and other subjects. As they are intended for the education of rural folk by a very sincere social worker, one would wish every success to the venture. The stories in the present little volume are written in simple spoken language and describe incidents that occur daily in village life. The interest of the stories lies not in the development of plot but in the unvarnished description of village life in which there is sympathy, pathos and humour. The unfair exploitation of the villager by the official and the trader makes a deep impression on the reader's mind.

V. V. S.

RURAL RECONSTRUCTION IN ALAMURU

IN ENGLISH AND TAMIL

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MR. V. VENKATASUBBIAH, B.A.,

*(Joint Secretary and Convener, Rural Reconstruction Sub-Committee,
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Correspondence.

To

THE EDITOR,

THE MADRAS JOURNAL OF CO-OPERATION,
Royapettah, Madras.

*West Godavari District Co-operative Federation:—*The Registrar of Co-operative Societies, Madras, passed orders of liquidation of this Institution on 23-2-1931 and some Unions in this District have appealed against this order to the Local Government. Though I agree that the Federations, as they are constituted, are not showing such progress as to justify the expenditure incurred annually on this duplicate machinery, yet, the order of the Registrar does not seem to be justified under the Act. Even if he gave formal orders under Section 35 to the Deputy Registrar to make the necessary enquiry, the latter did not give notice to all the Unions in the District i. e., the members of the Federation. In fact, the enquiry was not known to anybody and was quite perfunctory. The Deputy Registrar simply acted according to the well-known personal predilections of the Registrar against the existence of these Federations. Moreover the Registrar's order contains many allegations that are far from true and that cannot be borne out by the record. This very Registrar in about June last year and in January of this year expressed in writing his satisfaction at the way the accounts were kept and the work done by the Federation. A statement was published in the last issue of this Journal that the general body of the Federation passed a unanimous resolution on 29-1-31 that the Federation should be abolished. It was only resolved that the President of the Federation should act under the orders of the Joint Committee at Ellore. The fact that this Committee has not been constituted properly and that it has no statutory relation to the Central Bank does not justify the Registrar to abolish the Federation itself. There was no consent obtained of three-fourths of the Unions under the Act for its abolition. In this connection the attempts made by the Deputy Registrar, the President of the Federation and the Vice-President of the District Central Bank Ltd. to prevent the holding of the meeting by the General Body of the Federation at Ellore on 19-4-31 in the Bank premises for protesting against the order of the Registrar do not redound to the credit of the above officials who deserve a strong vote of censure for the actions they have resorted to.

V. SURYANARAYANA RAO,

Secretary, of the Co-operative Union Ltd.

Kovur and Delegate of the W. Godavari Co-operative Federation.

THE MADRAS JOURNAL OF CO-OPERATION

OFFICE OF THE MADURA-RAMNAD DISTRICT
CO-OPERATIVE FEDERATION LIMITED, MADURA.

Dated 17th June, 1931.

From

M. R. Ry., G. SRINIVASARAGHAVACHARIAR AVERGAL,
Secretary & President.

To

THE SECRETARY,
PROVINCIAL CO-OPERATIVE UNION LTD.,
MADRAS.

Sir,

I have the honour to forward herewith for such action as you may deem fit a copy of the circular issued by the Deputy Registrar of Co-operative Societies, Madura, in which he has drawn the attention of the Presidents of Taluk Boards to the undesirability of the Board Teachers having seats in the Panchayats of societies and of holding offices in them. As a result of this circular it is apprehended that a large number of Taluk Board Teachers who are connected with the Co-operative Movement as useful office bearers of societies will be compelled to sever their connection with societies all on a sudden with the result that the movement may have a set back. The Deputy Registrar may perhaps be justified in addressing presidents of Taluk Boards in particular cases where the connection of a teacher in a particular society is found harmful. But he has done great disservice to the movement by issuing a general circular of the kind, as the circular is directly opposed to the spirit of the Government Order No. 692 Local and Municipal dated 5th March 1931, which the Government was moved to pass after considerable agitation on the part of the co-operators and with reference to various resolutions passed at Conferences. It seems necessary that the Registrar should be moved at once towards the withdrawal of the circular. It will perhaps be better if the matter be brought up for discussion at your next General Body meeting.

The Circular. - Copy to Presidents of Taluk Boards.

It is observed that a considerable number of Taluk Board teachers have seats in the Panchayats of societies and hold other offices without permission. Such connection on their part do not generally promote the good working of the societies and are a bar to the development of local talent.

A correction to page 42 of the July 1931 number.

P. M. Kharegat Esq. I. C. S., Registrar of Co-operative Societies is the Registrar of the United Provinces and not of the Central Provinces and Berar.

District News.

SWADESHI EXHIBITION AT RAJAHMUNDRY.

On 4th July 1931.

The Swadeshi Industrial exhibition organised under the auspices of the Rural Re-construction Training Centre at Rajahmundry was opened on Saturday 4th July by Mr. Ramadas Pantulu. Dr. P. Gurumurthi, the President of the Ramadas Co-operative Training Institute to which the Rural School is attached, presided over the function. Dr. P. Gurumurthi in his introductory speech gave an interesting account of the way in which the exhibits were collected by Mr. S. Subba Rao, secretary of the Rural Reconstruction section from thirty four different Swadeshi Industrial concerns and the range covered by them. He then requested Mr. Ramdas Pantulu to open the exhibition.

Mr. Ramdas Pantulu in the course of his instructive speech said that India which was self contained in regard to the supply of the needs of her vast population a century ago is now dependent on foreign countries for almost every article of domestic use. In the humblest home of the remotest village, all kinds of foreign articles are found and all Swadeshi articles have disappeared. This complete economic conquest of India, particularly of rural India, is far more responsible for the appalling poverty of the masses, staggering unemployment, and deterioration of agricultural and industrial efficiency than even the political conquest of India. Every foreign institution in India aims at the consolidation of the gains of this economic grip. Education is directed towards the cultivation of partiality to British culture, mode of life and love for the use of British made things for personal adornment and domestic equipment. The Railways, the British shipping companies, British Insurance concerns and the British Banks work in close harmony and steadily pursue a deliberate policy of perfecting the economic conquest of India. The fact that the British people value this economic hold more than the political hold is evident from the fact that they insist on commercial and fiscal safe-guards in the interests of their country even when they are prepared to concede a liberal measure of constitutional reform in the political and administrative spheres. This is the true implication of the cry for safeguards raised at the last Round Table Conference and which is becoming louder with the approach of the 2nd Conference.

Proceeding, Mr. Ramadas Pantulu said that a process of mental reconstruction of the people was absolutely necessary for the success of

any scheme of economic reconstruction of India. People have almost forgotten that the extensive use of foreign articles meant the unemployment and starvation of millions of their countrymen. Does any student realise what harm he does for his country when he goes about shopping and purchases foreign articles for his personal use and school equipment? What is wanted is, therefore, a vivid realisation of the evils of dependence on foreign markets for the satisfaction of the necessities of even our simple lives.

The exhibition serves the extremely useful purpose of demonstrating that this country even now can produce almost everything that we require for our daily life. If there is a determination on the people's part to use only Swadeshi articles and not to touch foreign articles then India can be reconquered by us economically and political power will not be long in following the economic power. Mr. Pantulu appealed to the Rural Reconstruction workers to carry the message of Swadeshi into the villages, bring about a mental metamorphosis in the masses and thus secure the economic freedom of Rural India. He then declared the Exhibition open.

Mr. N. Satyanarayana in a neat little speech announced that the exhibition was a permanent one and that they would try to popularise the Swadeshi articles in every possible way. With a vote of thanks by Dr. P. Gurusurthi to Mr. Ramadas Pantulu and others the function came to a close at 7 p. m.

LIST OF SWADESHI ARTICLES EXHIBITED.

- (1) Pumps, Folding cots and chairs of Kirloskar Bros. of Kirloskarwadi, Satara Dt.
- (2) Velvet Box containing scissors, needles and finger protectors of K. Banji & Co. Calcutta.
- (3) Bangles and match boxes of Giddappa Kugappa of Belgaum and M. N. Mehta of Calcutta.
- (4) Jessore combs, hair clips, and tongue scrapers.
- (5) Oils, shaving sticks, boot polish, soaps and tooth pastes of the Bengal Chemical works.
- (6) Buttons of various sort of the E. Bengal Button Company, Dacca.
- (7) Pastes of Amin & Co., Bombay.
- (8) Paints of Standard Paint Works, Calcutta.
- (9) Brushes of Messrs Satyanarayana and Co., Agra.
- (10) Slate pencils of Maruti Slate Pencil Factory, Tumkur.
- (11) Crayons of Bhagat & Son, Poona.
- (12) Foot rules of croco Stationery works, Lahore.
- (13) Brass Scales of Tahkeshideoji & Bros of Kathiawar.
- (14) Papers and pads of Titaghur Paper Mills Company, Calcutta. The Upper India Paper Mills Lucknow, Deccan Paper Mills, Poona, and Meenakshi Paper Mills of Travancore.
- (15) Pencils, Inks and Ink bottles, Soaps and Shellac of other companies.

THE VISIT OF

THE HON'BLE MR. P. T. RAJAN, M.L.C.,

*Minister, Public Works Department, Government of Madras,
to Rajapalaiyam on 21-4-'31.*

WELCOME ADDRESS

BY THE

RAJAPALAIYAM CO-OPERATIVE SUPERVISING UNION, LTD.

On 21st April 1931, the Board High School buildings, Rajapalaiyam, decorated with festoons and buntings, was the scene of the hearty welcome given to the Hon'ble Mr. P. T. Rajan, under the auspices of the Rajapalaiyam Co-operative Supervising Union. Punctually at 4-30 p.m. the Hon'ble Mr. P. T. Rajan drove in with Mr P. N. Ramasamy Iyer, I.C.S., Sub-Collector, Sivakasi. On alighting, both were garlanded by M.R.Ry. P. S. Chinnavenkata Raja, President, Co-operative Union, Rajapalaiyam and led to the Reception Hall. The hall was fully crowded with all the local co-operators, officers and other prominent gentlemen. Among those present were, Messrs. R. Desikachariar, Deputy Registrar of Ramnad, Thomas, Tahsildar of Srivalliputtur, District agricultural officer of Ramnad, P. S. Kumarasamy Raja, President, Co-operative Bank, Srivalliputtur, and the Police Circle Inspectors of Srivalliputtur and Sankaran Koil.

The function began with prayer by a local co-operator. Then the welcome address was read by M. R. Ry. P. S. Chinnavenkata Raja, reviewing the progress of the Union during the last few years, thanking the D. R. of Ramnad for his kind help and guidance. The Minister suitably replied to the address thanking the Union for its hearty welcome. He emphasised, in the course of his speech, that co-operative credit is essentially a short term credit intended to finance the ryot for the seasonal operations, and that they should not expect long term loan from co-operative societies, but should turn to Land Mortgage Banks. The Minister hoped that the Amending Act which is in the hands of an exceptionally large Sub-Committee would come into force and would be a real help to the movement. The Minister observed that they were fortunate in having one of the ablest and experienced officers as Deputy Registrar and hoped that this Union would take the foremost place among the Unions in the coming year.

With a vote of thanks proposed by M. R. Ry. P. S. Chinnavenkata Raja and the serving of *pansupari*, the pleasant function came to a close at about 5-30 p.m. Then the Minister drove to the Pandal of the All India Saliar's Conference.

PROCEEDINGS
OF THE
SPECIAL MEETING OF THE BOARD OF MANAGEMENT OF
THE PERIYAKULAM CO-OPERATIVE URBAN BANK LTD.,
No. 145, PERIYAKULAM.

Held at 5 p.m. on 16th June 1931.

Present :—M.R.Ry. P. S. Sundaram Ayyar Avl., President, and 5, other Directors.

2. The Board of Management of the Periyakulam Co-operative Urban Bank Ltd., at their special meeting assembled for the purpose, record their deep sorrow at the demise of the Late Mr. Henry W. Wolfe, the Nestor of Co-operation, who evinced a deep interest in the spread of the Co-operative movement, especially in India, and who served as a trusted guide in all matters, Indian.

(All Directors present standing).

The President is requested to communicate one copy of this resolution to the members of the bereaved family and another to the Provincial Co-operative Union, Madras, to be forwarded to the members of the bereaved family.

CO-OPERATIVE INDIA

BY

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

Only a few copies of "Co-operative India" in 1928, being reprints from the "Year Book of Agricultural Co-operation" published by the Horace Plunkett Foundation, are available with us. Apply sharp to avoid disappointment.

Price per copy annas Eight only. V. P. charges extra.

Copies can be had from :—

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

Special Type Societies.
REPORT ON THE WORKING OF THE
TAMIL NADU CO-OPERATIVE FEDERATION,
COIMBATORE.

For the Year 1928-29 and 1929-30.

The Tamil Nadu Co-operative Federation though registered and formally started in June 1929 began its actual work only in September 1929 as it took nearly 3 months for the transfer of the Tamil Journal from the Provincial Co-operative Union and for securing the services of a departmental officer as manager.

There were only two meetings of the working committee held during the period. But the members of the working committee had disposed of most matters by circulation. The attention being mainly devoted to increase the number of subscribers, to collect the annual contributions and subscriptions, and to place the Federation on a working basis, meeting of the Governing Body was not convened.

Members.—There were at the beginning 8 Central Banks and 8 District Federations joined as members of which, 4 District Federations have since been removed owing to the cancellation of their registration. It is for the General Body to consider how best to amend the constitution so as to secure the support of the Unions.

Journal.—The Tamil monthly "Kootturavu" has been the only organ of the Tamil Co-operators to express themselves, to publish the progress and working of societies, and to educate the village co-operators in agriculture, industry, and rural reconstruction.

Conferences.—The first conference of the Tamil Districts was held at Coimbatore in June 1929 under the distinguished presidency of the then minister Mr. S. Muthia Mudaliar. Raja Sir. Annamalai Chettiar opened the Tamil Nadu Co-operative Federation. The proceedings of the conference appeared in the first issue of our Journal and the resolutions were communicated to the societies concerned.

Books and pamphlets.—Books and pamphlets written by co-operators and which are found useful to societies have been published. So far 6 pamphlets have been issued and the following books published.

1. Cottage Industries in Tamil Districts by Mr. N. S. Sivasubramaniam B.A.

2. Village. A chapter from the Royal Agricultural Commission report by Mr. S. R. Venkataraman B.A., B.L.

THE MADRAS JOURNAL OF CO-OPERATION

3. Law and principles of co-operation by co-operative Inspector Mr. M. Rajagopalachariar.

4. Co-operation in Denmark—By Messrs. B. S. Ramasubba Aiyar and N. S. Sivasubramaniam.

5. Co-operation in Italy. By Mr. V. Mathrubutham Aiyar, B.A.

6. Co-operation in Ireland—By Mr. P. N. Sankaranarayana Aiyar B.A., B.L.

The following books are ready for print.

1. Co-operation in France.

2. Report of the Royal Agricultural commission in full.

3. Co-operation in Germany.

4. Col. McCarrison's "Food."

5. Co-operation in Sweden.

6. Sir Nicholson's report on the Land Banks. (Some portions.)

7. Commentaries on Co-operative Law and Principles.
Part II.

We are glad to state that a band of enthusiastic co-operators have come forward to write such books and pamphlets. Circulars are issued to them periodically about the policy and progress of these publications.

Propaganda.—It is of two kinds. (1) By means of lectures at the annual meetings and conferences. (2) By publishing the experiences of eminent co-operators who have successfully worked some societies.

During the period under review the manager and Mr. K. G. Sivaswami Aiyar, one of the working committee members toured in the districts of Tanjore, Trichy, Madura, Ramnad, Tinnevely, North Arcot and Salem attending conferences and meetings and conducted propaganda by lectures and publication of notes of inspection of good societies.

M.R.Ry. Rao Bahadur A. Vedachala Aiyar Ayl. has been suggesting the conducting of an annual training camp for about a week of the supervisors in the district. The question of arranging such training camps will be considered by this Federation.

Songs, dialogues and such other matters contributed by co-operators are published in the monthly Journal.

Economic Survey.—To carry out economic surveys in certain localities and to suggest improvements is also an object of the Federation. Two surveys were conducted. (1) A survey of the hill tribes of pachamalai on behalf of the Karur North Union. (2) A survey of the Satyamangalam Union area for rural reconstruction work.

SPECIAL TYPE SOCIETIES

The statements of receipts and charges, Income and expenditure, and assets and Liabilities as accepted by the Registrar are herewith appended. It may be seen therefrom that the income of the Tamil Nadu Federation is not sufficient to carry out all its objects. More and more support and help of member societies are solicited.

We convey our grateful thanks on behalf of the Tamil Nadu Co-operative Federation to all co-operators who have assisted us in several ways.

RECEIPTS.

			Rs.	A.	P.
Contributions	...	...	638	0	0
Subscription (Journals)	...	...	2,194	0	0
Advertisement receipts	...	...	50	0	0
Interest on current account	...	...	13	12	0
<i>Adjusting heads.</i>					
V. P. Charges received	...	...	85	6	0
<i>Suspense.</i>					
From K. G. Sivaswami Aiyar	...	200	0	0	
" Societies	...	2	0	0	
" Manager	...	1	12	0	
" Chidambaram Union	...	1	12	0	
			205	8	0
Current account	...	...	2,068	12	0
			Total	5,255	6 0

PAYMENTS.

Printing charges	...	...	888	10	0
Postage	...	...	349	1	0
<i>Establishment.</i>					
Manager's pay	...	...	999	3	0
Peon's pay	...	...	20	9	0
Pensionary contribution	...	...	180	14	0
T. A. to Staff	...	...	77	5	0
			1,277	15	0
T. A. to Directors	...	...	193	4	0
<i>General Expenses.</i>					
Stationery	...	...	14	9	0
Account books	...	...	5	14	0
Railway freight	...	...	16	12	0

THE MADRAS JOURNAL OF CO-OPERATION

			Rs. A. P.
Rubber stamp block and cooly ...		9 11 0	
Contribution to P, C. U. ...		25 0 0	
			71 14 0
Loss on account of return of V. P.			23 0 0
<i>Adjusting heads.</i>			
V. P. Charges ...			86 2 0
<i>Suspenses.</i>			
Societies ...		2 0 0	
Manager ...		1 12 0	
Chidambaram ...		1 12 0	
			5 8 0
Current account ...			2,351 8 0
		Total	5,246 14 0
			8 8 0
Closing balance ...			
		Grand Total	5,255 6 0

INCOME.

By contributions			
Received ...		638 0 0	
Due ...		374 0 0	
			1,012 0 0
„ Subscriptions			
Received ...		2,194 0 0	
Due ...		648 0 0	
			2,842 0 0
„ Advertisement in journals			
Received ...		50 0 0	
Due ...		7 12 0	
			57 12 0
„ Interest on current account ...			13 12 0
		Total	3,925 0 0

EXPENDITURE.

To printing charges			
Paid ...		888 10 0	
Due ...		555 2 0	
			1,443 12 0

SPECIAL TYPE SOCIETIES

To Establishment charges ...			1,227 15 0
„ Postages ...	349 1 0		
Less stamps on hand ...	25 15 0		
			323 2 0
„ T. A. to Directors ...			193 4 0
„ General Expenses ...			71 14 0
„ Loss on V. Ps. returned ...			23 0 0
„ Surplus ...			592 9 0
Total ...			3,925 0 0

LIABILITIES.

Printing charges due ...			555 2 0
Advance (by Mr. Sivaswami Aiyar) ...			200 0 0
Last year's surplus ...	598 0 0		
Current year's surplus ...	592 0 0		
			1,190 9 0
			1,945 11 0

ASSETS.

Cash on hand ...	8 8 0		
Bank ...	880 12 0		
Postage stamps on hand ...	25 15 0		
			915 3 0
Contribution due ...			374 0 0
Subscription due ...			648 0 0
Advertisement due ...			7 12 0
V. P. Charges due ...			0 12 0
Total ...			1,945 11 0

Government Orders' & Circulars.

G. O. No. 770 Development Dated 25th May, 1931.

ORDER :—

The Government accept the proposals of the Registrar of Co-operative Societies for amending rule VIII-D of the rules made under section 43 of the Co-operative Societies Act, 1912, in the circumstances mentioned in his letters read above. The following notifications will be published in the Fort St. George Gazette :—

NOTIFICATION.

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

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

DRAFT AMENDMENT.

In rule VIII-D of the said rules for sub-rule (1) the following sub-rule shall be substituted :—

(i) Every society which consists of more than one thousand members or whose transactions exceed one lakh of rupees per co-operative year ending with 30th June, shall pay to the Local Government the charge made for the audit of its accounts in accordance with the scale fixed by the Registrar with the previous approval of the Local Government.

Provided that this sub-rule shall not apply

(a) to any society which has its accounts audited at its own expense by the staff of a district federation, audit union, supervising union or by a certified public accountant and auditor who is authorised by the

G. OS. AND CIRCULARS

Registrar to do audit under section 17 of the Act and who is willing to furnish the statements prescribed in rule V and in the forms required by the Registrar or

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

(By order of the Government, Ministry of Public Works,)

S. V. RAMAMURTI,
Secretary to Government.

B. 6305/31.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES CHEPAUK,
Madras, 30—6—31.

Extract from G.O. No. 770, Development, dated 25-5-1931 communicated to the Provincial Co-operative Union, Royapettah, Andhra Sahakara Sammelanam, Bezwada, Tamil Nadu Federation, Coimbatore and the Co-operative Training Institutes.

(By Order)
J. C. RYAN,
Manager.

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BANGALORE.

THE CO-OPERATIVE CENTRAL BANK LTD.,

Dt. Bank Circular to all Unions.

CIRCULAR.

The attention of unions, bank inspectors and union supervisors is invited to the existence in the district of as many as.....loss societies on 30th June 1930, the amount of unrecouped loss relating thereto being Rs.....; and to the imminent need that exists at the present time of taking such measures as will ensure the recoupment of the loss in entirety or at least to a large extent, before the close of the current co-operative year. We have left before us barely two months and no amount of exertion will be too much in this direction.

I am afraid whether there is a clear and correct conception as to what exactly is meant by the term "Loss Society" and "unrecouped loss." I shall accordingly proceed to explain these terms and the situation of which they furnish an index.

2. As unions, inspectors and supervisors must be aware, *unrealised* overdue interest (payable by members to societies) as well as accrued interest on loans on which interest is overdue is excluded from divisible profits. Conversely, the divisible profits include only the interest actually realised as also the interest on loans on which no interest is overdue. Any business organisation—and undoubtedly a co-operative society is one such—which is conducted on proper lines and with reasonable care and caution ought to be able to meet (i) the expenses relating to its management and (ii) the interest payable to its creditors out of its realised revenue which, in the case of a co-operative society (under the convention in force) is the interest actually realised and the accrued interest on loans on which no interest is overdue. A society so conducted as to bear the charges (i) and (ii) out of its "realised revenue" can only be considered to be in the initial stage of proper management. The next step of advance is to command ability (iii) to contribute a reasonable sum to reserve fund proportionate to working capital and thereby make provision from time to time for meeting unforeseen losses and in due course and fulness of time for serving as the working capital of the society. The further step of advance is to be in a position (iv) to declare dividend on paid up share capital, to which members are eligible under the constitution of the society. Finally, a society which desires to lay claim to efficient management must also be able to fulfil certain other expectations, such as to lay by something for contribution to (v) "common good fund" and (vi) "bad debt fund."

3. It will thus be seen that a society can be considered to be very *efficiently* managed only when it is able to bear charges (i) to (vi) mentioned above, out of its realised revenue as defined above.

A society, however, which can meet charges (i) to (iv) out of its realised revenue may be deemed as *efficiently* managed, to the satisfaction not only of its creditors but also of its shareholders as well.

A society whose realised revenue is sufficient to meet charges (i) to (iii) only may be deemed as fairly *well* managed, having in view not only the present needs but also future needs, though it does not satisfy the desire of members for payment of dividend, on their paid up share capital.

Lastly a society which can meet items (i) and (ii) only can be said to be living hand to mouth, with hardly any outlook as to the future.

There are certainly other standards of judging the efficiency of management but my present purpose is to judge from one important standard, namely collection of interest as it falls due.

4. A *loss* society is a society which cannot meet even items (i) and (ii) out of its realised revenue—and which accordingly hardly deserves to exist, being a reproach to the fair name of Co-operation.

5. What then happens in such societies is the next question—a question which rural co-operators, societies, unions, inspectors and supervisors will do well to clearly understand.

As a matter of *reality*, loss societies go on (i) incurring the expenses of their management and (ii) paying the interest due to their creditors in whole or part, drawing the amounts required for these purposes out of their working capital. The number of societies in the district which have been playing this game, as on 30th June 1930, was 206 and the amount so drawn from the working capital as on that date was Rs. 64,412 as already noticed in paragraph 1 *supra*.

6. As co-operators are aware the working capital of a society is made up of its owned capital and the capital borrowed by it. The former may be composed of reserve fund (which is the absolutely—owned capital of the society, not subject to any kind of liability) and the paid up share capital of its members (which so far as creditors are concerned is the owned capital of the society but against which the members of the society have a claim). In the case of the great majority of loss societies, however, it is hardly likely that any reserve fund has already been earned. Such reserve fund as may have been earned in the case of a small number of societies must have been either invested in the central bank or is due for such investment, not being available to be drawn upon and expended in any manner except with the sanction of the provincial Registrar. When speaking, therefore, of owned capital

in connection with loss societies we may for all practical purposes ignore reserve fund and treat the owned capital as almost identical with the paid up share capital.

7. Let me now proceed to explain how funds have been drawn from the owned capital and borrowed capital for meeting expenses of management and interest obligations.

Out of the 206 loss societies in the district already referred to, the amounts severally expended by as many as 161 societies are, in each case, within the aggregate amount of the paid up share capital held by them. The total of the paid up share capital held in all these 161 societies is Rs. 1,08,693. And the amount expended out of this sum on account of the charges in question is as much as Rs. 40,563 or a little over 37 per cent. In plain language as much as 6 annas in the rupee (on an average) of the members' paid up share capital has been actually expended thereby reducing the present value of shares to annas 10 in the rupee.

The situation, however, is worse and more serious in regard to the remaining 45 loss societies. In these societies,—in every one of them— not only has the entire paid up share capital of members aggregating to Rs. 16,489 been wholly consumed in payment of management expenses and interest obligations, but also as much as Rs. 7,360, expended on the same accounts, this latter sum having been drawn out of the borrowed capital. The value of the members' paid up shares in these societies is accordingly *nothing*. This means one of the securities for the creditors has disappeared altogether. And in addition—and this is a very serious matter—even the borrowed capital itself has been partly expended.

8. The situation described in the preceding paragraph is the result of non-collection of interest as it falls due and the continued failure to collect a considerable proportion of the overdue interest. If this were a passing phase in the evolution of the movement we may not take a serious notice of it. It is however getting worse year after year all over the presidency and no amount of special exertion towards improving the present situation will be too much. To completely restore the present abnormal situation to normal ought not to be very difficult unless a good portion of the loans prove to be impossible of recovery—which it is hoped will not happen. It accordingly behoves every co-operator who has the welfare and fair name of co-operation at heart to do his level best to see that the entire interest dues (arrears as well as current) payable within 30th June next are collected within that date or at any rate as much thereof as will be sufficient to restore the amounts expended out of share capital and borrowed capital.

9. Unions, bank inspectors and union supervisors are accordingly requested to see that they spare no pains in collecting as much of the

interest dues (arrears as well as current) payable within the year before the end of June next. Provided all concerned (including Government inspectors deputed for collection work) take special interest in this respect, it should not, I think, be difficult at least considerably, to reduce the number of loss societies and the amount of unrecouped loss before the 30th June next.

10. The instructions in this circular in no way belittle the importance and necessity of collection of interest dues in other than loss societies or of collection of principal dues in both classes of societies.

To

- (1) All Unions.
- (2) Bank Inspectors.
- (3) Union Supervisors.
- (4) The Executive Committee.
- (5) Deputy Registrar of C. S.
- (6) Registrar of C. S.
- (7) Secretary. M. C. U. Bank Ltd.

Correction.

On page 659 of the Vol. XXII of the Madras Journal Co-operation is found the Audit Review on the working of the Ramadas Co-operative Training Institute, Rajahmundry. There it is stated that 77 came out successful and of these 43 were placed in the first class and the rest in the 2nd Class. The Deputy Registrar of Co-operative Societies, Rajahmundry regrets that here a mistake has been committed and that the real result is as was printed in our third supplement to the July 1930 Journal. The total number of passes were 43, 9 in the first class and 34 in the second class.

EDITOR.

RURAL INDIA.

EDITORIAL AND PUBLISHING OFFICE:

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

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

"Rural India" stands for better farming, better business, and better living and will endeavour to disseminate sound ideas on rural education rural sanitation, agricultural improvements, co-operation and cottage industries.

Annual Subscription Rs. 3 (Inland); Rs. 4-8-0 (Foreign)
Single Copy Annas Six (Inland); Annas Eight (Foreign.)

APPEAL.

ON BEHALF OF THE CO-OPERATORS AND THE REGIONAL UNION OF THE LOIRE INFERIEURE, SUFFERERS IN THE DISASTER OF ST. PHILIBERT.

DEAR CO-OPERATORS,

The news of the catastrophe which overtook the Steamboat "St. Philibert" in the Bay of Biscay three weeks ago came as a painful shock to the world at large. When it was realised that practically the whole of the 500 persons involved in the disaster were Co-operators, we experienced an acute sense of personal loss.

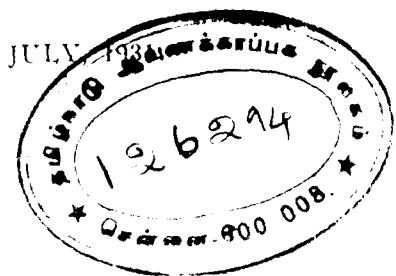
The excursion, which came to such a sad termination, was the first of a series organised by the holiday section of the Union of Co-operators of the Loire Inferieure. The company included the General and Assistant Managers, and Secretary, of the Union with the greater part of the principal employees. Amongst the very large number of members of the Society who perished, there was a good proportion of veteran leaders of the Co-operative Movement in the West of France. Altogether the Movement in that region has been very badly smitten and will certainly take a long time to recover normal conditions. A considerable moral responsibility rests upon the French Co-operative Movement to do all in its power to mitigate the serious losses which both the members and the Society itself have sustained.

The International Co-operative Alliance, therefore, appeals with confidence to all its affiliated members to come to the aid of their Fellow Co-operators and their Union in the hour of their dire need.

Any contribution to which your Organisation and Movement as a whole may be disposed to make should be sent direct to me at the office of the Alliance for eventual transmission to the French National Union at Paris, which has undertaken immediately the responsibility of caring for the sufferers.

On behalf of the Executive of the **International Co-operative Alliance**,

HENRY J. MAY,
General Secretary.



Have you Registered your order for the following important reports, which are in the Press and are expected to be ready in June 1931:—

- (1) Report of the Royal Commission on Labour in India.
- (2) Report of the Indian Central (All India) Banking Enquiry Committee.

SOME RECENT AND NEW WORKS

CO-OPERATION.		Elementary Banking in	
Madras Co-operative Manual by Hemingway. Revised by H. M. Hood.	Rs. A.	India by Rau	3 0
Part I 1930	1 4	GENERAL BANKING.	
Part II Just Publ. '31.	1 8	The Mortgage Bank by Co.	Rs. A.
Better Farming or Agricultural Co-operation by V. Mathurbhutam Iyer 1931	...	hen 1931	...
Co-operation in Bombay: Some Short Studies by Kaji 1931	10 0	Banking Theory and Practice by Har & Harris '30.	16 4
Co-operative Marketing of Livestock by Nourse '31.	10 8	The Theory and Principles of Central Banks by Shaw 1930...	9 6
Co-operative Retail Buying Associations 1930	12 3	Foreign Banking Systems by William 1929	15 12
Finland: A Nation of Co-operators by Odle 1931	3 12	REFERENCE	
Your Money's Worth; A Study of the Waste of Consumer's Money by Chase 1928	6 6	The People's Year Book, '31 being the 14th Annual of the Co-operative Wholesale Societies. An Encyclopaedia of International Information	3 12
RURAL ECONOMICS		Year Book of Agricultural Co-operation 1931	7 14
Guiding Rural Boys and Girls by Hatcher 1930	10 3	Previous Volumes 1930, 1929, 1928 etc. are all entirely separate and original	7 14
Rustic Loquitor: The Old light and the New in the Punjab Village by Darling 1930	9 0	The Indian Year Book and Who's Who 1931. An authoritative reference book on all Indian matters	7 8
CREDIT		The Lawrence Asylum Directory of South India '31	8 0
The Provision of Credit with special reference to Agriculture by Belshaw '31.	9 6	TRADE.	
Credit and Its uses by Prendergast 1931	11 4	Menace of Overproduction Its Causes extent and Cure by Hamilton. Modern Business depression a world wide problem analysed by (8 Experts) '30.	11 2
INDIAN BANKING		Markets of London: A description of the way in which business is transacted in the principal markets and in many commodities 1931	4 8
Introduction to Banking and Currency by Doraisawmi Iyer 1930	2 0		
Present Day Banking in India by Rau II Enl. Edn. 1930	10 0		

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