275

Madras ~~Journal of~~

Co operator

~~Co-operation~~

Vol 3. Nos. 3 & 4.

Sept. & Oct. 1932

Regd. No. M. 2625.

THE MADRAS CO-OPERATOR

ISSUED
EVERY MONTH IN TWO LANGUAGES

"Numbers without union are powerless
Union without knowledge is useless."

2-25

VOL. III.] SEPTEMBER & OCTOBER 1932. [Nos. 3 & 4.

CONTENTS

PUBLISHED BY

THE MADRAS DISTRICT CO-OPERATIVE CENTRAL BANK, LTD.,

Esplanade, MADRAS.

THE MADRAS CO-OPERATOR

EACH FOR ALL ALL FOR EACH

VOL. III] SEPTEMBER & OCTOBER 1932 [Nos. 3 & 4

The Four Schemes of Audit *

BY

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

Registrar of Co-operative Societies, Madras.

Now before I enter on this our main subject for discussion I want to make an appeal to you—let this be a genuine, frank and full discussion of the subject. If any representative of Urban Banks has anything to say on this subject, let him speak now or for ever be silent. I cannot fully express the disappointment I felt after the last sessions of the Bankers Conference and of the Provincial Co-operative Union when representatives of banks and societies who had been present at the meetings and had accepted the decisions reached there went back on them and contributed to the agitation against the Central Scheme. This meant not only that these important gatherings (which I had hoped would arrive at final decisions on the subjects discussed), were reduced to the level of theoretical debating societies but it also meant that the prestige of the Provincial Co-operative Union and the Bankers' Conference was lowered in the eyes of the public and of government. They felt—and I have heard some give expression to the feeling—that these representative gatherings are of no use and that they are held merely for our amusement or for the gratification of some seekers after notoriety. I appeal to all here not to let this occur again. Let there be a full discussion. If any of you feel that a central audit scheme is going to put too much power and patronage in the hands of one man, please say so now. And whatever the decision may be, let nobody present

* Extracts from the opening address of the Registrar of Co-operative Societies delivered at the Tiruvannamalai Co-operative Urban Banks Conference held on 15th October 1932.

now go back on it. It is open to other co-operators not present or to outsiders to criticise our decisions but let there be no further criticism from representatives of Urban Banks.

And now to get down to business—there are four schemes of audit before you,

(1) Government audit,

(2) Audit by local audit unions,

(3) Audit by a central organisation, and

(4) Audit by certified firms of accountants.

It is not for me to say very much about the first—Government audit. On a question like this we all have our settled convictions, part of our nature and character of which we cannot rid ourselves. Some fifty years ago Gilbert made his philosophic sentry sing that "Every boy and every girl that is born into this world alive, is either a little Liberal or else a little Conservative." *Now* we are either socialists or individualists, we either believe in state regulation or in private enterprise and we cannot help ourselves or argue about it. I believe in private enterprise. I believe that throughout the world Governments have been attempting too much and that the world would improve if Governments confined themselves more to their essential functions and gave greater scope to private enterprise and non-official organizations, for there are defects inherent in the constitution of any form of Government which make it the least efficient agent for getting business done. As Sir Arthur Salter says in his great book on the world crisis "Everywhere at present Government is proving inadequate for its task. It must delegate but not abdicate its functions".

This private opinion of mine of course may have no great bearing on the matter. There are many honest men who hold diametrically opposite views. In particular it may be held that at the present time and in the present stage of development of institutions in India, an extension of Government activity is necessary. It may be held that Government must retain audit of Co-operative Societies, just as they must retain the collection of revenue or the administration of civil justice. I only want to bring out that in this question of audit, our views must be influenced by our natural predelictions. I am painfully conscious of the existing defects in Government audit. I can assure you that we have been making strenuous efforts to remove them and that to some extent we are succeeding. In the course of the last five years audit has improved and whatever your decision may be, every endeavour will be made to make audit by the Department as thorough as possible.

Turning now to the second proposal, audit by Local Unions. We know the objections that are raised against it, that the auditors will owe their appointment to the very directors whose work they have to check, that the very men who control the banks will control the auditors and that therefore fearless criticism cannot be secured. No doubt there is much to be said for this point of view. The chief objection could, however, be met by providing that no director of an Urban Bank affiliated to the Audit Union should be eligible for a post on the management of the Audit Union. This proposal has been put forward by Mr. Srinivasaraghavachariar of Madura and it would undoubtedly go a long way to meet the theoretical objections to Local Audit Unions. You know that we have already quite a number of them working to-day, some of them very successfully. And I wish in particular to pay a public tribute to the excellent work done by the Coimbatore Audit Union under Mr. Ganapathy Aiyar. I have inspected the accounts and audit notes of several of the banks in that Union and found everything done most efficiently. I remember one case in particular where by tact and personality Mr. Ganapathy Ayyar achieved results in rectifying mistakes which I honestly feel could not have been achieved by the Department. (You must remember that with some co-operators a departmental officer starts with an initial disadvantage—he is suspect from the outset.) I do not know whether it was because he was a non-official but it is a fact that Mr. Ganapathy Ayyar put that society right in a way which excited my complete admiration and gratitude. With the example of that case in my mind I cannot suggest to you that Local Audit Unions should be scrapped. The only criticism I have to make against them at the moment is that they are too dependent on the employment of Government inspectors. So long as they depend on Government Inspectors for their staff they are not fulfilling their functions completely and I may add that they are creating difficulties by taking away much needed good men from the audit of rural societies.

Now for the Central Scheme, the main argument in its favour as against a Local Union is that we get rid of the possibility of local influence and favouritism, we give the employee a more assured position, we place him under the control of a distant and therefore probably disinterested superior, we build up a staff of expert auditors working under expert control and we pave the way for the eventual development of a complete system of non-official audit. The system has of course the disadvantages that there will be no direct local control and that the head-quarter officer will have to depend on diaries and paper reports, which we all know are unsatisfactory. These defects will, however, be remedied by the fact that departmental responsibility for audit will still continue and that there will be test audit and inspections by departmental officers. I may say that if a system of central audit is approved I would suggest that it be put in the hands of the Provincial Co-operative Union rather than create a new and separate organisation.

The last course is audit by certified accountants. Its disadvantages are somewhat akin to those urged against local audit, namely, that the auditor owes his position to the directors whose work he has to criticise, that there will be canvassing and intrigue and that the firm that charges least and makes least fuss will get the job. You know your own people better than I and if that is going to be the position, then let us drop the proposal. But I have a higher opinion of the bulk of our co-operators and I believe that if India is going to develop and take her rightful place in the nations of the world she must build up a body of honest and reliable professional men who can be trusted to set public interest and pride in their profession above immediate private gain. And again we are not going to dispense with departmental control altogether. We cannot do so for I am still responsible under the Act. We shall check the work of private auditors. We have acquired more experience of their work recently, we shall weed out firms that do not do their work thoroughly and I do believe that we should soon arrive at a list of men who can be trusted to present true statements of accounts.

You may feel that I have left the subject somewhat in the air and that my conclusion would seem to be that any system would work. That I think is about the truth of the matter. Given honesty, unselfishness and care, any of the four systems will work. It is for you now as directors of Urban Banks responsible for your depositors and shareholders to express an opinion in the light of your knowledge of the character of your countrymen. As a partial expert and as the officer ultimately responsible I would on the whole prefer local audit unions with Mr. Srinivasaraghavachariar's modification-provided always that a gentleman is forthcoming willing and able to give his time to the control of the staff. It is not a very attractive job but at certain places men have been found willing to undertake it. At such places I would have Local Unions. If there is a sufficient number of banks who wish the central scheme I would have it under the Provincial Co-operative Union for such banks. On the whole though the system of having private auditors is the simplest solution, I would have them only in isolated cases where adequate Government staff cannot be secured at short notice. I say this because co-operative audit does require special knowledge and experience which the ordinary firm of accountants does not possess.

Policies and Methods by which London Society has Advanced.

BY

S. FOSTER, *General Manager.*

To properly understand the growth and development of the London Co-operative Society one must get a background of the position that existed prior to the great advance.

The London Co-operative Society came into being as the result of amalgamation in 1920 and 1921 of three fairly old established societies in London. The largest unit (Stratford) had been trading for 68 years, while the other two—Edmonton and West London had operated for about 30 years. Between them they had reached a membership of 1,60,000 and an annual trade of 3¼ million pounds. The amalgamation was not immediately successful. It took place at the time of great economic depression and in the midst of the deflationary period following the war and resulted in great loss of sales, dwindling profits and strained finances.

In 1922 there was a trading loss and no dividend on purchases could be paid to members. and during the following year the whole liquid capital was used up and the society was trading on a bank overdraft.

Compare this year (1923) with year just ended (1931) which shows the following growth :

	1923	1931
Membership	1,10,659	4,50,000
Sales	£ 26,50,538	£ 98,21,796
Net profits	£ 66,745	£ 6,40,000

2

In a previous article T. W. Mercer traced the chief reason for this development to the co-ordinated policy within the society which made for effective team work. He is right. But preceding the methods are the policies of the business, and these, which have been clearly defined by the Committee of Management, have been the main spring of success. London had been regarded by most Co-operators as disappointing and unsatisfactory ground for co-operation to flourish. In many respects it resembles New York—big departmental stores, hundreds of shops belonging to chain store companies, a smart customer service, and within a cosmopolitan population a disinclination to co-operate but a desire to retain independence.

The new methods of 1924 recognised the business problems confronting the society and legislated for the special psychology of the Londoner. We got away from many of the traditional methods of co-operative business. The first thing was to change the kind of service. Prices must be got right and be fully competitive with the multiple shops and departmental stores. If that meant selling some goods at a loss it must be done. No opportunity should be given to the customer to discriminate against us. We developed a note of 'confidence' in the customer, who now said, the London Co-operative Society prices are not higher, the goods are right and there is a dividend in every purchase. Next we modernized shops and plant. We brought out new designs in our food shops and provided Londoners with shops so bright and smart and clean in appearance that there is none our superior to-day.

We then went forward with a bold policy of opening new shops and stores in all parts of the society's trading area and for years we have opened on the average at least one shop every week, and to-day we have 780 trading units whereas in 1924 we had only 300.

We created a shock among our competitors by buying up as going concerns, three or four small departmental stores; and continued the business with the old staff but with an immediate change of name and business policy.

It is significant to note that most of the customers of the old firms continued to trade at the store and eventually became members of the society. The experiment clearly demonstrated that most people would as soon be co-operators as non-co-operators providing they get a convenient and satisfactory service—and it is made convenient for them to join the society.

A big fillip was given to the society by a bit of research work that was carried through to ascertian from people living in the poorer parts of London what means they adopted to purchase their clothing and foot-wear. It was discovered that 80 per cent of these people were purchasing their goods on the instalment plan and this led to the introduction of the "Municipality Club" system (a credit club—repayments being made over 20 weeks) which has met with overwhelming success. Several million pounds worth of business in drapery and kindred departments has been done by this system and it is interesting to record that losses from bad debts have worked out at only a tenth of one per cent (£ 1 in a £ 1,000.)

The new methods were always "objective". A definite number of new members were required, the plans were made, the task was allocated and divided among the branches and employees and local voluntary bodies. For instance, an additional million pounds of trade was required for the year. Each branch and each depot was given its quota and this was further sub-divided among the the employees who, by a weekly diffusion of information, not only knew where they stood as employees, or as a branch, but also how they compared with all the other employees and branches of the society.

The development programme for new shops and services was prepared a year in advance. Incidently it should be mentioned that practically all the work of building, equipping and maintaining our stores and vehicles is undertaken by our own works and engineering departments which between them have kept 900 workers in employment for the job.

Our experience teaches as that however high our standard rates of pay may be in comparison with our competitors, we still need to supplement these by other methods, especially those which appeal to the sporting instincts of the Britisher.

An instance of the team spirit of the London Co-operative Society is in the membership campaign of last January. This was left entirely to the employees, who were asked to get 10,000 new members in a month. The scheme was well planned. The chief officials convened a series of conferences of the various grades of staff and explained that on this occasion the object was to complete the "chain of responsibility". This was a series of links of a card board pattern. Every employee was given a link and asked to go out and make a new member. The links had to be returned to the General Manager by the last day of the month. Extraordinary interest and enthusiasm were shown by the staff, greatly assisted by our publicity section, and by the end of January 20,600 new members were enrolled.

Modern methods and an aggressive policy may be said to be two of the chief reasons for London's development.

It was my privilege to be in New York last year. I visited the Amalgamated House Corporation and Consumer's Co-operative services, Inc., and met the enthusiastic officers of each. My stay was much too short to formulate accurate opinions as to why Rochdale Co-operation was not in more evidence. In view of the service which the departmental stores and chain stores give, I should imagine it might be a hard task to get going, but the people of New York stand to benefit as greatly as the people of London by its introduction. Both Cities have a cosmopolitan and moving population --and in both it needs the bold and practical steps to secure success.

I should like to hear the news—"New York for Co-operation."

From "Co-operation."

Laws and Logic are both admirable, but too many laws and too much logic make life impossible.

—(*Lord Sankey*).

Orthodoxy in economics and finance is to-day so much at variance with the rudiments of common sense that it is usually pretty safe to predict that what will happen will be the exact opposite of orthodox expectations.

—(*Prof. Fdk. Soddy*).

Editorial Notes

A change in the angle of vision required.

Elsewhere is published a short article on London Society by S. Foster Esq., the General Manager. It is very interesting to note the policies and methods by which the London Society has advanced. The policies and methods of business adopted by the London Society deserve the careful consideration of our co-operators.

The London Society came into being as the result of amalgamation of three old institutions. The amalgamation was not immediately successful. Those responsible for the amalgamation devised new policies of business and adopted a development programme. They understood the business problems confronting the society and recognised the special psychology of urban population. They had to get away from the traditional methods of co-operative business and offer things at competitive rates, even if that meant selling some goods at a loss. They never gave any opportunity to the customer to discriminate against them. By such and other methods, they created a 'note of confidence' in the customer and proceeded to modernise their shops and planned to expand their business by opening new branches at the rate of one shop every week and buying up as going concerns, three or four small departmental stores. Most of the customers of the old firms continued to trade at the amalgamated society and eventually became its members. This clearly demonstrates that most people would soon be co-operators as non-co-operators providing they get a convenient and satisfactory service. The society helped also the poor to purchase their goods on the instalment plan.

The new methods of the society were always "objective." A definite number of new members were required, the plans were made, the task was allocated, and divided among branches and employees and local voluntary bodies. With such clear notions and by such aggressive policy, it was possible to develop the membership and increase the sales and net profits of the London Society. It cannot be said that our urban places are more disappointing and unsatisfactory grounds for co operation to flourish than London.

What is now needed in our Province is a clear "objective" and a development programme for our Urban Co-operators. The traditional theories will have to be abandoned if they stand in the progress of our Urban movement. We wish our Urban Co-operators take courage at the great example of London Society, change their angle of vision and lend a helping hand to Urban Co-operative Institutions in their attempts to develop. A concerted action with a definite plan in view is bound to lead us to success.

Be genuine and frank.

D. N. Strathie Esq., I. C. S., the Registrar of co-operative societies, Madras in the opening address of the Second Madras Urban Banks' Conference held on 15th and 16th of October 1932 at Tiruvannamalai, made a fervent appeal to those present at the conference to be genuine and frank. In the course of his appeal, he says, "that if any representative of Urban Banks has anything to say on this subject, *let him speak now or for ever be silent*. I cannot fully express the disappointment I felt after the last sessions of the Bankers' Confernce and of the Provincial Co-operative Union when the representatives of banks and societies who had been present at the meetings and had accepted the decisions reached there, went back on them and contributed to the agitation against the Central Scheme. This meant not only that these important gatherings (which I had hoped would arrive at final decisions on the subjects discussed) were reduced to the level of theoritical debating societies but it also meant that the prestige of the Provincial Co-operative Union and the Bankers' Conference was lowered in the eyes of the public and of Government. They felt—and I have heard some give expression to the feeling—that these representative gatherings are of no use and that they are held merely for our amusement or for the gratification of some seekers after notriety. I appeal to all here not to let this occur again. Let there be a full discussion. If any of you feel that a central audit scheme is going to put too much power and patronage in the hands if one man please say so now. And whatever the decision may be, let nobody present now go back on it. It is open to other co-opeartors not present or to outsiders to criticise our decisions but let there be no further criticism from representatives of Urban Banks "

The Registrar expressed his disappointment on the way at which decisions arrived at aforesaid conferences were set at naught by those who partook in their deliberations. The Conference resolutions, we may say, are not binding on those who disagreed at theConference and on those who never took part in those deliberations It is always open as was pointed by the Registrar for those not present to criticise. We are exceedingly sorry to note that representatives who had accepted the decision reached at the aforesaid meetings went back on them and contributed to the agitation against the Central Scheme. Such happenings are, in our opinion, due to representatives going up to conferences without a mandate from their societies to vote in one way or another and voting as they liked at the spur of the moment. If care had been taken to obtain the considered opinion of the various institutions and if their representatives were made to vote in the manner decided by the respective institutions, such things we are quite certain would not have happened. We are glad to publish elsewhere as supplement to this issue the views of co-operative institutions on central audit scheme. On important matters like this it is always advisable for the Government and non-official institutions to circularise and obtain the considered opinion of various co-operative institutions. We agree with the Registrar that the essential principles for admission into co-operative institution being character, persons should have the courage of conviction and should not vote either for favour or fear in any particular manner and afterwards-agitate against his own action.

Co-operative Audit.

Elsewhere is published the proposals of Registrar of Co-operative Societies regarding four schemes of audit of Co-operative Urban Banks. We draw the attention of our readers to his schemes and would like to hear the opinions of our readers on the same before we express our own. We particularly request the Urban Banks to consider the suggestions made by the Registrar of Co-operative Societies at the Urban Banks' conference and send us their considered views on the matter.

We have also reproduced as supplement to this issue the coment on audit of co-operative societies by the Madras Journal of Co-operation with the latest Government notifications and also the summary of views expressed by Co-operative Central and Urban banks regarding the Government order as compiled by the Madras Provincial Co-operative Bank. We are quite certain that with their material available our readers will be in a position to give us their considered opinion.

News and Comments.

Surplus.

The real problem within the Movement is to find means for investment of a larger proportion of surplus capital in co-operative productive or ancillary services. Only a sharp increase in the sales of the products of existing co-operative factories and agencies can provide this outlet. Steady and persistent progaganda must, therefore be directed to this the weakest side of our business structure. *(From the Co-operative Review).*

Cinema Propaganda.

Financial backing has been given by the Co-operative Union to the Midland Co-operative Trade Association in order to launch a special propaganda film dealing with the Movement's dairy activities. This is another essay in commodity publicity which should yield important results.

The Co-operative Wholesale Society has made fine use of the film as a medium for advertising its productive services, and there is no reason why retail societies should not be able to utilise this up-to-date of publicity for special sections of their work. *(From the Co-operative Review).*

What They Could Not Sell.

By Sir Leo Chiozza Money.

The world is sick. In every state
and clime
The work of men is paralysed by
fear,
Abundance finds frustration ; harvest-
time
Is mocked by Commerce—" O that
corn were dear ! "

Tall ships lack cargoes in a world of
need—
A world of plenty and a world of
pain,
A world whose poverty science may
not feed,
A world where labour spends its
strength in vain.
We do a little trade and call it Good ;
A little less and we confess it Bad ;
Good trade is poverty not understood ;
Bad trade is merely more than usual
mad.
And thus we work that history may
tell
Of madmen Making what they could
not Sell !

(from the New Dawn).

A Free Issue of Bank Notes.

City Professor's Cure for Depression.

(See Cartoon).

A new way to solve the world depression was advocated at York recently by Liverpool Scientist, Professor J. R. Bellerby, of the Economic Science section of the British Association.

Professor Bellerby advocated that the Bank should make a new issue of Notes free, and hand them over to trade.

Professor Bellerby's remedy for the ills of the Industrial world is inflation.

" The one hope of recovery ", he said, " is something in the nature of a raise of thirty per cent. in whole-sale prices in the next 2 years. That would give us equivalent of a minus ten per cent, rate of interest.

" If definite measures are adopted to make the rise in wholesale prices possible, that would give sufficient stimulus to trade to restore a large number of the present unemployed to work.

" We must bridge the gulf between the banks and the public before we can inflate ". Professor Bellerby said " The real risk is not inflation, as some people hold, but that we shall never be able to start doing it.

" The money from the banks must be given. There could be no question of repayment. The condition in which such an issue of new notes could be given was that new trade should result from them, and that the notes should not return to the Bank.

" To ensure trade revival, we must give the money to the spend-thrifts, to those who will rush to the counters and spend it," said the Professor." It is an awful paradox of the present day conditions that in order to save the virtuous, we must give to the spendthrift.

" One way would be to give a subsidy to the poor and destitute, who would spend more.

" The position in this country is most hopeful. There is already a large-but growing body of opinion frankly calling for this remedy of inflation, and there are many more who are urging it by different name ".

" Unemployment should never be alloed to remain an insoluble problem, because it limits the purchaing power of the people.

" Purchasing power ", he concluded, " we can have at any time, in any quantity, and vast bodies of people are craving to spend. Where, then, is the difficulty ? "

(Press Cutting, The New Dawn.)

Ten Per cent Interest.

RUSSIA'S BID FOR CAPITAL.

In a new effort to raise badly needed foreign currency, writes an *Observer* Correspondent, the Soviet Government, is promoting the same of an issue of bonds, payable as to principal and interest in foreign currency, bearing an annual interest rate of 10 per cent., and redeemable at any time at par on demand. The bonds may be purchased for Dollars, pounds, Marks, or other foreign currencies.

Some foreign engineers and specialists working in Russia have subscribed for these bonds, and scattered orders are reported from America and England, although there are no indications as yet, of a demand that would strain the national credit resources.

One American half humorously, half seriously explained his purchase of a modest amount of the bonds on the ground that "he was hedging on the capitalist system "

It is not yet clear whether this psychology is sufficiently widespread to create a broad demand, although an enthusiastic Dutch tourist in Moscow expressed the opinion, which might have commended itself to conservative Banking circles that, " Soviet Bonds at 10 per cent. interest are Just the kind of safe investment for which people are looking in these uncertain times."

The high rate of interest which combined with the featue of redeemability at poer on demand, might seem to be cautious investor almost too good to be true, is justified here, on the grounds that the present charges for discounting Soviet Bills of exchange abroad are so high that it is advantageous for the Soviet Government to borrow at 10 per cent.

Women's part in co-operation.

It does not seem to be generally known among the women customers of the stores that theCo-operative Movement has an educational aspect as well as a business side. Probably this happens because the average house wife is more concerned with the material benefits accruing from regular trading at the store Co-operation aims at setting up a higher recognition of the consumer's rights and bases its appeal on the moral standard of—" Each for all and all for each ". Surely a humanising motive, that should find an echo in the hearts of all responsible thoughtful women. More than that it has proved that sound economics and high business morality are very much the same thing, and that the teaching of the Sermon on the mount can be carried into everyday use. Business ethics so called, are well exemplified in the following story :—" A partner in a small retail coal business attended a revival meeting and was so convinced that his mode of life was wrong that he became converted. Anxious to spread his new faith he suggested his partner should become religious. The latter was impressed, but ultimately rejected the idea as he could not see who would weigh out the coal if they both got converted".

The Co-operative Movement does not stoop to such sharp practices, and in all its dealings holds regidly to the maximum of— " Doing unto other as he would that they should do to you. " Unfortunately, experience has proved that if a woman's mind is not completely set against the old system of competition, she will fall back into the old routine and be only a casual purchaser. Example is better than precept and women would do well to remember this.

No one, however, need any have wrong ideas as to the scope of co-operation, for in addition to the business meetings of each society, women's guilds have been set up where every phase of the movement can be discussed. By this equipment every customer can be a potential missionery to advance the cause in her sphere and circle. Not for every one is it given to discover the secrets of nature of enrich the world by some exploit, but we can all do well and truly the work that lies in our hand, we can all contribute to make the lives of those around us happier and better by the advocacy of co-operation. If we do that courageously, we may rest assured that the world will be a little pleasanter because we have lived-even a litile better for our example. (Mrs. R. from the Scottish Co-operator).

10 Per Cent. Duties Cost Co-operators £ 10,000,000.

Mr. H. J. May, Secretary of the International Co-operative Alliance speaking at a public luncheon in London, stated, that it was impossible to tell exactly how consumers' demands and rights were being effected adversely by the new Protectionist import duties, but on food-stuffs alone the British Co-operative Societies, would be compelled to pay an extra £10,000,000 this year on goods they normally consume. The Wholesale Societies, too, on their trade, with Denmark would be paying nearly a million in extra commodities which they imported from that country alone.

The International Co-operative Movement which was largely composed of working people was viewing the fall of the citadel of Free Trade with great dismay both as a setback to the hope of improving their conditions of life, and as a check on the growth of friendship and peace between the nations of Europe. (The Co-operative Productive Review).

Milk Publicity Schemes.

It is generally conceded by those who have given the matter any thought that the Milk Trade can have no real hope of solving its major problems until there is a substantial increase in the national consumptiou of Milk. The medical profession are constantly on the same theme for an entirely different motive. There can be no permanent improvement in health standards, they say, until every man, woman, and child is drinking more milk. How this increased consumption is to be secured, is, of course mainly a question for the experts, but it is obvious if we are to profit from the " Eat more fruit," " Eat more fish " campaigns that one of the most effective ways of arousing public interest in the food value of milk is by the creation of a national advertising fund and the adoption of a national publicity plan.

The co-operative movement has done much to strengthen public confidence in milk values by the excellenee and purity of its milk services, and now and again enterprising co-operative societies are launching out in local advertising to instruct the consumer on the food value of guaranteed milk. The question arises how much do these single handed efforts tend to postpone the launching of a national campaign and what are the limits within which a society should confine itself in its efforts, to promote the consumption of Milk ?

The other week coatbridge society offered a reward of butter to regular purchasers of a certain quantity of milk, hoping by this measure to stimulate milk sales. This perfectly laudable aim failed, however, to appease a local trader for his declining trade, and very promptly he reduced the price of his milk to counteract the inducement of a gift of butter. And, as usually happens, a cut in prices was met with a further cut, and prices were reduced to an uneconomic level.

Later developments have shown that this opposition to free butter schemes is not confined to private trading circles. The news that a similar proposal had been approved by a neighbouring society was followed by a strong protest from Kinning Park Society, who regard such a free gift has been equivalent to a reduction in price of milk, and a violation, therefore, of the agreement entered into with producers.

The Kinning Park protest has succeeded in the withdrawal of the Glasgow scheme, and the whole question will now be considered by the Co-operative Milk Trade Association.

It is unfortunate that the Press should be reporting Milk pricewars at a moment when the co-operative movement is lodging objections to the milk marketing scheme. These wars convey the erroneous impression that producer-suppliers are having their prices cut by co-operative societies. This of course, is not the case but when a price war does break out, co-operative societies are held responsible for the lower prices paid to producers on the other side of the trench. Nor can co-operators ignore the fact that an additional gift to regular milk purchasers means in effect a reduction in the price of milk even when the cost of the gift is fully borne by the society itself. There is no reason why co-operative societies should slacken in their efforts to build up their milk trade but these efforts should be based on a common policy and in recognition of the common interest of societies. (From Scottish Co-operator).

The heights by great men reached and kept,
Were not attained by sudden flight;
But they, while their companions slept,
Were toiling upwards in the night.

Associate with men of good qulaity, if you esteem your own reputation; for it is better to be alone than in bad company. —(*George Washington*).

City News.

MEETINGS IN CITY

Purchase of House-Sites Through Co-operation.

Under the auspices of the Adi-Dravida Co-operators Welfare Association, a meeting was held in the premises of the Tirumali Tiruveethaiamman Co-operative Society, Luz, Mylapore, Madras, on Saturday the 17th Sept. at 5 p.m. A large number of members of the Society and residents of the locality were present on the occasion. Mr. R. Rajagopal propagandist of the above Association explained to the audience the spirit of co-operation and how by union they can overcome their difficulties. He appealed to Mr. G. Sriram Babu Naidu, the secretary of the Madrds District Co-operative Central Bank to take interest in them and see that their loan application is passed at a very early date and requested him to give them his message of co-operation.

Mr. G. Sriram Babu Naidu pointed out to the audience that by their steady effofts they were able to save a sum of about Rs. 1,200 for the purpose of purchase of house sites but they require a larger amount for enabling them to buy 12 acres they require for their immediate habitation. The bye-laws of many of the depressed class societies, as they stand at present do not permit them the borrowing of moneys to the extent they require from the financing bank, the bye-laws, being framed at a time when the Government was prepared to finance the house site co-operative societies. Now that the Government has given up the idea of financing such societies, it has become necessary for house site societies to turn their attention to financing bank, and they have to amend their bye-laws to suit their requirements. He further pointed out that the Government is spending a large amount of money for the supervision of the depressed classes societies. The sum may come to a lakh and a half rupees per year. But if our Government adopts the method of Mysore State and sees that the house-sites societies get their loans with little or no interest from the financing banks, the Government itself paying the interest on behalf of the depressed classes, such action of the Government will materially benefit the depressed classes. As to details of working the scheme he is prepared to discuss with persons interested in the welfare of the depressed classes.

In fine, he pointed out that by united action, it would be easy for them to press their claims upon the Government to their economic advantage.

With a vote of thanks to the lecturer, the meeting terminated.

Depressed Classes and Co-operation.

Under the auspices of the Abbasalikanpet Co-operative Society, a meeting of the depressed classes of the locality and the members of the Adi-Dravida Co-operators welfare Association was held under the president-ship of Mr. G. Sriram Babu Naidu, the Secretary, The Madras District Co-operative Central Bank, on Sunday the 18th Sept. at 7 P. M. in the premises of the Society, Thousand Lights, Madras.

It was pointed out by the Secretary of the Abbasalikanpet Cc-operative Society that the chief object of their gathering was to clear some of their doubts and to come to an understanding in the matter of purchase of the site on which they have built their superstructures and requested the President to explain to them the benefits of Co-operation and to clear the doubts of their members.

The President thereupon called the members present to explain their difficulties. On hearing their grievances it was pointed out by the president that their misunderstanding was mainly due to the ignorance of the true principles of co-operation and lack of spirit of co-operation.

Mr. M. E. Rajah, the secretary of the Adi-Dravida Co-operators' Welfare Association read out from the "Madras Co-operator" the splendid way in which the members of the Kannikapuram Queen Victoria Co-operative Society achieved their object in view. Mr. Venkiah of the locality who has been organising the members to become owners of the site on which they have built their superstructures, explained to the audience, the difficulties that stood in their way and requested the president to give his advice on the matter. The president in his concluding remarks stated that only two ways are open to the residents of the locality in the matter of purchase of the sites on which they have built their superstructures. One is to purchase bit by bit and the other is to purchase the entire Plot through the society and in the name of the society. If they cannot unite together and purchase the land through the Co-operative Society and take the plots at a price fixed by the society, they would have to bargain with the present owner and purchase them bit by bit according to one's own needs with the accommodation which they may obtain from the Co-operative Society or elsewhere. But he felt sure that the present owner being a sensible man would not part with the land in bits, as they desire. Such being the case, the alternative goes. The only method through which they can buy is by co-operation through a Co-operative Society. He warned them against any dissensions and advised them to reflect on the various points raised at the meeting and assured them that he would meet them within a few days to know their decision in the matter of purchase of house sites.

With a vote of thanks to the president, the meeting terminated.

Circular.

Office of the Registrar of
Co-operative Societies,
Madras,
Dated 19th August, 1932.

No. R. Dis. F. 4628/32.
D. N. Strathie, Esq., I.C.S.,
Registrar.

Circular.

Execution—Decrees against societies—Execution on the borrower members to the extent of their borrowings.

It has been brought to the notice of the Registrar that applications for execution of decrees against societies from the creditor banks are returned by some Deputy Registrars with the remarks that the decrees cannot be executed for the reason that unlimited liability cannot be enforced before the liquidation of the society. Though under the new act none but the liquidator can enforce unlimited liability, there is nothing in the New Act to prevent creditors of a society from proceeding against the assets of the society. The borrower members of the society to the extent of their individual indebtedness if they are in default to the society.

(By Order)
Sd. V. Venkatappayya.
Manager.

Registrar's memorandum No. D. Dis. F. 3791/32, dated, 12-7-32.

Sending of Encumbrance Certificates.

It has been the practice till now for the Registration Department to send by post *Service Paid* communications and encumbrance certificates intended for a co-operative society, if there was no person representing the society ready to take personal delivery of the documents. The Inspector-General of Registration has now proposed to discontinue this practice and to treat co-operative societies in the same way as private parties. Hereafter encumbrance certificates which are ready, will be sent to the societies concerned by post *Service Unpaid* (Bearing) if the society has not made arrangements to take delivery of them personally or otherwise. By this arrangement the societies will have to pay to the postal authorities on delivery, the actual postage payable on these communications if they are prepaid. The societies may collect these amounts from the members along with the fees paid for the encumbrance certificates.

Government Development Memorandum No. 3460-III 32 1, dated 6th August 1932.

Remittance facilities to co-operative societies.

The Indian Central Banking Enquiry Committee have recommended that the previleges enjoyed by the co-operative societies in respect of free remittance of funds should not be curtailed and that the societies should be granted the same facilities as Joint Stock Banks as regards remittances for other than co-operative purposes. The concession of transfer of funds by means of remittance transfer receipts has been granted to co-operative societies with a view to facilitating only such of their transactions as are purely co-operative in character. Complaints have howeyer, been received by Government that Co-operative Banks have in several instances recently abused this previlege of free remittance. The Government consider therefore that co-operative societies should report all cases of cheques or drafts issued by them to merchants and pay commission on the value of such transactions.

S. H. Slater,
Secretary to Government.

The Fourth Madras District Co-operative Conference.

Held on 13th December 1931, at Pachaiappa's College Hall, G. T., Madras.

List of Contributors to the Conference.

Names.	Amount. Rs.	A.	P.	Names.	Amount. Rs.	A.	P.
University Staff C. S. ...	2	0	0	Kalyanamaistry Garden C. S.	2	0	0
Washermanpet C. S. ...	2	0	0	Pudupet Co-op. Bank ...	3	0	0
Old College Government Office C. S. ...	2	0	0	Periamet Moir C. S. ...	1	0	0
Periamet C. S. ...	1	0	0	Govt. Telegraph Employees C. S. ...	11	0	0
Posts and Telegraphs C. S....	5	0	0	Nungambakam High Road C. S. ...	1	0	0
Vepery Indian Christian C.S.	7	0	0	Mylapore Tiruvellorepeta C. S. ...	1	0	0
Madras Survey Office C. S. ...	2	0	0	Madras Provincial Co-op. Bank Ltd. ...	50	0	0
Mylapore Police Officials C.S.	2	0	0	Mount Road Rangoon Street C. S. ...	1	0	0
Madras Vellala C. S. ...	3	0	0	Provincial Co-op. Union ...	19	14	6
Peddunaickenpet C. S. ...	2	0	0	Abbas Alikhanpet C. S. ...	2	0	0
Aiparamasu Building Society	2	0	0	Central Co-operative Printing Works ...	5	0	0
Madras Teachers' Guild C. S.	1	0	0				
Nungambakam Co-op. Bank.	1	0	0				
Vyasarpady A. D. C. S. ...	1	0	0				
Madras Katchaleswarar Dn. Co-op. Bank ...	1	0	0				
Posts and Telegraphs C. S. Donation ...	15	0	0				
T. U. C. S., Ltd. ...	2	0	0		147	14	6

ACCOUNTS OF THE FOURTH MADRAS DISTRICT CO-OPERATIVE CONFERENCE

RECEIPTS AND CHARGES.

Receipts.	Rs.	A.	P.	*Charges.*	Rs.	A.	P.
Donations ...	102	14	6	Rent for Hall ...	10	0	0
Delegation Fees ...	45	0	0	Expenses incurred in making conference arrangements...	2	8	0
				Postage ...	20	0	0
				Catering charges ...	56	4	0
				Paper & Stationery ...	7	12	0
				Flowers, garland etc. ...	6	0	0
				Conveyance charges ...	8	8	0
				Block (Press Photo Bureau)	6	0	0
				Printing. ...	28	0	0
				...	145	0	0
...	147	14	6	Cash at Bank ...	2	14	6

T. S. RAMASWAMY AIYAR, B.A., B.L., M.L.C.

President.

The Madras District Co-operative Central Bank, Ltd.

I. Important Resolutions.

1. Resolved to elect Mr. S. S. Sankara Mudaliyar as a representative of this Bank to the Board of Management of the Madras Provincial Co-operative Bank.

2. Resolved to reduce the rates of interest on Fixed Deposits to $4\frac{1}{2}$% per annum for one year and above and $3\frac{1}{2}$% per annum for six months. Interest on Current accounts from July to December will be 2% with effect from 1st October 1932.

3. Resolved to grant loans on the security of the Government Paper to members at $\frac{1}{2}$% over the rate prevailing on the Imperial Bank of India and not at a flat rate.

4. Resolved to grant special deposit loans to Urban Banks required to maintain fluids as on 30th June of each year and to adopt the following Subsidiary Rules.

II. Subsidiary Rules governing the grant of special deposit loans to Co-operative Urban Banks.

1. In the first instance special loans shall be made available to societies required to maintain fluids resources as on 30th June each year.

2. They shall be fixed for a term of one year returnable on the Fixed date.

3. Interest shall be charged to 6% per annum, interest being payable half-yearly.

4. Loans can be given in multiples of Rs. 1,000 subject to the society's agreeing to the following conditions in writing :—

(*a*) That the society shall not accept Fixed deposits at more than $5\frac{1}{2}$%, that is, half a per cent less than the rate at which the Financing Bank accommodates.

(*b*) The special loan shall not be made use of in repayment of the existing loans to the financing bank.

5. That if the society violates any of the aforesaid conditions, it shall be bound to repay on demand the entire amount irrespective of the period originally fixed or shall pay interest at the Bank's usual rate, *i.e.*, $7\frac{1}{2}$%.

6. The deposit loans shall be given at the discretion of the Loans Committee.

7. No society shall obtain a special loan as a matter of right.

8. The Loans Committee shall have the power to determine the loans at any time.

The Madras District Co-operative Central Bank, Ltd.,

RECEIPTS AND DISBURSEMENTS FOR THE MONTHS OF AUGUST & SEPTEMBER 1932.

Receipts.

Head of Account.	For Aug. 1932. Rs.	A.	P.	For Sep. 1932. Rs.	A.	P.
Share capital—Societies	115	0	0	305	0	0
Do. —Individuals	80	0	0	...		
Current deposits—Societies	91,346	14	3	71,492	0	0
Do. —Individuals	45,078	4	0	37,043	11	9
Fixed Deposits—Societies	2,500	0	0	...		
Do. —Individuals	21,500	0	0	1,100	0	0
Reserve Fund deposits—societies	900	12	0	1,183	7	0
Desertion Fund Deposits—Societies ...	...			150	0	0
Recurring deposits	438	0	0	444	0	0
Savings deposits—Societies	...			100	0	0
Do. —Individuals	1,999	14	6	2,553	9	0
Provident Fund of employees	71	10	0	68	2	0
Loan principal—Long term	27,977	0	0	45,609	0	0
Do. —Short term	4,871	0	0	9,851	0	0
Do. —Individuals	...			45	0	0
Suspense	15	8	3	...		
Overdraft loans repaid by societies	1,52,880	15	0	1,73,883	2	9
Do. —Individuals... ...	...			831	5	9
Interest received on loans—Societies... ...	2,628	8	5	5,466	14	2
Do —Individuals ...	...			0	7	0
Interest received on investments	622	4	6	13	10	0
Entrance fees	2	0	0	5	0	0
Interest received on loans from individuals ...	32	12	0	...		
Commission on cheques	19	11	9	2	12	0
Fines (penal Int. on R. D. & Share capital) ...	0	3	2	1	14	10
Sale of loan application forms	0	2	6	0	3	0
Rent received from South Indian Co-operative Insurance Society for July and August 1932 ...	150	0	0	...		
Electric charges	8	5	3	7	9	3
Suspense	...			55,079	5	9
Bills account	36,253	5	8	15,306	13	3
Miscellaneous Revenue	1	6	3	0	1	0
Overdraft loans repaid by—Individuals ...	20,117	7	11	...		

Receipts—cont.

Head of Accounts.	For Aug. 1932. Rs.	A.	P.	For Sep. 1932. Rs.	A.	P.
Withdrawals from current account in :—						
1. Imperial Bank of India, H.O. ...	1,12,287	14	2	49,323	0	4
2. Do. Mount Road Branch ...	5,400	0	0	6,000	0	0
3. Indian Bank, Ltd.	1,23,959	14	3	31,803	12	0
4. C. C. C. Bank Ltd., ...	15,025	0	0	95,000	0	0
5. Bombay Provl. Co-opt. Bank, Ltd ...	...			709	6	0
6. Bengal Prov. Co-op. Bank ...	500	0	0	...		
7. Salem Dt. Urban Bank	16	0	0	...		
8. Krishna Dt. Co-op. Bank ...	100	0	0	...		
9. Madras Pro. Co-op. Bank A/c. No. 3, ...	1,64,015	0	0	1,81,288	8	0
Opening Balance	346	9	3	803	15	6
Total ...	8,31,261	7	1	7,85,472	10	4

Disbursements.

Head of Account.	For Aug. 1932. Rs.	A.	P.	For Sep. 1932. Rs.	A.	P.
Current deposits—Societies	96,750	2	6	72,298	8	5
Do. —Individuals	50,740	13	2	42,197	3	0
Reserve Fund Deposits—societies	2	5	0	...		
Fixed deposits—Individuals	9,525	0	0	9,200	0	0
Recurring deposits	40	0	0	100	0	0
Thrift deposits	7	8	0	...		
Savings deposits—Societies	1,657	8	0	100	0	0
Do. Individuals	...			1,813	13	5
Provident Fund of Employees Paid to Ex peon ...	...			48	13	0
Suspense	5	6	0	...		
Loans—Long term—Disbursed to Societies ...	12,600	0	0	24,400	0	0
Do. Short term— Do. ...	16,065	0	0	9,830	0	0
Do. Disbursed to Individuals	165	11	0	40	0	0

Disbursements—(contd.)

	For Aug. 1932. Rs.	A.	P.	For Sep. 1932. Rs.	A.	P.
Overdraft Loans to societies	1,42,154	3	2	1,38,841	12	3
Do. Individuals	...			1,900	11	6
Interest received on loans	...			22	4	0
Commission on Cheques	0	2	0	1	2	0
Rent	200	0	0	200	0	0
Electric charges	20	13	0	18	15	0
Telephone charges	21	13	0	19	13	0
Establishment charges	702	0	0	594	6	0
Mis. contingencies	30	3	6	40	0	0
Stationery	15	5	6	3	13	6
Postage	10	0	0	5	0	0
Books and forms	72	15	0	...		
Interest paid to societies	465	0	0	717	0	0
Do. Individuals	588	10	0	80	15	0
Subvention from Provl. Bank	...			80	0	0
Advertisement charges	32	5	4	8	5	4
Suspense	...			55,088	10	0
Bank Aid due for 1931-32	25	8	0			
Bills account	35,561	10	7	14,998	8	4
Savings Deposit with P & O Bank Ltd., Madras...	...			10,000	0	0
Fixed Deposit with Bengal Provl. Bank Ltd., ...	...			50,000	0	0
Overdraft loans paid to individuals	15,174	15	0	...		
Remittances to current account in :—						
1. Imperial Bank of India, Head Office ...	1,04,946	1	3	48,876	7	8
2. Do. Mount Road Br.	4,575	1	6	5,501	0	0
3. Indian Bank, Ltd.	1,13,610	8	4	69,229	10	0
4. C. C. C. Bank Ltd.	42,523	3	3	7,796	0	10
5. Bengal Provl. Bank Ltd. (Interest on C.D.)	...			13	10	0
6. Salem District Urban Bank	159	11	0	4,066	0	1
7. Kistna Dt. Co-operative Bank Ltd. ...	153	10	0	25	0	0
8. Madras Pro. Co-op. Bank, A/c No. 3 ...	1,81,853	6		12,16,998	14	0
9. Closing Balance	803	15	6	316	5	4
Total ...	8,31,261	7	1	7,85,472	14	4

G. SRIRAM BABU NAIDU,
Secretary.

சென்னைக் கூட்டுறவினன்

மலர் III.] செப்டம்பர், அக்டோபர் 1932 [இதழ் 3 & 4.

கூட்டுறவுச் சங்க வெண்பா.

மக்களிடைச் சேர்க்கை மிகுமா லொற்றுமை நல்குஞ்
சிக்கன வாழ்வைச் செய்விக்கும்—ஐக்கியமாய்
நாட்டு வளம் பெருக்கி நல்கு ரவைத்தேய்க்குங்
கூட்டுறவுச் சங்கமெனக் கூறு.

பத்திராதிபரின் குறிப்புகள்.

நம் அபிப்பிராயத்தை மாற்றவேண்டியது அவசியம்.

லண்டன் சொஸைடியைப்பற்றி ஜெனரல் மானேஜர் எள். வாஸ்டர் துரை அவர்களால் எழுதப்பட்ட ஒரு சிறு வியாசம் இப்பத்திரிகையில் மற்றோர் பக்கத்தில் குறிக்கப்பட்டுளது. மேற்படி சொஸைடியானது முதலில் எவ்வித நிலைமையிலிருந்து பிறகு எவ்வாறு விருத்திக்கு கொண்டுவரப்பட்டதென்று நாம் அறியவேண்டியது மிகவும் அவசியம். முதல் முதலில் பழமையான மூன்று சங்கங்கள் ஒன்று சேர்க்கப்பட்டது. ஆனால் அந்த சங்கங்கள் ஒன்று சேர்க்கப்பட்டவுடனேயே விருத்தியாப்சத்திற்கு வந்துவிடவில்லை. ஆனால், இம்மூன்று சங்கத்தையும் முன்னின்று ஒன்று சேர்க்க பொறுப்பாளியாக யிருந்தவர்கள் மேற்படி சங்கத்தை விருத்திக்குக் கொண்டுவர புதிய விதமான வழிகளையும், முறைகளையும் கண்டுபிடித்தார்கள். அவர்கள் வியாபார முறையையும், நகரங்களிலுள்ள ஜனங்களின் தாற்பரியத்தையும் நன்கு அறிந்துகொண்டார்கள் அவர்கள் கூட்டுறவு வியாபார முறையில் கைக்கொள்ளவேண்டிய சம்பிரதாயத்தையும் விட்டு, சாமான்களை போட்டிக்கு விற்கவும், சில சாக்குகளை நஷ்ட விலைக்குகூட கொடுக்கவும் நேர்ந்தது. தங்களுடைய வாடிக்கைக்காரர்கள் தங்களுக்கு எதிராக பேதகம் காட்ட அவர்கள் இடம் தரவில்லை. இவ்விதமாகவும், வேறு வழியிலும், தங்களுடைய வாடிக்கைக்காரர்கள் சங்கத்தின்பேரில் "மனப்பூர்வமான நம்பிக்கை" வைக்கும்படிக்குச் செய்ததோடும்கூட தங்களுடைய ஷாப்புகளை புதுப்பாங்காகச் செய்யவும், வியாபாரத்தை முன்னிலும் அதிக விரிவுபடுத்தவும், வாரத்திற்கு ஒரு கிளைச்சங்கம் வீதம் பல புதிய சங்கங்கள் பல விடங்களிலும் வாங்கி சேர்க்கும் மூன்று, நான்கு, சிறிய டிபார்ட்மெண்டல் ஸ்டோர்களும் ஏற்படுத்தினார்கள். ஏற்கெனவே உள்ள வாடிக்கைக்காரர்கள், ஒருங்கு கூட்டப்பட்ட

சங்கத்தில் தங்களுக்குத் தேவையான சாமான்களையெல்லாம் வாங்கிக்கொண்டு வந்ததோடும்கூட பிறகு மேற்படி சங்கத்தில் மெம்பர்களாகவும் சேரத் தொடங்கினார்கள். ஜனங்களுக்கு சௌகரியமும், சமாதானமும் உண்டாகும்படிக்கு காரியங்கள் செய்யும் பக்ஷத்தில் இன்னும் அநேகர் இதில் சேர்வார்களென்பதில் சந்தேகமில்லை. ஒரே தடவையில் மொத்தமாக பணம் கொடுத்து சாமான்கள் வாங்க இயலாத ஏழைகளுக்கு, இச்சங்கமானது அவர்களுக்குத் தேவையான சாமான்களைக் கொடுத்து பணத்தையும் பல தடவையாக வசூல் செய்துகொள்ளும் வசதியையும் ஏற்படுத்தியது. இவ்வித வசதி ஏற்படுத்தவும், இதில் வேலை செய்யவும் பல புதிய மெம்பர்கள் தேவையாக யிருந்தது. இவ்வித நூதன வழிகளில் இச்சங்கத்தை விருத்தி செய்ய இச்சங்கத்தின் வேலையானது பல கிளைச்சங்கங்களின் மெம்பர்களுக்கும், லோகல் வாலண்டரி மெம்பர்களுக்கும் பிரித்துக் கொடுக்கப்பட்டது. இவ்விதம் பல மெம்பர்களும், பல வழியிலும் ஒத்து உழைத்த காரணத்தால் இந்த லண்டன் சொசைடியானது மெம்பர்களை அதிகமாகச் சேர்த்ததோடும்கூட வியாபாரத்தையும் மேன்மேலும் விருத்தி செய்து அதன் மூலியமாக சங்க மெம்பர்கள் அதிக லாபத்தையும் சௌகரியத்தையும் அடையும்படிச் செய்ய நேர்ந்தது.

நம்முடைய நாடு, நகரங்களில் கூட்டுறவு விருத்தியடைவதற்கு லண்டன் நகரத்தைப்போல் அவ்வளவு சிரமமும், சௌகரியக்குறைவுகளும் ஏற்படுமென்று சொல்ல முடியாது. இப்பொழுது நமக்குத் தேவையானது என்னவென்றால், நமது நகரங்களை விருத்திக்குக் கொண்டுவரத்தக்க ஒருவித வழியை நாம் தேடவேண்டியது அவசியம். அவ்விதம் செய்ய நமது நகரக்கூட்டுறவாளர்கள், லண்டன் சொசைடியை உதாரணமாகக்கொண்டு, அதைப்போல் நமது சங்கங்களையும் விருத்தி செய்ய அதிக ஊக்கத்துடன் முன்வரவேண்டும். இவ்விதம்செய்ய அவர்கள் முதலில் அவர்களுக்குள்ள அபிப்பிராயபேதத்தை மாற்றி, பின்பு நகர கோவாபரேடிவ் சங்கங்களுக்கு அவர்களாலான உதவியைப் புரிந்து வரவேண்டும். அதற்கு ஒரு விதமான நிலந்தர வழியை நாம் கண்டுபிடித்தால், அது நமது நோக்கத்திற்கு மிகுந்த உதவியாக யிருக்கும்.

உண்மையும், கபட மில்லாமையும்.

1932ஹு அக்டோபர்மீ 15, 16உகளில் திருவண்ணாமலையில் நடந்த இரண்டாவது மதராஸ் அர்பன் பாங்குகளின் மகா நாட்டை கனம் கோவாபரேடிவ் ரிஜிஸ்திரார் D. N. ஸ்டிராத்தி அவர்கள் திறந்துவைத்தபொழுது அம்மகாநாட்டிற்கு விஜயஞ் செய்திருந்த பிரதிநிதிகளைப் பார்த்து அவர்கள் யாவரும் உண்மையுள்ளவர்களாயும், உள் கருத்தைக் கபடமில்லாமல் வெளியிடக்கூடியவர்களாயும் இருக்கவேண்டுமென்று தெரிவித்தார். மேற்படி பிரதிநிதிகள் பேசவேண்டிய எல்லா விஷயங்களையும் நேரிட மகாநாட்டின் கூட்டத்திலேயே பேசவேண்டுமென்றும், பின்னால் அது விஷயமாக ஒன்றும் பேசக்கூடாதென்றும் சொன்னார். கடைசியாக நடந்த பாங்கர்ஸ் கான்பெரென்சுக்கும், மாகாண யூனியன் மீட்டிங்குக்கும் பல பாங்குகளில் இருந்தும், சங்கங்களில் இருந்தும் வந்திருந்த பிரதிநிதிகள் மேடி கான்பெரென்சிலும், மீட்டிங்கிலும் நடந்தேறிய விஷயங்களை ஆலோசித்து அதன் தீர்மானங்களை எல்லாம் ஆமோதித்து, பின்னால் "செண்ட்ரல் ஸ்கீமுக்கு" மாறான இயக்கத்திற் சேர்ந்தார்கள் என்பதை அறிய என் மனதிலுள்ள வருத்தத்தை வெளியிடச் சக்தியற்றவனாக இருக்கிறேன். இந்த முக்கியமான கூட்டம் பஞ்சாயத்து வழக்குபேசும் கூட்டமாக முடிந்ததோடும் கூட, கவர்ன்மெண்டாரும் பொதுஜனங்களும் பாங்கர்ஸ் கான்பெரென்ஸைப்பற்றியும், மாகாண கூட்டுறவு யூனியனைப்பற்றியும் கௌரவம் தாழ்ந்த நேர்ந்தது. இந்த பிரதிநிதிக்கூட்டமானது சில கௌரவத்தை தேடிப்போகும் பெரியாரின் திருப்திக்கும், கேலிக் கூத்துக்காகவுமே கூட்டப்படுகிறதே ஒழிய மற்றொரு பிரயோஜனமும் இல்லையென்று பலர் சொல்ல நான் கேள்விப்பட்டிருக்கிறேன். அவர்களும் அவ்விதமே அபிப்பிராயம் கொண்டார்கள். அங்கு கூடியிருக்கும் யாவரையும் முன் நடந்ததைப்போல் மறுபடியும் நடவாவண்ணம் அவர் கேட்டுக்கொண்டார். "செண்ட்ரல் ஆடிட் ஸ்கீம்" ஆனது ஒரே மனிதனுக்கு அதிக அதிகாரத்தையும், கௌரவத்தையும் கொடுப்பதாக அவர்களுக்குத் தோன்றினால் அதைப்பற்றி அப்பொழுதே விவாதிக்கும்படிக்கும் சொன்னார். அவர்கள் அதைப் தீர ஆலோசித்து கடைசியாகக் கொண்டுவரும் தீர்மானத்திற்கு எக்காரணத்தைக் கொண்டும் பின்வாங்கக்கூடாதென்றும் தெரிவித்தார். அங்கு ஆஜர் இல்லாத கூட்டுறவாளர்களுக்கோ, இதர ஜனங்களுக்கோ, அந்தக்கான்பெரென்சில் நடந்த தீர்மானங்களைப்பற்றி விவாதிக்க இடம் உண்டு. ஆனால் அங்கு ஆஜராகியிருந்த அர்பன்பாங்கு பிரதிநிதிகளிடம் இருந்து மேற்படி தீர்மானங்களைப்பற்றி ஒருவிதமான விவாதமும் ஏற்படாமல் இருக்கட்டும், பிறகு ரிஜிஸ்திரார் அவர்கள் மேற்படி கான்பெரென்சுக்குக் கொண்டுவரப்பட்ட தீர்மானங்கள் யாவும் அங்கு கான்பெரென்சுக்கு வந்திருந்தவர்களால் எவ்வித முடிவுக்குக் கொண்டுவரப்பட்டதென்றும், அதைப்பற்றி அவருடைய அபிப்பிராயத்தையும் தெரிவித்தார். அந்த கான்பெரென்சில் நடந்தேறிய தீர்மானங்களெல்லாம் அங்கு வந்து, அந்தத்தீர்மானங்களை ஒப்புக்கொள்ளாதவர்களையும், அந்தக் கான்பெரென்சிலேயே சேராதவர்களையும் கட்டுப்படுத்தாதென்றே சொல்லலாம். ரிஜிஸ்திரார் அவர்கள் சொல்லிய பிரகாரம் அந்த கான்பெரென்சுக்கு ஆஜராகாத எவரும் அதைப்பற்றி விவாதிக்கலாம். மேலும் அந்த கான்பெரென்சுக்கு வந்திருந்த எல்லாப் பிரதிநிதிகளும் மேற்படி கான்பெரென்சில் நடந்தேறிய தீர்மானங்களுக்கெல்லாம் சம்மதித்து, பின்னால் "செண்ட்ரல் ஸ்கீமுக்கு" மாறான இயக்கத்திற் சேர்ந்துகொண்டதுபற்றி மிகவும் வருத்தப்படுகிறோம்.

கான்பெரென்சுக்கு ஓட்டு கொடுக்கப்போகும் பிரதிநிதிகள் தங்களுடைய சொசைடிகளிடம் இருந்து ஒரு தீர்மான அதிகாரம் இல்லாமல்போவதாலும், அச்சமயத்தில் தங்கள் இஷ்டம்போல் ஓட்டுக்கொடுப்பதாலும், இவ்வாறெல்லாம் ஏற்படுகிறது. பல சங்கங்களின் மொத்த அபிப்பிராயத்தைக் கேட்டு சங்கப் பிரதிநிதிகள் தங்கள் சொசைடிகளின் தீர்மானப்படிதான் ஓட்டுக்கொடுக்கவேண்டும் என்றும் கவனம் செலுத்தியிருந்தால் இப்மாதிரியாக ஒருக்காலும் நடந்திராது என்று உறுதியாகக் கூறுகிறோம்

"செண்ட்ரல் ஆடிட் ஸ்கீம்" கொள்கையைப்பற்றி இப்பத்திரிகையில் மற்றொரு பக்கத்தில் விவரித்திருக்கிறோம். இவ்விதமான முக்கிய விஷயங்களில், கவர்ன்மெண்டாரும், மற்ற சங்கங்களும் இதைப்பற்றி எல்லா சங்கங்களுக்கும் அறிவித்து அவர்களின் மொத்த அபிப்பிராயத்தையும் தெரிந்து அதன்படி நடப்பதுதான் உசிதமாக

இருக்கும். ரிஜிஸ்திரார் அவர்கள் சொல்லியபடி ஒரு கோவாபரேடிவ் சங்கத்தில் சேருபவர்கள் நன் நடக்கையுள்ளவர்களாயும், பிறருடைய தயவுக்காக பயந்து ஓட் செய்துவிட்டு பிறகு தான்செய்ததற்கு மாறாக நடப்பவராயும் இருக்கக்கூடாது என்று சொல்லியதை நாம் ஒத்துக்கொள்ளுகிறோம்.

கோவாபரேடிவ் ஆடிட்.

கோவாபரேடிவ் அர்பன் பாங்குகளை ஆடிட் செய்யவேண்டிய விதமாக கனம் ரிஜிஸ்திரார் அவர்களின் நான்குவித அபிப்பிராயத்தையும் இப்பத்திரிகையில் மற்றோர் இடத்தில் பிரசுரித்திருக்கிறோம். எங்களுடைய அபிப்பிராயத்தை வெளியிடுமுன் இதை வாசிப்போர்களின் அபிப்பிராயத்தை அறிய விரும்புகிறோம். இதைப்பற்றி கனம் ரிஜிஸ்திரார் அவர்கள் அர்பன் பாங்க்ஸ் கான்பரென்ஸில் தெரிவித்த அபிப்பிராயத்தை அறிந்து, அவரவர்களுடைய அபிப்பிராயத்தையும் தெரிவிக்கும்படிக்குக் கேட்டுக் கொள்ளுகிறோம்.

ஐக்கிய சங்கங்களின் தணிக்கையைப்பற்றி மதராஸ் ஜர்னல் ஆவ் கோவாபரேஷன் செய்துள்ள வியாக்கியானமும், சர்க்காரின் அறிக்கைப்பத்திரமும், சர்க்கார் விளம்பரத்தைப்பற்றி சென்ட்ரல் அர்பன் பாங்கிகள் வெளியிட்டுள்ள அபிப்பிராயச் சுருக்கத்தையும், சென்னை ப்ரோவின்ஷியல் கோவாபரேடிவ் பாங்கு கொடுத்துள்ளதையும் இப்பிரசுரத்தில் சப்ளிமெண்டாக மற்றொரு பக்கத்தில் வரையப்பட்டுளது. மேற்சொல்லிய குறிப்புகளையெல்லாம் வைத்துக்கொண்டு தீர ஆலோசித்து யாவரின் மொத்த அபிப்பிராயத்தையும் நமக்குக் கொடுக்கத் தயாராய் இருப்பார்கள் என்று நம்புகிறோம்.

Audit of Co-operative Societies—Government's Latest Notification.

(Reprinted from the Madras Journal of Co-operation, September 1932.)

The fourth notification dealing with the amendment to the Rules relating to Audit of Co-operative Societies, G. O. No. 1124, Development, dated the 18th August, 1932, is published at page 1407 of Part I of the Fort St. George Gazette dated the 23rd August, 1932. The three former notifications were issued on the 2nd February, 9th July and 2nd August, 1932. The fourth one dated the 18th August reproduces and confirms the third one dated the 2nd August. We publish it elsewhere*.

The effect of the proposed amendment embodied in this G. O. dated the 18th August is briefly this:—

1. All agricultural credit societies with unlimited liability, whatever may be the size of their membership, or the volume of their working capital, and also all limited liability societies with a working capital of less than Rs. 20,000 are exempt from payment of any audit fees to the Government. The accounts of all such classes of societies will be audited free of cost by the Government's co-operative audit staff.

2. All other limited liability societies, that is to say, those with a membership of more than 500 or with a working capital of Rs. 20,000 or more are liable to pay to the Local Government audit fees according to a prescribed scale.

3. But such limited liability societies with more than 500 members or a working capital of Rs. 20,000 or more may, at their option, have their accounts audited *at their own expense*, either by the staff of an audit union in existence on the 9th July, 1932, or by a person authorised by the Registrar. In such cases, the societies concerned need not pay any audit fee to the Local Government.

4. The G. O., while thus giving freedom to central and urban banks to employ their own auditors or to resort to such audit unions as are in existence on the 9th July, virtually prevents the formation of new audit unions, local, regional or provincial, by laying down that audit conducted by the staff of audit unions not in existence on that date does not entitle the societies to the exemption from audit fees payable to the Government.

* Vide Appendix A.

It is difficult to understand why any peculiar sanctity should have been attached to the Ninth day of July One Thousand Nine Hundred and Thirty two, Anno Domini. All that we know is that the restriction on the formation of audit unions in future was for the first time introduced into the notification of that date, for reasons not disclosed to the public so far. The notification of the 9th July expressly states that no objections are received to the proposals embodied in the earlier notification of the 2nd February, which contained no such restriction. Moreover, we fail to see why central and urban banks should not be permitted to act together in groups to make the best arrangement for the audit of their accounts, specially when freedom is given to them to act individually in the matter of making their own arrangements for audit. The net effect of the latest notification is that the Government neither propose to assume full and exclusive responsibility for the *conduct* of the audit of central and urban banks, as the advocates of official audit desire, nor do they permit the formation of regional or central independent audit organisations to look after the proper conduct of audit of central and urban banks, as the advocates of non-official audit desire. The G. O. will therefore not satisfy either school of co-operators.

There are however two good points about the G. O. which co-operators in general will, we are sure, appreciate; one is the wholesale exemption of unlimited liability societies, that is, the rural credit societies, from the operation of the rule. They are mostly in a condition of financial distress and the levy of fees for the audit of their accounts will be a burden, which they cannot afford to sustain. Co-operators must therefore feel grateful to the Government for this wise concession. The other is the option given to central and urban banks to employ the services of qualified un-official auditors approved by the Registrar. The profession of public accountant and auditor is a growing one in India at present. In this province, the profession counts amongst its ranks a sufficiently large number of capable and trustworthy young men, who are available for employment for the audit of co-operative banks and who are any day better equipped for the task than the average audit inspector of the co-operative department. It would have been a deplorable blunder if the co-operative banks were deprived of their services, by an insistence on compulsory departmental audit. If the central banks and urban banks avail themselves of this option to employ the services of technically trained auditors and go in for really competent men without sacrificing the quality and efficiency of the audit in the

pursuit of economy, there can be no possible doubt that the audit of co-operative banks will improve considerably. It may be noted in this connection that while the first three notifications spoke of recognised public accountants and auditors, the latest notification speaks of any person approved by the Registrar. This change need not, however, be interpreted to mean that the Government intend that unofficial auditors may be recruited from men without technical qualifications or proper equipment.

While we appreciate this option, we must say that a co-operative central organisation to mobilise the services of these qualified unofficial auditors will certainly be much more helpful not only to encourage the profession but also to secure for the co-operative banks the best type of duly regulated and controlled non-official audit. The practice of canvassing for an engagement from each individual central and urban bank exposes these professional auditors to the necessity of cultivating the influential directors of the Banks and in localities where there are factions or parties, rival candidates may enter the field and undersell the profession. If there is a central audit organisation, these evils can be avoided. Any proposal therefore to prevent the formation of an independent central audit organisation is neither administratively wise nor co-operatively sound.

Moreover, we are to-day in a position to state with confidence that the proposal not to register any new audit organisations is opposed to the views of the majority of the central banks and of the bigger urban banks which have considered the question. The Provincial Co-operative Bank has rendered a very valuable service to the movement in the province by ascertaining, in as formal and definite a manner as possible, the considered views of the committees of the central and urban banks on the question. An analysis of the replies received from the central banks shows that 16 of the 30 central banks affiliated to the Provincial Bank are in favour of audit conducted under the auspices of a central audit organisation. Similarly an analysis of the replies received from such of the urban banks as have responded to the Circular of the Provincial Bank shows that 44 out of 70 urban banks are in favour of non-official audit by an audit organisation, central or local, 33 favouring a central and 11 a local organisation. We publish elsewhere the communication addressed by the Provincial Bank to the Government on the subject and also an analysis of the replies so far received by the Provincial Bank from the central and urban banks.* A perusal of these documents ought to convince the

* Vide Appendix B and its enclosure.

Government that the consensus of co-operative opinion among the institutions concerned, is decidedly against the proposal to prevent the formation of regional or central audit organisations in future and that there is also considerable genuine demand in favour of the formation of a central audit organisation. To put the case for a regional or central audit organisation at the lowest, the number of central and urban banks who favour it is sufficiently large to entitle them to combine to evolve a scheme of audit organisation suited to their requirements. Such a concession does not in the least interfere with the freedom of those banks who prefer Government audit to resort to it. The least that we ask for is that the advocates of Government audit ought not to oppose the formation of an organisation of their own by the banks which prefer non-official audit and that the Government should not yield to such an unreasonable attitude. The central and urban banks which have unequivocally expressed their preference for non-official audit must be given the freedom to determine for themselves the best form of audit organisation acceptable to them.

Now that the Government have given two months further time to ascertain co-operative opinion regarding the desirability of forming a central audit organisation, we hope that the Banks which expressed themselves against it so far, will re-examine the case for such an organisation, specially in view of the unsatisfactory and anomalous situation created by the latest notification which permits non-official audit but prevents the formation of an independent organisation to handle it. But the decisions on this question should not be allowed to be clouded by any controversy over the exact composition of the central organisation, which may be left to be decided later by the concerned institutions.

The urban banks of the Province, we understand, are soon meeting in a conference of their own. We hope they will avail themselves of that opportunity to arrive at definite conclusions on the important question of audit of urban banks. If the urban banks decide to have an organisation of their own apart from the central banks, let them evolve a concrete scheme in that behalf and submit it to the Government, before final orders on the subject are issued.

In conclusion we trust that the Government will carefully examine the question of giving adequate facilities to such Central and Urban Banks as favour non-official audit to form regional or central audit organisations of their own, in the light of the weighty communication addressed to them by the Provincial Bank and the valuable materials on which it is based.

APPENDIX A.

GOVERNMENT OF MADRAS

DEVELOPMENT DEPARTMENT.

Copy of G. O: No. 1124, dated 18th August 1932,

Co-operative Societies- Act—Rules—Rule VIII D—Audit Fees—Amendment-Confirmed.

ORDER.

In Notification No. 295, dated 1st August 1932, published on pages 1318-1319 of Part I of the Fort St. Charge Gazette, dated 2nd August 1932, the Government under sub sections (1) and (2) of Section 65 of the Madras Co-operative Societies Act (VI of 1932) read with sub-section (2) of section 62 of the Act published as required by sub-section (3) of section 65 of the Act certain amendments to rule VIII-D of the rules framed under Section 43 of the Co-operative Societies Act, 1912. No objections or suggestions were received by Government within the period of ten days allowed in the notification. The amendments, already published are therefore confirmed. The Superintendent, Government Press, is requested to publish the appended notification in the Fort St. George Gazette.

2. The Registrar of Co-operative Societies brought to the notice of Government that at the meetings of the Executive Committee of the Madras Provincial Co-operative Bank, the Bankers' Conference and the general body of the Provincial Co-operative Union, it was suggested that all Central Banks and limited liability credit societies with a working capital of Rs. 20,000 and upwards should be brought under a scheme of audit conducted through the Agency of the Madras Provincial Co-operative Bank. Details of this scheme have already appeared in the local Press. The Government do not propose to take any action on the scheme put forward until they have ascertained the views of those interested in the Co-operative Movement on the subject. All persons interested are invited to communicate their views to the Government within two months from the date of this notice.

NOTIFICATION.

In exercise of the powers conferred by sub-section (1) and clause (k) of sub-section (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor acting with Ministers is hereby pleased to make the following amendment to the rules published with Revenue Department Notification No. 483, dated the 2nd October, 1915, at pages 1039-1042 of Part I of the Fort St. George Gazette, dated the 9th November, 1915, as subsequently amended :—

AMENDMENT.

For sub rule (1) of rule VIII-D of the said rules, the following sub-rule shall be substituted, namely :—

"Every registered society which on the last day of any co-operative year (namely the year ending 30th June) consisted of more than 500 members or the working capital of which, on such day, amounted to twenty thousand rupees or more, shall pay to the Local Government a charge for the audit of its accounts for such year in accordance with the scale fixed by the Registrar with the previous approval of the Local Government in respect of the class of society to which it belongs:

Provided that this sub-rule shall not apply to—

(a) any agricultural credit society with unlimited liability, or

(b) any audit union, district federation or supervising union ; or

(c) any society which has its accounts audited at its own expense—

(i) by the staff of an audit union in existence on the 9th July 1932 ; or

(ii) under an arrangement approved by the Registrar and in force on the 9th July 1932 ; or

(iii) by a person authorised by the Registrar to audit the accounts of the society under section 37 of the Act, if such person is willing to furnish the statements prescribed by rule V and in the forms required by the Registrar."

Endt. B. 6305/30.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES.
Madras, 24th August 1932.

Copy communicated to all Deputy Registrars, Sub Deputy Registrars in independent charge in duplicate and all Central Banks, District Federations, Training Institutes, the Provincial Co-operative Union, the Madras Provincial Co-operative Bank, the Central Land Mortgage Bank, the Tamil Nadu Federation and the Somoboyo for information.

(By Order.)
V. VENKATAPPAYYA,
Manager.
26-8-1932.

APPENDIX B.

Copy of communication No. A. 4403 dated 23rd August 1932 from the Madras Provincial Co-operative Bank Ltd., to the Secretary to Government, Development Department, Fort St. George, Madras.

SUB :—Co-operative Societies' Act—Rules—Rule VIII-D. Payment of audit fees by societies having a working capital of Rs. 20,000 and over.

With reference to the second paragraph of G. O. No. 927, Development, dated 9th July 1932 inviting the opinions of those interested in the co-operative movement on the scheme formulated by the Provincial Bank for the audit of Central and Urban Banks with a working capital of over Rs. 20,000, I have the honour, by the direction of the Executive Committee, to state as follows :—

In notification No. 41 dated 2nd February 1932 published at pages 331-332 of Part I of the Fort St. George Gazette, the Government under section 43 of the Co-operative Societies Act, 1912, published certain amendments to rule VIII-D, the effect of which was that certain classes of societies were asked to pay audit fees to Government. However, societies which had their accounts audited by the staff of a District Federation, *Audit Union* or Supervising Union or by a certified public Accountant and Auditor were exempted from the operation of that rule.

The notification was considered by the Central Banks' Conference, the Board of Management of the Madras Provincial Co-operative Bank and the General Body of the Madras Provincial Co-operative Union. These bodies urged upon the Government the necessity to exempt all unlimited liability agricultural credit societies from the operation of the G. O. irrespective of the size of their membership or the volume of their transactions ; but in regard to central banks and urban banks with a working capital of Rs. 20,000 and upwards, it was agreed that they should be brought under some centralised audit scheme acceptable to the concerned institutions and that they should contribute some reasonable audit fee for the concurrent and final audit of their accounts. The Madras Provincial Co-operative Bank was asked to prepare and circulate a scheme in accordance with those resolutions, and a scheme was accordingly prepared and sent to all the concerned institutions for their opinions and suggestions.

The Government, thereafter, issued G. O. No. 927, Development, of 9th July 1932 in modification of the earlier one dated 2nd February 1932, exempting from audit fees all unlimited liability societies and limited liability societies with a working capital of less than Rs. 20,000, and inviting opinion on the central audit scheme prepared by the Provincial

Bank. In doing so, the Government, however, for the first time introduced a new restriction in respect of audit unions confining the exemption from levy of audit fees only to societies which have their accounts audited by audit unions "in existence on the date of the publication of the notification."

The Provincial Bank supplemented its original circular inviting the opinions of central and urban banks on its central audit scheme by a questionnaire to elicit definite opinions on (i) audit by Government, (ii) audit by a central audit organisation, (iii) audit by local audit unions, and (iv) audit by recognised public Accountants and Auditors, in order to have a comprehensive idea of the views of the central and urban banks on all aspects of the question.

The views of the 30 central banks out of the 31 affiliated to the Madras Provincial Co-operative Bank and of the Christian Central Co-operative Bank (not affiliated to the Provincial Bank) have been received. The opinion of only one central bank (viz. Conjeevaram) is yet due; but it is not likely to be received before the end of September. The views expressed by these institutions are summarised in a separate note annexed, and true copies of their replies are also appended to this communication. It may be seen that 16 out of the 31 central banks in the Presidency (a numerical majority) are in favour of non-official audit through the medium of a central audit organisation; one central bank is in favour of audit only by a public Accountant and Auditor; one bank has qualified its preference for Government audit by a definite demand for the reduction of the audit fees to one-third of the proposed scale. Opinions of 70 urban banks have been received out of 226, who come under the scheme and to whom references were sent. From the summary of these opinions appended, it may be seen that, out of the 70 urban banks from whom replies have been received, 47 are in favour of non-official audit—33 in favour of a central audit organisation, 11 in favour of a district audit union and 3 in favour of a Public Accountant and Auditor, while 23 are in favour of audit by Government.

There is thus a substantial volume of opinion of the concerned institutions in favour of audit being conducted by non-official agency, the bulk of the number of institutions favouring non-official audit being also in favour of audit through a central audit organisation. No co-operative opinion has been received by the bank in favour of confining the exemption to societies audited only by audit unions in existence on the date of the notification of 9th July 1932.

Having considered the views of the concerned institutions received yb this bank, the Executive Committee desires to state that it is in agreement with the view expressed by a majority of these institutions as summarised above. I have to state, however, that three members of the Committee prefer Government audit in the first instance; and if it is not forthcoming, two of them are in favour of a non-official central audit organisation, while the other member is of opinion that no organisation responsible for supervision shall be entrusted with audit.

(Sd.) V. C. RANGASWAMY,
Secretary.

ENCLOSURE TO APPENDIX B.

THE MADRAS PROVINCIAL CO-OPERATIVE BANK, LTD.

Summary of the views expressed by Co-operative Central and Urban Banks regarding G. O. on payment of audit fees.

Analysis of Replies received from Central Banks.

A. Of the 31 central banks affiliated to the Madras Provincial Co-operative Bank, Ltd., views of 30 central banks have been received up to date. The following 16 are in favour of non-official audit through the medium of a central audit organisation :—

1. Aska Co-operative Central Bank, Ltd.
2. Ganjam Dt. Co-operative Banking Union, Ltd.
3. Central Bank Ltd. Vizianagaram.
4. Dt. Co-operative Bank Ltd. Coconada.
5. Ramachandrapuram Co-operative Central Bank, Ld.
6. Sree Konaseema Co-operative Central Bank, Ltd.
7. Rajamundry Co-operative Central Bank, Ltd.
8. W. Godavari Dt. Co-operative Central Bank, Ltd.
9. Viziavada Central Bank Ltd., Bezwada.
10. Nellore Dt. Central Banking Union, Ltd.
*11. Cuddappah Dt. Co-operative Central Bank, Ltd.
*12. Anantapur Dt. Co-operative Central Bank, Ltd.
13. Hospet Co.operative Central Bank, Ltd.
14. Madras Dt. Co-operative Central Bank, Ltd.
15. South Canara Co-operative Central Bank, Ltd.
16. Madura-Ramnad Co-operative Central Bank, Ltd.

* *Note*:—(1) The Board of Management of the Cuddappah District Co-operative Central Bank Ltd., is in favour of the Central Audit Organisation. The Executive Committee, however, states that while it is in favour of non-official audit agency, each bank should have an auditor approved by the Registrar.

The working capital of these Urban Banks exceeds Rs. 50,000.

(2) The Anantapur District Co-operative Central Bank would preferably have a regional non-official audit organisation for the Ceded Districts, if one can be secured.

B. The following Bank is in favour of audit by a Public Accountant and Auditor and is *against* Government Audit:—

17. Salem District Urban Bank Ltd., Salem.

C. The following 11 are in favour of Government audit and are against non-official audit:—

18 Chittoor District Co-operative Central Bank, Ltd.
19 Kurnool District Co-operative Central Bank, Ltd.
*20 Coimbatore District. Urban Bank., Ltd.
21 Malabar District Co-operative Bank, Ltd.
22 South Arcot Co-operative Central Bank, Ltd.
23 Co-operative Central Bank, Ltd., Kumbakonam.
24 Co-operative Central Bank, Ltd., Tanjore.
25 Trichinopoly District Urban Bank, Ltd.
26 Srivilliputtur Co-operave Banking Union, Ltd.
27 Tinnevelly District Co-operative Central Bank, Ltd.
28 Co-operative Central Bank, Ltd., Vellore.

* *Note*.—The Coimbatore District Urban Bank is in favour of Government Audit. Should Government, however, decide to permit non-official audit, the Bank is in favour of the Central Audit Organisation Scheme.

D. The following two Banks want Government to reduce the scale of fees and presumably prefer Government audit if it is made cheaper:—

*29 Guntur Dt. Co-operative Central Bank, Ltd.
*30 Krishna Co-operative Bank, Ltd.

**Note*.—(1) The Guntur District Co operative Bank has not, however, answered any point in the reference, and does not say what its attitude is, if the Government does not reduce the scale.

(2) The Krishna Co-operative Bank says that if the Government refuses to reduce the proposed scale of fees to *one-third*, the bank

* The working capital of these Urban Banks exceeds Rs. 50,000.

would prefer to have the audit done by a Public Accountant and Auditor and is against an audit union, local or central.

E. The views of the following central bank have not yet been received:—

31. Co-operative Central Bank Ltd., Conjeevaram.

F. The Christian Central Co-operative Bank Ltd., which is not affiliated to the Madras Provincial Co-operative Bank Ltd., is in favour of Government Audit.

Analysis of Replies Received from Urban Banks.

G. Replies are received from 70 Urban Banks out of 226 due. The following 33 are in favour of non-official audit through the medium of a central audit organisation :—

1 Innespeta Co-op. Urban Bank.
* 2 Madras Teachers' Guild C. S.
* 3 Gobichettipalayam Urban. Bak.
* 4 Gooty Co-operative Town Bk.
* 5 Narasaraopet Town Bank.
6 Puttur Agriculturist's Co-op. Wholesale Society.
* 7 Tiruvannamalai Co-op. Society.
* 8 Masulipatam Urban Bank.
9 Karaikudi Urban Bank.
10 Gudlavalleru L. M. Bank.
11 Bodinayakanur Town Bank.
*12 Krishnagiri Urban Bank.
13 Vizianagaram Samasthanam College Co-operative Society.
*14 Karkala Co-operative Society.
*15 Villupuram Urban Bank.
16 Prakasapuram C. S.
17 Walaja Urban Bank.
*18 Chicacole Urban Bank.
*19 Karur Town Bank.
*20 Kaveripatnam Town Bank.
21 Manapad Catholic Urban Bank.
*22 Dindigul North Urban Bank.
*23 Vizagapatam Co-op. Bank.
24 Madanapalle Town Bank.
*25 Cocoanada Co-operative Bank.
*26 Tiruppur Co-operative Bank.
*27 Bellary Town Bank.
*28 Cuddapah Town Bank.
29 Papanasam Urban Bank.
30 Karuthattangudi Urban Bank.
*31 Melur Urban Bank.
*32 Lalgudi Urban Bank.
33 Arantangi Urban Bank.
†34 Srirangam Co-operative Bank.

H. The following 11 are in favour of non-official audit through the medium of a District Audit Union :—

*35 Velur Urban Bank.
*36 Madura Urban Bank,
*37 Hindupur Town Bank.
*38 Kasaragod Town Bank.
*39 Paramakudi C. S.
*40 Tinnevelly Junction C. S.
*40 Tinnevelly Public Servants' Co-operative Society.
*41 Devakota Urban Bank.
42 Cannanore Urban C. S.
*43 Periakulam Urban Bank.
*44 Hirudeyapuram C. C. Bank.

* The working capital of these Urban Banks exceeds Rs. 50,000.

† Reply from this Bank was received after the communication was sent up to the Government.

I. The following three are in favour of audit by a Public Accountant and Auditor :—

*45 Mangalore Catholic Central Co-operative Society.
46 Vizag. Dist. Police C S.
*47 George Town C. S.

J. The following 23 are wholly for Government audit and are not in favour of non-official audit :—

1 Adoni Co-op. Town Bank.
* 2 Government Telegraph Employees' C. S., Madras.
* 3 L. Conjeevaram Urban Bank.
* 4 Madras Vellala C.S.
* 5 Sri Kamalambika Urban Bank.
* 6 Tindivanam Urban Bank.
* 7 Tirupathi Town Bank.
8 Negapatam Urban Bank.
9 Coonoor Urban Bank.
*10 Chittoor Town Bank.
*11 Vijayapuram Urban Bank.
12 Pungannr Town Bank.
*13 Sree Krishna Urban Bank.
*14 Madras Posts & Tel. C. S.
*15 Dharmapuri Urban Bank.
*16 Government Press Employees' Co-operative Society.
*17 Chingleput Public Servant's Co-operative Society.
*18 Chingleput Urban Bank.
*19 Bhupathiraju C. S.
*20 Tinnevelly Town Co op. Bank.
*21 Kurnool Urban Bank.
*22 Srivilliputtur Urban Bank.
*23 Conjeevaram Town Bank.

* The working capital of these Urban Banks exceeds Rs. 50,000.

GOVERNMENT OF MADRAS.

LOCAL SELF-GOVERNMENT DEPARTMENT.
(LOCAL AND MUNICIPAL).

G.O. No. 2758, L. & M. dated 14th July 1932.

Investment—Local Bodies' funds—In Co-operative Central Banks—Instructions issued.

Read—the following paper :—

From the Registrar of Co-operative Societies, dated 31st May 1932, No. A-3079-32.

Order—No. 2758, L. & M., dated 14th July 1932.

In partial modification of G.O. No. 2316, L. & M., dated 25th November 1921, the Government are pleased to issue the following orders in respect of investment of funds by local boards and municipal councils in co-operative central banks :—

(i) Local boards and municipal councils may invest their surplus funds in fixed deposits for periods not exceeding five years at a time, in such co-operative central banks as have received the general approval of the Registrar of Co-operative Societies for the purpose, up to the limit mentioned in the margin for each class of local body, subject to the condition that no investment exceeding Rs. 5,000 shall be made except with the previous special approval of the Registrar of Co-operative Societies and the sanction of the Inspector of Municipal Councils and Local Boards. Applications to the Inspector of Municipal Councils and Local Boards for sanction of the investments should be submitted through the Registrar of Co-operative Societies and should contain information as to the total amount of investments held at the time by the local body in all co-operative central banks.

Class of local body.	Limit up to which the local body may invest funds in Co-operative Central Banks RS.
(i) District Boards having railway cess funds	1,00,000
(ii) Other District Boards ...	50,000
(iii) Taluk Boards	20,000
(iv) Panchayat Boards ...	2,000
(v) Municipal Councils whose annual ordinary income exceeds Rs. 1 each ...	50,000
(vi) Other Municipal Councils ...	20,000

(2) If a local body proposes to invest its funds in a co-operative central bank in excess of the limit laid down in sub-paragraph (1) above, it

should submit an application to Government through the Registrar of Co-operative Societies for sanction of the proposal. The Registrar will forward the application to Government if he considers the proposal unobjectionable.

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

(Sd.) E. CONRAN SMITH,
Secretary to Government.

No A. 4705/32.

OFIFCE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS.
Dated 24th August 1932.

Copy of G. O. No. 2758 L. & M., dated 14-7-1932 communicated to all Deputy Registrars and Central Banks.

(By order)
(Sd.) V. VENKATAPPYYA,
Manager.

To All Deputy Registrars and Central Banks.

C. C. P. WORKS, LTD., MADRAS.—9-'32/500.

125938