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

Editorial Notes.

Revised notification on Audit Fees.

We publish elsewhere the revised notification of the Local Government regarding the levy of audit fees from Co-operative Societies and G. O No. 927, Development, dated 9-7-1932 on which it is based. It is extremely gratifying to note that the Government have accepted the recommendations of the Madras Provincial Co-operative Union and the Central Banks' Conference to exempt all Agricultural Unlimited Liability Societies and Limited Liability Societies whose transactions are below Rs. 20,000 from the scope of the notification and to audit them free of any charge. We beg to convey to the Government the grateful thanks of the co-operators of this Province for the generous assistance thus rendered to the primary societies.

The revised notification, in so far as it deals with the centr banks and urban banks with transactions of Rs. 20,000 and ove fully secures to those banks the *existing freedom* to have thei accounts audited by certified public accountants and auditors approved by the Registrar, instead of paying the fee prescribed by the Government and having their accounts compulsorily audited by

...g of India and we have no doubt that the central and urban banks will, in encouraging that profession, benefit themselves considerably by getting their money's worth in the shape of effective scientific audit. In doing so the Banks must resist the temptation of resorting to cheap and indifferent service and the Registrar has necessarily to assure himself that proper men are entertained on a reasonable fee.

The notification further recognises the existing audit unions as agencies by which the central and urban banks may be audited without recourse to Government audit. This is certainly right so far as it goes. But what we are, however, unable to follow or appreciate is the *raison detre* of limiting the exemption to those audit unions which are now in existence. If the societies concerned can individually appoint their own auditors with the approval of the Registrar, we see nothing in principle or expediency to justify a ban on a number of them acting together in the same manner. We, therefore, respectfully suggest for the favourable consideration of the Government that the words "*in existence on the date of publication of this notification*" occurring in clause i (c) of the revised notification be deleted. That change will make the notification at least consistent though not entirely satisfactory.

Regarding the formation of a Central Provincial Audiit Organisation, the Government have now thrown the responsibility on the co-operators themselves and rightly too. This is precisely what the Provincial Co-operative Bank and the Central Banks' Conference also did. The Central Audit Scheme was circulated for opinions of concerned institutions. No central scheme would in fact be possible, even if the Government recognised it, unless an appreciably large number of the banks concerned agree to it in all its details and become ...ling members of the organisation. We hope that the central and ...ban banks will avail themselves of the opportunity thus given to ...em by the Government to manage their own audit and to evolve a scheme of central organisation of a suitable type. We have already dealt with the dangers inherent in societies acting individually or in small local units in the matter of audit, and with the advantages of a

central scheme. The lead must come from the Central Banks. We trust the Central Banks will realise the implications of pleading their inability or incapacity to arrange for the proper conduct of their audit through an organisation of their own. It is unnecessary for us to state them. The Government and the public cannot but make it a test of the fitness of non-officials to run the administration of institutions entrusted to their care.

The Triplicane Urban Co-operative Society.

The Triplicane Urban Co-operative Society, Madras, is the premier Consumer Society not only of this province, but practically of India as a whole. Therefore it owes a duty to the movement in general in the matter of setting an example to other societies.

At the beginning of the new co-operative year, we wish to send to this society our good wishes and wish it God-speed. We are aware of the many things done there, which had better be not done. We are aware of the many defects which this premier society has in common with other consumer's societies, for example, the general indifference of members to the affairs of the society, their tendency to be always fault-finding and criticising without making proper enquiries and without being willing to shoulder their share of responsibility. We are also aware of the fact that the Directors who are ultimately responsible for the management of the Society, are not full-timed officers, but do their duty as a matter of love, though the work to be done has, in course of time, increased so much that the need is felt for a full-timed Committee of Management, if not the Directorate as a whole.

During the co-operative year 1931-32, the T. U. C. S., has passed through what may be considered to be a serious crisis in its history, and let us hope it has come out of it, purged of its impurities, and let us also hope that in the year to come, it will show vigorous growth and healthy development.

We would content ourselves on this occasion with playing the roll of a Mentor and give two suggestions by way of advice to the members of the General Body, and we hope it will be taken in the spirit in which it is given.

Our first advice would be that members should exercise the greatest care possible in the choice of their representatives on the Board of Management, but once having chosen the right sort of men, they must have ample confidence in them and leave it to them to work out their policy and details thereof. The general body must give them sufficiently long period to give a good account of themselves and not upset the existing arrangements periodically by passing votes of no-confidence upon the Directors. This no-confidence is a weapon put into the hands of the general body to be used in extreme cases with great caution. It is like the "Brahmastram" of old, not to be used on all occasions, but to be used only when every other weapon fails.

The second piece of advice, we venture to offer them, is that they must realise that even the General Body has to obey certain laws. The general body is the ultimate sovereign authority; still it cannot do anything it likes. In ancient India, there was a wholesome practice of Emperors, the most autocratic among them, recognising that even above them, who are in no way responsible to the people, there was the Law or Dharma. The general body which is the sovereign authority on matters connected with the Society is in the position of the autocratic emperors of old and must realise that, though its powers are unlimited, it can exercise such powers only in conformity with the existing laws and practice. There is Law or Dharma above it, from which it derives its powers.

If members would realise these bits of truths, there is no reason why the T. U. C. S. should not become the Beacon-light to the country as a whole in the field of Consumers' Co-operation—a field, alas! in which we have too few good institutions. The field is full of promise and given good workers, will yield results no way inferior to those achieved on by the Credit Movement. We wish the T. U. C. S. all success.

The Government Telegraphs Employees' Co-operative Society.

The Telegraph Department Co-operative Society, Madras, deserves to be congratulated on the excellent plan they have of celebrating the Telegraph Co-operators' Day once a year, on which occasion they hold a public meeting and invite some distinguished gentlemen to come and address them on co-operation and allied topics.

The VIII Telegraphs Co-operators' Day was celebrated on the 13th July, 1932 in the historic Pachaiyappa's Hall, with the Hon'ble Mr. P. T. Rajan, Minister in charge of Co-operation, as President. Dr. P. J. Thomas, Professor of Economics of the Madras University, delivered on illuminating address on "Co-operation and world economic situation". The whole function was a great success and the authorities of the Society made the function doubly attractive by the excellent social they arranged for members and invited guests

and by the presentation of a copy of the Diary to everyone as souvenir.

The welcome address by Mr. W. G. Francis was short and to the point and the following extract deserves to be printed in bold letters and kept in every co-operative society's office.

"Co-operation is, as is well-known, a common-wealth, supported on the triple pillars of knowledge, faith, and leadership. Knowledge pays a good dividend wherever it is invested, but it is most so in the field of Co-operation, for it requires the highest culture and training of the intellect to suppress the self, to see in others what we would see in ourselves and to work for others for the love of it."

Dr. Thomas raised the problem of co-operation far above the usual level and instead of dealing with the overdues and rate of interest and other minor matters which alone engage the attention on such occasions, he pitched the whole address to a high key and dealt with the present economic condition of the world and showed how co-operation alone is likely to enable us to escape from the present impasse. There are two systems, he said, that compete for mastery in the modern economic world, the Capitalistic System with merciless competition as its weapon, and the State control system as it is being evolved in the Soviet Russia, where all individuality is crushed out of existence by the big machinery of the Government. Each has got its merits and defects, but, said the Professor, the Co-operative system, where production is for use and not for profit, is superior to both and will have all the advantages of rationalisation which we associate with Cartels and Trusts without the defects adjunct to them.

The learned Doctor also emphasised upon the need for educational propaganda and we hope the good example of the Telegraphs Society would be followed by all well-to-do Urban Banks. We sincerely hope these banks will feel it their duty to do effective propaganda on behalf of Co-operation and contribute liberally to any agency that may work for the cause if they do not take up co-operative propaganda themselves.

North Arcot District Conference—Sir K. V. Reddi's Address.

Sir K. V. Reddi's first re-appearance in connection with Co-operation, after the lapse of some years during which he held a distinguished Public position in South Africa, was as President of the North Arcot District Co-operative Conference held at Pallikonda on 29th May 1932. Our readers will find his address reproduced in full, elsewhere. We welcome once more to the ranks of non-official co-operators Sir K. V. Reddi. He was not only the Minister in charge of Co-operation in the first Ministry formed under the Montagu Chelmsford Reforms, but he was also the President of the Provincial Co-operative Union for a term.

The address deals with two important topics besides a defence of the ministerial policy in the earlier days, when Sir K. V. Reddi himself was in charge of the Department. The first important topic dealt with is the function of the federations in the movement and the condemnation of the present policy of dis-registering them. We do not know whether any useful purpose would be served at this time by reopening the question, which for all practical purposes may be taken as having been settled once for all. There is one point stressed in this portion of the address, which we would like to make an observation or two upon. It is taken for granted that District Banks are managed by people who have but Bankers' mentality and that they are constitutionally unfit to take up the delicate task of supervising the working of the primary societies. The learned President need not be reminded of the fact that most of the central banks have now approximated to pure types of central banks, preponderatingly owned by constituent primary societies and managed by representatives of those societies. The number of individual shareholders, whose presence was necessary when these banks were brought into existence, has been systematically going down relatively to the strength of society representatives, and it is not quite correct to say that the management of central banks is in the hands persons who are not in touch with the realities of the problem of the ryot. The new Co-operative Societies Act makes the "one man one vote" rule absolutely rigorous and by no device can individuals get any accession to their voting strength. Moreover, there is not in this country that vast gulf separating the urban from the rural population which is to be found in the highly industrialised countries of the west and the most urban amongst us boast of our connection with villages and could easily understand the problems of the villagers.

Nor is it correct to say that Banks when they take up supervision will care only for the realisation of their dues and would not do the thousand and one things that are comprised in the comprehensive term "Supervision". Time was, we must admit, when the apex bank lent money to the constituent district banks and did not care to know anything about how that money was spent and this policy of unconcern about the actual use of the loan was followed by other members of the hierarchy and the central banks lent money to primaries without in the least caring to know as to how these moneys were utilised, and even in the primaries this theory of autonomy was someties pushed to absurd extreme and at least in certain urban banks, we have heard members say, when they apply for a loan, the management must either grant or not grant and they should not bother themselves any further about it. This so-called independence is directly contrary to the spirit of Co-operation and should be discouraged wherever it exists. We are glad to note that the apex bank has turned over a new leaf and hasl aunched forth its present policy, that is, to subject the loan application of central Banks to a careful scrutiny and, to place its resources at the disposal of the Central Banks for rectification and consolidation of the primaries and thus striving to help them in managing their affairs better. It is a very short-sighted policy on the part of any bank to care only for the recvery of its dues. If there are people of long vision, they would care not only for the immediate realisation of their dues but also for the permanent continuance of their business with the clientele, which is possible only if the clients prosper and hence the banks are perfectly justified in helping primaries in setting their houses in ordere and in advising them in every mater connected with the more effective discharge of their duties. There is nothing inherently inconsistent in the combination of finance and supervision. The learned president has quoted one or two authorities. If he would turn to the reports of the Registrar of Bengal, one of the major provinces in India where this practice of financing and supervision has been under the same agency for a long time, he would find a different tale told.

As for the second point referred to in his address, that is, non-official audit, we have expressed our views in the last number; and the Government have issued a revised notification since then and we have expressed our views thereon in this number.

We could well understand the viewpoint of Sir Kurma and others who think with him, but we cannot help pointing out that there is a certain amount of inconsistency, when we ask for provincial autonomy, and central responsibility in the Government and, at the same time, say that we are unfit to manage the audit of our own societies and must look upon the Government to do it for us.

On this mater, we suspend our final judgment and await the result of the steps taken by the Provincial Bank, and the Government to ascertain the views of District and Urban Banks on this matter.

East Godavari Conference.

Rajahmundry is just now humming with life. The great Pushkram festival which comes once in 12 years is attracting thousands of pilgrims and owing to some difference of opinion between the astronomers the festival which lasts generally for 12 days has been extended to 18 days.

Co-operators of East Godavari have taken this opportunity to hold their District Co-operative Conference. There was held side by side with this the conference of Village Panchayats as well. The District Co-operative Conference was presided over by Mr. V. Ramadas Pantulu, whose address is printed elsewhere. Mr. Pantulu's address is short and to the point. He has dealt with two local problems and two or three general problems. His sound advice in the matter of amalgamating the four central banks now working in the district into two at the most and his instructions regarding the formation of supervising circles with one director in charge of a circle instead of 7 Union Governing Body members are both well meant and we hope they would be taken in the spirit in which they are given.

He dealt with the two general problems of the relationship between Federations and Banks and the question of non-official audit. Mr. Pantulu has expressed his views on those subjects so often and so clearly, that there is no mistaking his attitude. We would like to draw the attention of our readers to two cardinal points in his address regarding this topic which are generally lost sight of by the ordinary co-operators. The first is that there is no innate antagonism between primaries and central banks, that "they do not stand in the relation of defaulters and critic"; on the other hand they are organisations "whose interests are indissolubly bound up as those of men moved by a common purpose and fellow pilgrims in search of a common end". The second point is about the vague opinion that is in the background of most of those who say that co operative finance is unlike the commercial and that the ordinary principles of banking could not and ought not to be enforced in co-operation. Mr. Pantulu rightly exposes the fallacy of this theory and shows how Co-opertion should not be "assigned a place outside the banking system of the country."

His opening remarks were somewhat pessimistic. He went to the extent of saying that one-third of the societies in the district are utterly useless and another third can only be revived if vigorous steps be taken for rectification; and in this connection he makes a very useful suggestion that because some societies default or some members in a particular society default, central banks should not stop issuing loans; but financing and organising work in general should follow a policy of cautious advance. He also suggests, and this suggestion is worth serious consideration, that long term loans advanced by primaries may be transferred to Land Mortgage Banks in that area, under certain conditions and safeguards. But in spite of this rather pessimistic note, he concludes his learned address with a note "that there is no cause for demoralisation." On the basis of that portion of the movement that remains sound, he thinks, "we can build a stable co-operative organisation; provided we have the cardinal virtues of the movement—Self-help and Self-Reliance."

The late Mr. C. Narayanan Nair.

We are extremely sorry to publish the sad news of the death of Mr. C. Narayanan Nair, Personal Assistant to the Registrar of Co-operative Societies. He was an young, able and energetic officer of the Co-operative Department. We publish elsewhere an "In Memoriam" which sets out his life and achievements. We offer our sincere condolences to the members of the bereaved family.

Co-operative Movement Essentially for the Masses.*

By Sir Lallubhai Samaldas.

It is the misfortune of the co operative movement, as it has developed in India, to have been associated in the public mind with some semi-official organisation for the supplanting of the money-lender. This has resulted in the very large majority of our people ignoring the movement as lying outside their sphere of life or decrying it as a fad pursued by soft headed individuals or as an exotic growth fostered by an alien bureaucracy. Both these views are as I shall attempt to explain very much mistaken.

AVOIDING CONFLICT OF INTERESTS.

Co-operation in its non-technical sense is as old as social life itself, but in its technical sense of the voluntary association of individuals for common economic ends, co-operation is a movement of about a hundred years' growth which has altered the social and economic life of countries with diverse conditions to a greater extent than any other movement of recent times. As Bertrand Russel observes, the co-operative movement is one of the two forces which seem capable of organising economic life on lines which will avoid the conflict of interests—such as those between the wage-earner and the entre-preneur, the employee and the employer, labour and capital, the producer and the consumer—that are inherent in a capitalist organisation. Several nations of the West and some in the East too, have taken to this form of economic organisation much to their advantage, while it is only in Russia that the other form of organisation referred to by Mr. Russel, Syndicalism with an admixture of Communism, has been attempted on any considerable scale.

OUR GREATEST CONCERN.

It is not possible to make a detailed analysis in a short talk of the theory and comparative merits of communism, syndicalism, State socialism, and co-operation as solvents of the deep-rooted maliase from which all our modern nations are suffering. Whatever the type of future civilisation that we wish to create for our country, its

* Broadcast Address of Sir Lallubhai Samaldas—From the Swarajya of 23rd June 1932.

conception must begin with the life of the humblest—the life of the average man or manual worker. To neglect them would be to build on sand.

India being predominantly an agricultural country our principal concern should be the man behind the plough. If the teachings of modern economic history are to be followed, then we are drawn irresistably to the conclusion that the co-operative movement is required essentially for the economic organisation and uplift of the large masses of our population, principally agriculturists, who groan under the heavy burden of unproductive debt.

LANDMARK IN AGRARIAN POLICY.

Weak and isolated as they are, our peasants have to finance their industry, namely agriculture, with funds borrowed on terms which are usurious and provided through an agency which has long since outlived its social utility. It is to replace this agency that the co-operative movement was first introduced in India about thirty years ago. Though many looked askance at the motives of Lord Curzon's Government in introducing the Co-operative movement in India and many more could scarcely comprehend its significance, I have all along felt no hesitation in commending it as one of the most prominent landmarks in the agrarian policy of the Government of India.

All over the world, it is now recognised that the first condition of surmounting the difficulties of agricultural progress is the organisation of suitable credit institutions and it is also admitted that the co-operative credit society is the most suitable agency for developing rural credit and for educating the agriculturist in the practice of thrift and use of credit.

GROWTH OF MOVEMENT IN INDIA.

It is not necessary for my purpose, here to trace in detail the origin and growth of the co-operative movement in India, to discuss its drawbacks and defects and to compare its development with the progress achieved in other countries either in the East or in the West. Suffice it to say that there are in India to-day no less than a hundred thousand co-operative societies, that these societies have a membership of over four million individuals and that the resources which the movement commands are in the neighbourhood of ninety crores of rupees.

Dependent as the bulk of our population is on agriculture, it is but natural that the vast majority of societies—over 90,000, should be composed of agriculturists as members and in this sense the co-operative movement in India is predominantly an agricultural movement. Another significant fact is that of the agricultural societies all except some four thousand or so, are intended for the provision of credit. The village bank is the simplest form of co-operative organisation ; it is an institution which caters for the most essential need of the agriculturist. Hence in India the co-operative movement and its problems centre round the agricultural credit society, a position which apart from its inherent danger, is not likely, I fear, to arouse any considerable decree of enthusiasm among the rural population and much less among urban workers interested in questions of rural welfare.

FINANCING AGRICULTURE.

But it will be an error to imagine that the Indian co-operative movement comprises only a net work of village banks and nothing further. In fact, more interesting—if not more important—than the achievements of the co-operative movement in the field of rural credit have been the development recorded in other directions, the mobilisation of funds in towns and cities for the financing of agriculture, the rise of peoples' banks in urban areas, the steady growth of agencies for agricultural marketing and supply, the development of societies for workers in cottage industries and the application of the principle of co-operation to the problems of urban housing, the milk supply of towns and cities, irrigation, consolidation of holdings and agricultural organisation in its manifold aspects.

To dwellers in towns and cities, the chief service of the co-operative movement consists in promoting thrift and on the basis of such thrift providing cheap credit, organising banking services for, and popularising credit instruments among, persons of small means, assisting in the solution of the evil or overcrowding through co-partnership housing, and arranging for the supply of articles of daily use through consumers' societies. Co-partnership housing and consumers' stores have not developed all over India to any considerable extent though the success achieved in some centres is indeed encouraging. Where success has been achieved it has been due to the devoted services of pioneers and a succession of selfless workers among whom I must mark out for special mention the young ladies who have built up a successful Swadeshi in Bombay City.

Co-operation in Madras— Its present position.*

BY SIR K. V. REDDI, KT., B.A., B.L.

BROTHER CO-OPERATORS,

Permit me at the outset to thank you all most heartily for the honour you have done me in asking me to preside on this occasion. Born in an agriculturist family and aware of the great hardships to which my community had for generations been put for want of a proper credit system, I have always taken a keen interest in the movement almost from the beginning. Twenty years ago, I became a member of a Primary Society and, soon after that, a shareholder in a central bank. Later on, I was a member and director of one of the urban banks in the City of Madras. I have all along watched the progress of the movement with the keenest interest. The primaries grow in numbers and membership with marvellous rapidity under the paternal care of a sympathetic Government. As the need of the Province was mainly credit, that side of the movement was developed soon. The movement itself is quite modern. The first Co-operative Societies Act was passed in 1904. But the first seven or eight years thereafter were occupied in pioneer work. With the Act of 1912, however, the movement took firm root, so that it is but 20 years old and can now be said to have reached its age of discretion. During the first 7 years of this period, the work went on so satisfactorily that a desire for expansion on a larger scale was keenly felt. Government rose equal to the occasion and sanctioned a scheme of development in January 1920. Then came the constitutional reforms and the portfolio of Co-operation was entrusted to a Minister responsible to the Legislative Council. Even before the expansion of 1920 was started, it was discovered that some machinery was required to secure effective supervision. Co-operative unions came into existence for this purpose. At first they were also guaranteeing unions, all the societies in each union holding themselves responsible for the repayment of loans made on the recommendation of the union. But very soon they became mere supervising unions. These two were found unequal to the task and federations of unions had to be created. They were assisted by Honorary Assistant Registrars. With the increase in the number of primaries and their members, also increased the number of unions and federations. And there was a corresponding increase in the number of central banks. These banks are mostly managed by lawyers and other busy urban people

* Full text of the Presidential Address of Sir K. V. Reddi, Kt., B.A., B.L., at the XIII North Arcot District Co-operative Conference held at Pallikonda on 29th May 1932.

SIR K. V. REDDI NAYUDU, KT., B.A., B.L.
President, The XIII North Arcot District Co-operative Conference.

who are not sufficiently in touch with village folks. They evinced a desire to get rid of Government control, supervision and, if possible, audit as well. They are educated men ; they read the history of the Co-operative movement in other parts of the world and found it was carried on by non-official agencies. They did not see much difference between the conditions in those countries and in ours. They first wanted to dispense with Honorary Assistant Registrars. As long as I was Minister, I refused to accede to this demand, but later they succeeded in getting this institution abolished in spite of an adverse vote of the unions. In December 1924 the Provincial Co-operative Union passed a resolution demanding the discontinuance of the appointment of Honorary Assistant Registrars. But when the unions themselves were directly asked to express their opinion in the matter, it was revealed that as many as 216 unions were in favour of continuing the Honorary Assistant Registrars and only 5 unions were against. There were also some 28 unions which did not express any opinion. The Registrar, in his report for 1924-25 noted that most of these 28 unions had later on passed resolutions advocating the continuance of Honorary Assistant Registrars. In spite of this volume of opinion of those concerned, the appointment of Honorary Assistant Registrars was abolished, the Government succumbing to the influence of the banks. Bankers' influence seems to be as invulnerable in the co-operative field as in the financial world. Any way, this was the first blunder of the Government in the history of the Co-operative Movement in this Province.

Deterioration in Co-operative Movement—Lessening of Official Control.

It is said to find that the movement, which developed so wonderfully in so short a time and showed till recently signs of great promise has now fallen on evil days and begun to deteriorate. Everybody is now agreed that it is not what it should be. A perusal of the latest annual report on the working of the co-operative societies amply confirms this. The loan transactions have contracted from Rs. 328·10 lakhs to Rs. 232·59 lakhs. Out of a total amount of Rs. 13,50,90,000 due to societies in 1930-31, a sum of only Rs. 7,90,84,055 was collected, leaving the huge balance of Rs. 5,60,05,945 uncollected. This gives a percentage of balance to demand at 4·15 (see statement in Appendix No. 1, Section II at page 55). The percentage of balance to demand of loans due by members to agricultural and non-agricultural credit societies in 1930-31 is 61 on the average for all the districts, and there are at least 12 districts where the balance left uncollected is above this average. In one district, it is as high as 87·55 per cent. This great fall in the collection of dues is no doubt due, to a large extent, to the general economic depression now prevailing throughout the whole world. But, I am afraid, there are internal causes which are also responsible for this state of affairs. In spite of the depression, inspite of the terrible fall in prices of land produce and in spite of heavy land taxation, ryots have been able to pay their taxes to Government to a very large extent. It is true that land revenue is a first charge on land. Still the causes for the inability of the agriculturists to pay are common. There must therefore be other reasons why there is so much balance left uncollected in the case of co-operative societies. To my mind, it appears there must be mis-management somewhere. Laxity in performing duties, over-tenderness of directors and the collecting authorities towards borrowers, inefficiency of supervision, want of care in ascertaining before granting loans the capacity of the borrowers to repay and quarrels and jealousies between banks and federations must have added to the difficulties created by the general depression. Very few societies were registered during the year 1930-31; while in some districts no society at all was registered. Out of 248 applications of the previous year and 884 of the year, only 320 were registered as against 534 in 1927-28, 726 in 1928-29 and 1,200 in 1929-30. This, we are told, is in accordance with the present policy of the Government, a policy of restriction of registration of fresh societies. There cannot be much complaint against this, considering the unfortunate condition in which many societies are to be found at present. But the regrettable portion of this is to be found in the cancellation of as many as 516 societies during the year as against 383 of the previous year. Liquidation of bad societies may be necessary, but whether rectification was impossible in some at least of these cases is not quite certain. We are told in the annual report for 1930-31 that "the great majority of these 516 societies were practically non-existent. They had been formed as a result of the 'Five Years Plan' adopted in 1921, had taken one loan and rested on that achievement. Others were centres of intrigue and corruption which every supervising authority had been powerless to rectify". The obvious inference is that in pursuance of that plan, societies were formed without due regard to efficiency and stability. I do not know how the phrase "Five Years Plan" came to be used. Surely, the Soviet Five Years Plan was unknown at that time as it came into existence only in the year 1927. The task of expansion no doubt fell to my lot, but, I do not claim the privilege of having originated it. It was in the year 1919-20, before the Montague-Chelmsford Reforms were instituted, that a resolution was moved in the pre-Reform Legislative Council urging the need for 'the formation of new societies on an ampler scale'. Government accordingly sanctioned a scheme of development in G. O. No. 135, Revenue (Special), dated 20th January 1920. 9 Deputy Collectors were appointed as Assistant Registrars between 3rd January 1920 and 30th March 1920 so that the organisation and the appointment of the staff for undertaking this expansion were completed nine months

before I took charge as Minister of Development. However, I do not disown the responsibility for effecting the expansion. Nor am I sorry for it. I think it is a step in the right direction. When I took the portfolio of Co-operation in December 1920, there were 5,027 societies with 3,29,856 members, and the corresponding figures when I left office were 8,443 and 5,30,291. In 1922-23, the total amount disbursed as loans to members of primary societies was 1,171·47 lakhs as against 628·30 lakhs in 1919-20. There was a corresponding increase in the year 1923-24 and 1924-25. I am proud of this much of expansion, and I feel bound to question the statement that most of the 516 liquidated societies were registered during my term of office or within the quinquennium from 1921-26. It is difficult for me to ascertain exactly when each of these liquidated societies was actually registered, but with such information as I have been able to gather I have prepared the following tables which are open to correction.

Societies registered and liquidated from 1—7—1916 to 30—6—1921.

Year.	No. of societies registered.	No. of societies liquidated.	Of the societies started between 1-7-16 to 30-6-21 the No. liquidated upto 30-6-1931.	Of the 516 societies liquidated those registered between 1916-21	Of the societies registered, now surviving.
1916—17	421	6			
1917—18	515	13			
1918—19	970	12	—	—	—
1919—20	1365	15			
1920—21	1297	36			
Total ...	4568	81	621	130	3947

Societies registered and liquidated from 1—7—1921 to 30—6—1926.

Year.	No. of societies registered.	No. of societies liquidated.	Of the societies started between 1-7-21 to 30-6-26 the No. liquidated upto 30-6-31.	Of the 516 societies liquidated those registered between 1921-26	Of the societies registered, now surviving.
1921—22	1169	69			
1922—23	1123	69			
1923—24	1416	75	—	—	—
1924—25	1434	78			
1925—26	877	45			
Total ...	6019	336	511	187	4066

Societies registered and liquidated from 1—7—1926 to 30—6—1931.

Year.	No. of societies registered.	No of societies liquidated.	Of the societies started between 1-7-26 & 30-6-31 the No. liquidated upto 30-6-31.	Of the 516 societies liquidated those registered between 1926-31	Of the societies registered, now surviving.
1926—27	1455	71			
1927—28	1260	107			
1928—29	726	150	—	—	—
1929—30	535	383			
1930—31	320	516			
Total ...	4296	1227	230	170	4066

It will be seen from the above tables that the percentage of societies liquidated in the year 1930-31 to the number of societies registered in each of these three quinquenniums is 2·84, 3·10 and 3·95. Similarly the percentage of societies now surviving to the number of societies registered in each of these periods is 86·4, 91·5 and 94·6. Under these circumstances, it is difficult to see how the societies registered under the so-called "Five Year Plan" are worse off than those registered in the quinquennium previous to it or in the quinquennium that followed it.

I also beg leave to differ from the statement contained in the annual report of 1930-31 that "The truth is that it is now being recognised that a co-operative society cannot be expected to flourish in every Indian town or village." I am strongly of opinion that a co-operative society can be expected to flourish in every town in our Province and in every village or group of villages. That was also the opinion of the Madras Legislative Council in the year 1919. Co-operation is not a new idea in our country. The old village chit funds and the nidhis so common in olden times are all types of co-operation peculiar to our Province. No doubt, the present co-operative system is new and scientific. But the principle is the same in both systems. The amazing progress made by the co-operative movement in the short period of 15 years from 1912-13 to 1927-28 is the best proof of it. The present unfortunate condition of the movement is the result of the various circumstances already indicated, namely, the general depression, want of efficiency in supervision and the like. In order to regain the losing strength, what is required is "faith in the movement", a much greater faith than seems to be existing at present amongst those who are entrusted with the work of management and development—what I may be petmitted to call 'The Hemingway Faith.' Seeing that the movement is inspired by the State, the Govern-

ment and their officials should not be freeing themselves from the responsibility so soon and yield to the demand for non-official control so easily as they seem to be. I do not object to the ultimate transfer of all control to non-official agencies, in accordance with the example of other countries. But India differs from those countries, in that people here have been long dependent on Government in so many directions. There is more confidence in the Government control in this land than in others. It will naturally take a longer time for our people to confide in non-officials in matters like these. If the Government continue to have the same faith in the movement as they have hitherto had, if they continue to control the movement for some time yet, as they did in the past, if their officers evince the same missionary spirit as Mr. Hemingway and his subordinates evinced in the past, if there is better organisation and supervision and if bad societies are rectified instead of cancelled, I am confident that there can be a co-operative society in every town and in every village or group of villages in our Province and that every such society will undoubtedly flourish.

I shall now proceed to deal with the two important subjects which are engaging public attention just at present. These are the problem of federations and the agency for audit.

Federations and not banks can supervise Co-operative Societies.

When the unions were found to be not working in uniformity and when a need was felt for giving aid in supervision from one union to another, federations began to come into existence. Your district is perhaps the first to start a federation. For one or two years it worked without being registered. In 1918-19, District Federations of Unions were registered both for North Arcot and Salem. The Federation of Trichinopoly district was also in existence, but it was not registered in that year. The main reason for the formation of federations was that money might be got from a strong union to a weaker one by way of distribution of supervision funds. It was also thought that outside control was beneficial. Certain common interests too had to be protected for instance, in matters concerning the loan policy of the central banks. Uniformity also was desirable. Many federations worked very well indeed during the last ten years, and, in fact, one would think that the question of abolishing them need not have arisen now.

During the year 1926-27, federations were given further powers. Under the bye-laws existing till then, the unions were required to obtain the approval of the Registrar for the sanction of their budgets and the appointment of supervisors and similar matters. During that year, the bye-laws were revised, and these duties of the Registrar were delegated to federations. In 1927-28 there were 19 federations, and the report for that year contains the following: "The Townsend Committee was unanimous in recommending that supervision should vest in the federation and not in central banks and was only divided in its opinion of what should happen if this supervising structure broke down. This contingency has not yet arisen. In one or two localities there still lingers a certain amount of propaganda to support the view that central banks should take complete charge of supervision, and there are still a few persons interested in the matter anxious to reopen a question of policy which I can only regard as settled. I am unable to see how a bank executive committee with a paid secretary fully engaged in running the bank can be expected to add to its duties the large amount of additional work inyolved in supervising some hundreds of co-operative societies. They have several of them got their administrative section with a small field staff of inspectors as recommended by Townsend Committee. But these are intended only to supplement the information which the bank has of its clients from other sources and to put the whole of the information before the management in a convenient form. No bank has seriously attempted the task of supervising all the societies in their area either directly or through unions, and though one or two have undertaken 'rectification' work in small areas it has been apparently tacitly recognised that the task of supervision is not one which central banks can completly undertake conveniently." In the year 1928-29, there were 25 federations and the annual report for that year admitted that they had "amply justified their existence" and that they were "becoming more firmly established and making their influence felt on the supervision of primary societies." In Salem district alone owing to disputes between the federation and the bank going on for a long time before, difficulties were experienced. It was in this year also that recommendations were made to federations to appoint an executive officer, as the work of supervision required a full-timed officer who had to do a lot of touring. Thus, during the last ten years not only was it found necessary to bring these federations into existence, but extensive powers were gradually assigned to them, and their value and work have been consistently appreciated. For the first time in their short history, however, their number fell from 25 to 24 in 1929-30. The Salem Federation, to which reference has already been made, did no work on account of differences between the federation and the central bank which has steadily worked for its liquidation and eventually succeeded, the registration of the federation being cancelled during that year. On the strength, evidently, of this one instance, and also because 3 or 4 other federations having "abdicated their functions in favour of the administrative sections of the local bank", it is said, in the annual report for 1929-30 "there is a general feeling among co-operators in this Presidency that federations have failed to justify their existence and an increased tendency for central

banks to take the supervision of societies into their own hands." It is rather surprising that this "general feeling" should have so suddenly sprung up, for, as has already been pointed out, we found the Registrar saying in his report for the previous year (1928-29), that they had "amply justified their existence" and "were becoming more firmly established and making their influence felt on the supervision of primary societies." The fact seems to be that the banks, as financing organisations, have secured more power and wanted to control the whole co-operative movement, and the Department seems to have fallen a victim to their pressure. The banks never took the federations kindly, were always jealous of the power they exercised in appointing supervisors and steadily and strenuously worked for their downfall. Thus, we find that in 1930-31 the registration of 4 more federations was cancelled, so that there were only 20 federations at the end of 1930-31. During the current year, it would appear, some 10 more shared the same fate, and to-day only 10 federations are existing. It is not clear how far this policy of abolishing the federations wholesale has the approval of the Government. It seems rather incredible that such an approval could have been given in view of the fact that the specific recommendation of the Townsend Committee in this particular was expressly accepted by the Government in 1929. The Registrar may have the power to cancel the registration of any society registered under the Act. But such a power can only apply to individual cases and not to wholesale abolition. This latter would be a question of policy and has got to be decided upon by the Ministry. The main ground on which the registration of these federations was cancelled, was the difference between the central banks and the federations of the locality. Of course, banks pay As. 8 for every Rs. 100 of loan given. This circumstance was made use of and the banks succeeded. We are told that these federations are being abolished, because supervision, especially that portion of it which consists of collection work, is neglected by federations, and it is proposed that the banks should undertake this task. How the objects with which the federations were formed could still be secured is a matter which cannot be comprehended under the proposed system. We have it on the high authority of the Townsend Committee that inspection "is obviously within the rights of the financing central banks." They went further, and placed it amongst the banks' responsiblities". But "supervision involves constant administrative assistance in routine work, advice on financial matters, and general guidance, both from the business and the co-operative aspects. Unions formed and controlled by the societies themselves provide the ideal organisations for this purpose............In some provinces this function is performed by the banks, but we do not consider this to be the ideal arrangement". They also observed that evidence before them "inculding that from most of the banks themselves, was strongly in favour of vesting the duty in unions as at present" (page 70). In another place, they say "responsibilities of federations should include the exercise of general supervision over the work of unions and union supervisors, with special attention to the societies of the office bearers of unions". Special mention may also be made here to the note appended to the report by Mr. Townsend himself in which he says "that supervision should not be entrusted to banks, I personally have no doubt whatever. In most provinces of India supervision by banks has not been successful ....The handing over of supervision to banks would, I consider, undoubtedly result in the immediate extinction of the federation and in a lapse into suspended animation, if not worse, of many unions" (pages 135-136) a prophesy which seems to be turning out to be too true and too soon.

The following table gives the balance of uncollectd overdue principal, both for long term and short term loans, for the years 1929-30 and 1930-31, in the four districts in which we are told that the federations had abdicated their functions in favour of the administrative sections of the local banks.

District.	Balance of principal due in 1929-30.		Balance of principal due in 1930-31.	
	Per cent of L. T. loans.	Per cent of S. T. loans.	Per cent of L. T. loans.	Per cent of S. T. loans.
1. Salem ...	52·60	41·10	62·26	50·49
2. South Kanara ...	37·00	38·17	50·83	44·62
3. Malabar ...	67·01	65·12	71·86	75·81
4. Coimbatore ...	43·58	29·10	52·17	39·54

The following table gives the corresponding figures for interest.

District.	1929-30.		1930-31.	
	Arrear interest.	Current interest.	Arrear interest.	Current interest.
	per cent.	per cent.	per cent.	per cent.
1. Salem	54.00	32·00	66·76	39·39
2. South Kanara	36.00	12·00	57·21	12·95
3. Malabar	60.00	50·00	74·27	66·15
4. Coimbatore	59.00	28·00	67·85	35·40

A perusal of the tables will show that supervision by the banks did not in the least improve matters; for, in every case, there has been

enormous increase in uncollected dues. I am aware that it is the case in almost all the districts owing to reasons other than supervision. If the banks showed greater collections than the federations, some evidence would have been forthcoming and some point made of it. To my mind, it appears that it is impossible for the banks to undertake this huge task of supervision in which they are not wholly interested. Their main concern is the collection of money. But supervision involves, as the Townsend Committee has pointed out, many more important functions. It includes the duty of ascertaining whether members are all capable persons, whether all those who apply for loans are eligible to get the loans and are capable of repaying, whether the area of operations is too big, whether members know anything about co-operation, rectification work, and in fact, whether all the by-laws are followed or not. It is unreasonable to expect the banks to do all this kind of work with any degree of efficiency. This is recognised in the Co-operative Manual see page 112. We also know that almost all banks have their representatives in the federation working in the area of their operations. The Government had already committed a blunder in having handed over supervision to non-official agencies before they were ripe for taking up that responsibility. But as soon as the federations exerted themselves and were feeling their ground and making themselves felt, a further blunder is being committed by abolishing these federations without giving them a chance, and entrusting the task of supervision to the banks, which will soon find that they will be unable to undertake the task. It is somewhat surprising that such a course should have been taken in the face of the considered opinion of the Townsend Committee and of the Royal Commission on Agriculture who observed (page 456) that "the attempt to devolve supervision on central banks has proved a failure, and we consider it desirable that finance and supervision should be under separate control." The Registrar of Co-operative Societies in the United Provinces where supervision was long carried on by supervisors appointed by central banks, said, in his report for the year 1926-27, that "unfortunately they have been neglecting the educative part of their work and devoting their whole attention to collection, with the inevitable result that they are failing even as loan collectors". They devoted so much attention to collection that the Committee on Co-operation, enquiring into the working of the movement, had to observe "by the pernicious practice of making realisation from individual borrowers, it undermines the society and usurps the functions of the panchayat which is reduced to impotence. It is absolutely essential to abolish this interference in the inner working of primary societies, if the latter are to thrive and have a life of their own. Supervision is helpful, but the annexation of functions is destructive". It is exactly this annexation of functions that is being grabbed at by the banks in our province, supervision first, audit next, and finally reducing the whole co-operative movement to a banking concern. In our province as much as in the Central Provinces the heirarchy of banking administration does not regard the central bank as an agency for financing the co-operative societies, but as a unit of co-operative administration itself. They think that, if the central banks and the apex bank flourish and distribute their profits regularly, the whole co-operative movement is flourishing. This tendency was noticed in the Central Provinces 3 years ago and the Government of that Province while reviewing the administration report of the Registrar for the year 1928-29, observed that they would welcome "any development which will counteract this tendency and focuss attention upon the primary society as the real unit of the co-operative movement." In both the United and Central Provinces, supervision by banks was tried, found wanting and given up as hopeless. In Japan "supervision" which involves both supervision and audit, is carried on by the Government or rather by various Government departments. Opinion in that country no doubt is somewhat divided on this point. But even those that want to relax Government supervision urge only that co-operative unions or federations should undertake that task and not the central banks.

It would be folly to entrust supervision to central banks in the face of such experience and the opinion of those entitled to speak with authority in these matters. These banks are located mostly in district headquarters and occasionally in taluk centres and not in the villages. Their directors are mostly busy people-lawyers, bankers and politicians Their main interest is in the collection of dues. With a few exceptions they do not care to acquire or promulgate a thorough knowledge of co-operative principles or to practice them.

It can therefore be reasonably foretold that the movement will receive a set back if the present policy of abolishing federations and entrusting the work of supervision to the banks is persisted in. What is wanted is the strengthening of the federations financially and in efficiency and making them work properly with the guidance and advice of officers of the Department. Rectification, not liquidation of the federations, is the remedy.

I am glad to find that your federation has been doing its level best in supervising the societies. Some Rs. 42,000 were spent during the year 1930-31 on this work and arrangements were made for collection work and every nerve was strained to reduce the arrears. All the 9 senior supervisors were placed on this collection work and I gather that the arrears under principal to the central bank were reduced from 6·20 lakhs to 5·45 lakhs. Overdues from members to societies under principal were reduced from 9·33 lakhs to

7·81 lakhs and overdue interest from 3·43 lakhs to 2·39 lakhs. It would also appear that in the case of unsecured debts, proper securities were obtained, and new bonds were taken for loans which were allowed to be time-barred. Unfortunately, your efforts were not crowned with as much success as you deserved on account of the economic depression now prevailing throughout the whole country and on account of the breach of a number of tanks following the heavy floods of the year. Still I think I would be justified to some extent in congratulating your Council on the good work done and the results so far achieved. If this spirit is presisted in and if continued efforts are made, there is no reason for despair. It will be a long and tedious work in the coming years; but faith in the movement, persistence and earnestness in continued work are bound to meet with eventual success.

Audit:—this cannot be done by Non-Official Agency.

The next subject that is at present engaging the anxious attention of the co-operators is about audit. Ever since the movement was started, the audit of all the agricultural societies (unlimited liability) urban banks (limited liability), and central banks has always been done by Government agency, and until recently free of cost. Section 17 of Act II of 1912 made audit obligatory on the Registrar. It ordains that "the Registrar shall audit or cause to be audited by some person authorised by him by general or special order in writing in this behalf the accounts of every registered society once at least in every year". The success which has so far attended the co-operative movement and the large sums of money invested in co-operative banks during the last 20 years are mainly if not wholly, due to the confidence created in the public mind on account of this responsibility of the Registrar. The question of meeting the cost of Audit has naturally engaged the attention of the Government from the beginning. In the early years, when the movement was in its infancy, the cost was not much, and the Government bore it without any difficulty. As the number of societies increased considerably after the subject of Co-operation had become a Transferred Subject under the Montagu-Chelmsford Reforms, the cost of audit gradually increased as the number of auditors had to be considerably raised. Accordingly, in 1926 a Rule was framed under Section 43 of the Act, providing for contributions to be made by certain classes of societies for their audit (vide Rule VIII-D.) Clause (1) of this rule makes it obligatory on societies to pay the charge made for the audit, in accordance with the scale fixed by the Registrar. It was not, however, to exceed Rs. 1,000 per year. Three exceptions were also made for such contribution :—

(*a*) If the number of members of a society does not exceed 1,000 or its transactions do not exceed one lakh of rupees per year and if it is a member of an audit union or supervising union or it makes a contribution towards any scheme of supervision such a society need not pay anything to Government towards audit.

(b) Where a society is getting its accounts audited at its own expense by an officer of the District federation or by an approved public accountant, it need not pay anything to Government.

(c) Further, no audit union, central bank, district federation or supervising union need pay any such contribution.

It will be noticed that this rule does not relieve the Registrar from his responsibility for audit. Nor does it vest in any co-operative body with the right to audit. It only provides for the collection of funds by the Government for audit purposes from certain classes of societies. In the case of audit unions and banks which pay for their own audit, it is usually conducted by a Government auditor working in those institutions or by a certified accountant and auditor who is approved by the Registrar and who agrees to furnish statements to him in the manner prescribed. In other words, even in the case of such societies the audit is under the direct control of the Registrar. The above rule was recently amended and the amended rule is published in G. O. No. 154 dated 2-2-1932. The following are the alterations made :—

(1) The maximum of Rs. 1,000 is removed.

(2) As regards (a) supra, the minimum of membership is reduced from 1,000 to 500 and the minimum of transactions from one lakh of rupees to Rs. 20,000, so that a larger number of societies will hereafter be bound to pay. Again, whereas societies which were making any contribution to supervising unions for purposes of supervision only were exempted from payment to Government for audit purposes, such societies will hereafter be liable to pay for audit if they do not fall under any other exception. This is because supervision and audit are now treated as two separate functions and payment towards supervision does not absolve a society from its liability to pay for audit.

(3) As regards (b) supra, whereas hitherto no audit could be carried on by an officer of a supervising union, now under the new rule a society can have its accounts audited by an officer of a supervising union and in that case need not pay anything to government for audit purposes.

Here again, the supervising unions will have no more powers than the federations or the audit unions. In all these cases Government control is not withdrawn. The Registrar's responsibility still remains. The actual auditor will ordinarily be an officer of his department or a certified accountant approved by him. In every case, the auditor must furnish statements to the Registrar in the forms prescribed by him. As a matter of fact, no federation has ever exercised this right of appointing auditors of its own. The audit unions, no doubt, appointed auditors,

but these were invariably drawn from the Government inspectors except perhaps in one case in Coimbatore. And because these auditors were all Government officers of the Co-operative Department, it was not thought necessary to do an additional and final audit by another Government auditor. The balance sheets prepared by such auditors were accordingly accepted by the Registrar.

So far, there was never any question of audit being handed over to non-official agency. The Registrar, however, recently issued a note on this subject, perhaps in connection with the communication of the G. O. to the various co-operative bodies. In this note, which is published in the April number of the "Madras Co-operator", we find that he raised for the first time, so far as I am aware, the question "whether, assuming that the societies are required to pay even for a more thorough audit, that audit should be done direct by Government agency or by non-official agency under the supervision of higher Government officers". He added that he was himself in favour of the non-official agency, and has assigned three reasons for it. He thought there was no force in the objections raised by that veteran co-operator Mr. Ramalingam Chetty. The first reason he gave is that it is "exceedingly difficult to fix a general scale of fees such as is required by the Government notification." He considers that the levy of a uniform rate prevailing as at present is not satisfactory but does not explain clearly why. He thinks that the fees should be fixed by agreement among the societies concerned. If an agreement could be reached by the societies, it is difficult to see why such an agreement could not be arrived at with the Government itself. In the latter case there is advantage of a provision in the rules which enables the Registrar to remit the whole or a portion of the charge payable by the particular society (see Rule VIII-D (4)). In any case, the difficulty of fixing a scale of fees cannot be taken as insuperable. His second reason is that the system of audit by Government auditors is not flexible and that in any case it is difficult to secure more Government auditors. When the cost is to be met by the societies themselves, it is impossible to conceive how the difficulty arises. There is no paucity of trained men and they are starving for want of employment. In this connection, he says that the Legislative Council may not sanction additional staff. But here again one finds it difficult to accept this; for, the Legislative Council cannot be expected to refuse sanction to additional staff so long as the cost comes from the societies themselves. The Registrar evidently considers the existing scheme of budget proposals as a block in his way to undertake this task, because proposals have to be submitted some 6 months before the time when the men are required. These things mean that he is not for allowing schemes to be rushed through and that Government may not be hurried to sanction hastily-conceived schemes. But where a definite programme has been agreed upon and a scheme of expansion is planned, settled and decided upon, and where money comes from other people's pocket, it is inconceivable how any delay can be apprehended from Government or from the Legislative Council. His remarks in an earlier part of his note that the general tax-payers' money cannot be utilised to pay for increased staff and that the cost of the Co-operative Department is already too high do not arise when the whole object of G.O. No. 154 and the alteration in rule VIII-D is to secure more funds not from the general tax-payers but from the bodies concerned. The third reason that he gives is that the control of an audit staff by a non-official agency will be quite as efficient as the existing system. All that I can say in this matter is that his opinion is contrary to our past experience in this country and elsewhere and the opinions expressed in the various public reports such as the Maclagan Committee Report, Townsend Committee Report, Report of the Royal Commission on Agriculture, Central Banking Committee Report are at variance with his view. I am not aware of any opinion expressed either by these bodies that audit by non-official agency will be as efficient as that of audit by Government agency. At the end of the note the Registrar says that he would even prefer central banks to undertake the audit of urban banks and big unlimited societies. This goes much beyond the G. O. itself. That, however, is not my objection to the Registrar's proposals. There are fundamental grounds however, which make it impossible for co-operators to accept the views suggested by him.

The climax of this scheme was reached at the Central Bank's Conference held on 9th April 1932. Resolution 3 thereof runs thus. "This conference is of opinion 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 on the following lines through the agency of the Madras Provincial Co-operative Bank". Thus, while the Registrar proposed to entrust the audit to central banks only, the Provincial Bank wants it to be transferred to itself. No wonder that a tearing controversy is now raging round this subject. There, however, seems to be some confusion of thought in the objections raised. Is the objection of those, who are writing to the press, to the Registrar divesting himself of his statutory obligation to audit and thus entrusting it to the non-official agency, or is the objection limited to the suggestion that central banks should undertake the audit of urban banks and big unlimited societies? Or is the objection confined to the proposal contained in the resolution of the Central Banks' conference that all central banks and big limited credit societies should be audited through the agency of the Provincial Bank? It will be observed that the above 3 objections are not mutually exclusive. The Provincial Bank and the central banks are

non-official agencies as the audit unions. The problem may therefore be stated in other words as follows :—

(1) Do we object to the transfer of audit duty to every kind of non-official agency? If the answer to this question is in the affirmative, we cannot agree to the transfer to audit unions or to the central banks or to the Provincial Bank on that account alone.

(2) If our objection is not so far-reaching,

(*a*) Are we prepared to allow audit unions to arrange for audit, and, if so, are we going to allow it only to the extent now carried on or do we relax the responsibility of the Registrar now undertaken by him and place it on the audit unions?

(*b*) Are we willing to have the audit done by central banks or Provincial Bank, and, if so, to what extent?

The point may here be noticed that whereas in the proposal of the Registrar some big unlimitted liability societies will also come under his scheme of audit by central banks, such societies are not included in the resolution of the Central Banks' conference. However, the question is being discussed at conference and in the press, on the assumption that it is only a question of time when these unlimited liability or primary societies will all be brought into the scheme. The assumption is, I think, reasonable and I will place my views before you also on that assumption. As regards 2 (*b*), the objection seems to be invulnerable. In very few countries was the experiment tried of auditing by banks, and in those few countries the experiment has failed. In Germany, for instance, the central banks audited the societies for sometime. But it was soon felt that system was wrong. Accordingly, the Imperial German Co-operative Societies Act of 1889 was passed for the purpose of organisation of separate audit unions. "The Act expressly states that unions may not pursue any other object than the auditing of their societies and the general care of their societies' interests especially in regard to the maintenance of business relations between societies"—please see pages 249-250 of Cahill's report. "Over 60 per cent of German rural co-operative societies are audited by auditors appointed by unions; the alternative course open to a society is to apply to the district court for the appointment of an auditor on each occasion for audit..................Audits carried out by appointees of courts are apt to be perfunctory and not fruitful towards bettering unsatisfactory societies, because such auditors are not usually professional auditors or co-operators.......But union auditors are professional co-operators, whose interest and life work are linked with Co-operation, and who are concerned to raise the level of good management and promote the success of their societies" please see Cahill's report, pages XXIX-XXX and also foot-note at page 178 in "The Co-operative Movement in Japan" by Kiyoshi Ogata. It will be noticed that in Germany there was never any suggestion that banks should audit. No doubt, objections were raised and upheld against Government audit in Germany, but the Maclagan Committee has clearly pointed out that "these objections do not apply to India" (para 92). In the case of Japan, the expression 'supervision' includes both supervision and audit, as we understand the terms here and this is carried on practically by the State itself. Mr. Ogata gives the reason that "as the modern co-operative movement is inspired from above, such State supervision is a natural feature in the circumstances" page 176. In another place, he apprehends that supervision, i. e. supervision and audit by such officials "tends to become bound up in red tape". In the future, he says, "It will be necessary for the federations or the co-operative unions to undertake the duties of auditorship" and not banks, be it noted. In our own country, I am not aware of any province where audit was entrusted to central banks or to the Provincial Bank. The question of *supervision* by banks was no doubt tried and given up and all the objections that were raised as regards their right and duty to supervise the unions apply to the proposed right to audit the accounts of the societies. It was only a few months ago that the Co-operative Bill was passed through the Legislative Council of Madras and it is just now awaiting the Viceroy's assent. So far as I could gather, there was never any attempt made, when the Bill was under consideration, to introduce this principie of audit by banks. On the other hand, the vesting of additional powers of supervision, surcharge and collection of arrears by a summary process in the Registrar (Sections 23, 42-a, and 48) under the new Bill seems to be a confession that the non-official agency has not hitherto proved to be a success it is sought to be represented. And the clauses referred to were not even seriously attacked in the Council.

Having said so much, I shall now mention the objections to the present proposal seriatim as follows :—

(1) The first objection is based on the well established principle that audit should be conducted by an outside agency, independent and disinterested. Your creditor cannot be your auditor.

(2) Banks are interested in collection work only. "Audit" involves important items of work other than collection. These will suffer, if banks are to be the auditing authority.

(3) Banks used to supervise in some provinces, and they failed miserably, and even the work of supervision had to be taken away from them. All the objections against supervision by banks are applicable to audit by banks.

(4) We will not be benefiting by the experience of Germany where audit by banks was tried, found wanting and given up.

(5) Audit by banks is unprecedented except in Germany.

(6) If banks are to audit, the responsibility placed on the Registrar under section 17 of the Act would be slackened. It is contrary to the intentions of our Legislature.

(7) As pointed out by the Maclagan Committee (para 92) the audit of Co-operative Societies is "intended in the first instance to assure Government, through whose agency the societies were formed, that they are developing on right lines and only secondarily for the satisfaction of central banks, outside investors who have entrusted money to the movement, and of the societies members themselves". This object would be frustrated if audit is entrusted to banks or any other non-official agency.

(8) If the control of audit by the Registrar is salackened, public confidence in the movement would be lost and deposits will dwindle. The movement will consequently crumble.

(9) Within the short space of the last twenty years (i. e , since the passing of the Act of 1912) a number of committees and a Royal Commission sat, took evidence, and reported on the co-operative movement and its work. Some have positively declared that audit by banks was quite objectionable, while the others did not think it advisable to recommend it. Audit by a Provincial body came in for special criticism, on the ground that the auditing authority should be in the districts. Provincial audit unions are no doubt being tried in the Punjab, Burma and Bihar and Orissa. The Indian Central Banking Enquiry Committee was aware of this. All the same that Committee did not accept provincial audit as sound, but recommended provincial audit unions. They said, "after a full consideration of these points and of the efficiency of the auditing system in European contries like Germany and Austria, we recommend that, for the due discharge of the statutory functions of audit, special district unions should be formed to carry out audit, supervision and inspection of societies" (para 173). The objection against provincial agency is specially applicable to audit by the Provincial Bank, while the recommendation in favour of district audit unions rules out audit by banks, both central and provincial. The Townsend Committee, while recommending the formation of a central audit union, did not in the least suggest that the agency of the banks could be entrusted with audit work. No doubt they wanted the banks to be represented on the provincial audit union but that is another matter. Banks are at present represented on our federations. The committee had no objection for such association. That is all. Even this provincial audit union is to do only concurrent audit, though the Registrar "should at his discretion from time to time also entrust the organi-

sation with the final audit" (page 79). The Maclagan Committee, after pointing out that the objections to Government audit raised in Germany did not apply to India, observed: "It seems therefore to us unobjectionable in principle that audit should be carried out under State control, and we consider that at the present stage this is the only arrangement under which the purpose of the Act can be secured" (page 50). It will be remembered that they were considering the respective advantages of audit by Government and of audit by audit unions. There was no question before them of any audit by banks at all. No one even dared to put forward any such suggestion before that Committee.

(10) There is yet another objection which I feel bound to mention. Writing about federations in his annual report for the year 1930-31, the Registrar observed "it has been most disappointing to find so many unions unwilling to surrender what they call their 'independence. Some union directors have behaved as if the deprivation of their power of appointing supervisors meant the end of their power to do good works-as if they sought and retained office merely for the patronage they secured-I earnestly hope that we shall have less of this seeking after power." I entirely agree with him. This seeking after power, especially of making appointments and indeed of job-hunting, is the curse of this country. But now are we sure that the central banks and the provincial bank are free from this desire for power? It is not my intention to impute any motive to these bodies. I am only enquiring, putting a plain question. Whether banks have a desire to acquire this power or not, will the audit unions, supervising unions and federations view this transfer of audit to banks dispassionately, dis-interestedly and free from suspicion? Will they not, with justification or without justification, suspect that the banks are trying to get more power into their own hands? Is the creation of such a suspicion conducive to the welfare of the movement? It may be that the banks are not really "seeking after power", but it is essential that the unions and federations are kept free from the suspicion. I do not put it beyond that-that the banks are attempting to get more power into their hands and more opportunities to exercise patronage.

The case against audit by banks, central or provincial, is thus unanswerable. We may therefore dismiss the proposal as wholly unacceptable to us.

There remains the question whether audit control could be entrusted to audit unions fully. The question is not yet present immediately before the public. It only arises, because the Registrar in his note on G. O. No. 154, dated 2-2-1932, while raising the question whether audit should

be done direct by Government agency or by non-official agency under supervision of higher Government officers, said "I am in favour of the non-official agency". Now audit unions are non-official. At present a few audit unions are in existence in our Province. But, as has already been pointed out, their control of audit is nominal. There can therefore be no serious objection if this practice is continued. So long as the Registrar's control is not slackened safety is ensured. If, however, it is proposed to increase the nature and extent of the control now exercised by these unions, then it may result in serious consequences. The movement is not at present in its hey day. A cloud of disaster is hanging over it. Until the cloud is dispersed, until it is past all danger it is not advisable to reduce the Government control. Otherwise, public confidence will be shaken, deposits may not be forthcoming, existing deposits may be withdrawn, and the movement may crumble. All that I said on this subject, while dealing with the proposal for audit by banks, is applicable in this connection also. It is unnecessary to repeat the arguments. It is enough to say that it is undesirable just at present to transfer audit control fully to audit unions.

Brother co-operators, my address has become longer than I intended. There are several other matters concerning co-operation, on which I should have liked to say something. But I have limited my remarks to the burning questions of Federations and Audit. Details concerning the co-operative affairs of your district will form the subject of your deliberations to-day and tomorrow. I need not enter into them now. My one object in preparing this address has been to impress upon you the need for protecting the movement from pitfalls. During the short period of its history it has developed wonderfully and displayed great strength. It is only in the last two years that signs of weakness have appeared. It is essential to save it from decay and deterioration. It is equally important to maintain public confidence in the movement. Above all, it is necessary to keep up its ideals. "Drop the ideal objects of Co-operation" said a great writer on the subject, "and the conception of comprehensive breadth, and you lose the best part of the institution". I may add, Allow the Banks to dominate the Primaries, the movement ceases to be a co-operative movement and becomes a banking system. Your one care must be to protect the movement from this danger.

Recent Utterances

I

THE THIRTEENTH NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

Pallikonda, 29th & 30th May 1932.

ADDRESS BY M. R. Ry. A. VENKATARAMA MUDALIAR AVERGAL,
Chairman Reception Committee.

After welcoming the Hon'ble Mr. P. T. Rajan, B. A. (Oxon) Bar-at-Law, M. L. C., who had kindly consented to open the Conference, Sir K. V. Reddy Nayudu Garu, K. T., the President of the Conference and all the delegates assembled, Mr. A. Venkatarama Mudaliyar, the Chairman of the Reception Committee, in the course of his Welcome Address said:—

"I would like to remind you that it is the personal experience of every one of us that no better remedy other than co-operation could be conceived of to extricate the poverty stricken agriculturists deeply immersed in the dark sea of indebtedness. It is also true that such Conferences as this go to a large extent to afford facilities to improve the benefits of co-operative movement and to lessen, if not avoid altogether, the difficulties that are experienced while practicing the co-operative principles.

"Co-operation while establishing the veritable truth that very many advantages could be secured by applying the principle that "Unity is strength" also enables those who come under its fold, to free themselves from demoralizing indebtedness by inculcating its fundamental principles of thrift and self-help."

Mr. Mudaliar next spoke about the history and progress of the Vellore Central Bank; and referring to the state of overdues, said :—

"Although this deplorable state of affairs may be ascribed to some of the major causes namely, excessive rain, failure of crops and the low market price for agricultural products, yet the other important causes that contribute a great deal to this crisis are not wanting. One of the reasons is the indifferent and irresponsible attitude of the panchayatdars of many of the dormant societies. In some of the societies the panchayatdars themselves happen to be defaulters and they do not exert themselves for effecting collections of dues from the other members of their societies. Some of the members who are really able to pay off their dues, unnecessarily postpone repayment of their dues out of ignorance, on the plea that

others have not paid their dues. The other important factor is that the societies have accommodated people with loans on the security of their immovable properties or of sureties without considering their earning and repaying capacity. These loans could not be easily realised unless adequate trouble is taken to sell off their properties in auction for reasonable prices. Last but not least is the inadequate, if not lack of prompt action in taking up drastic steps to realise overdue loans locked up in fixed assets of the ryots, viz., their lands and houses."

"There is no use in denying that the present state of affairs betrays our lack of skill and irresponsibility. If the primary societies are to be rectified and revived to do any useful work, no other way suggests itself to me than to educate the members of the societies in their general body meetings on co-operative principles and to make them feel their duties and responsibilities and to realise that only promptness in repayment can maintain their credit. It is therefore my earnest request to you, Gentlemen here, that you should spare no pains to help to propagate the gospel of co-operation. But I regret very much to tell you that while we have been repeatedly complaining that the state-help hitherto rendered has been not adequate and that the Government should help us with more liberal grants and men, the Government have as a measure of retrenchment since stopped even the small assistance they have been hitherto pleased to give."

Mr. Mudaliyar then referred to the working of the Supervising Unions, the District Council of Supervision and the Gray Co-operative Training Institute, of the district; and in conclusion said :—

"Overdues by the members of the primary societies both under principal and interest are increasing day by day consequently; the transactions of the movement on the whole have begun to decrease. It is therefore our duty at present to arrest any further growth of the overdues and to wipe out all arrears by effecting good collections. We must also not spare any of our efforts to improve the transactions of the societies by accommodating the needy ryots with the short-term loans by explaining to them the real benefits of the short-term credit. Last but not least, we must give our unremitting care and attention to set right matters in bad and dormant societies and strain every nerve to pull them up so as to do useful work."

II

THE EIGHTH EAST GODAVARI DISTRICT CO-OPERATIVE CONFERENCE.

Rajahmundry, held on 10th July 1932.

PRESIDENTIAL ADDRESS

By

V, RAMADAS PANTULU

BROTHER CO-OPERATORS AND FRIENDS:

There can be no greater satisfaction to a worker in any cause than that derived from his choice to positions of trust and responsibility by his co-workers. It is indeed an honour and a privilege for a co-operator to be invited to preside over a conference of fellow co-operators. The position of the president of a co-operative conference, at the present time, is however not an enviable one. It falls to his lot to dwell more on the failings of the movement than on its successes. It becomes his distressing task to address comrades, many of whom are depressed and whose enthusiasm for service and sacrifice in the cause is waning. It places him in the unfortunate predicament of owning up that the rural population, for whose social benefit and economic betterment the movement is mainly intended, have not only largely failed to profit by it but sometimes misused it to the disadvantage of themselves and others. It makes him despair of the utility of ventilating his views on any matter, for there is a controversy over every conceivable remedial measure, resulting in the arrest of attempts to carry out constructive programmes of rectification. Finally, it involves him in the new danger of bringing him into conflict with those who, having suddenly lost all faith in Indian non-official humanity, are making frantic appeals to the Government to assume complete control over the entire movement. But so long as that catastrophy does not actually overtake the movement and there are at least a handful of co-operators who believe that the revivification of the movement and its real salvation lie in greater and more genuine non-official enterprise and initiative and not in making it over to the Government, there will be scope for such conferences as yours and hope for men like me. It is by force of this conviction that I have accepted your generous invitation with genuine pleasure.

SHRINKAGE OF BUSINESS.

The operations of the central banks in your district, as well as elsewhere in the province, have undergone considerable shrinkage. The following

statement shows the extent of shrinkage in each of your central banks during the last three co-operative years—

Name of Bank.		Working capital on 30th June.	Loans disbursed during the year.	Loans outstanding at the end of the year.
		1929-30.		
		LAKHS.	LAKHS.	LAKHS.
Cocoanada ...	...	9·48	5·40	8·02
Ramachandrapuram	...	19·44	13·41	18·43
Amalapuram	...	19·63	10·46	18·27
Rajahmundry	...	2·87	1·24	2·24
		1930-31.		
Cocoanada ...	...	9·28	2·20	7·88
Ramachandrapuram	...	16·02	7·12	15·15
Amalapuram	...	17·06	4·67	15·73
Rajahmundry	...	3·04	0·39	1·91
		1931-32 (up to 31st May 1932.)		
Cocoanada ...	...	8·53	1·55	7·88
Ramachandrapuram	...	11·32	1·85	10·75
Amalapuram	...	15·27	4·09	14·65
Rajahmundry	...	2·90	0·38	1·72

This process, in my opinion, will persist for sometime to come. I am by no means confident that the business of your central banks will automatically mount up, with the cessation of the economic depression, to its former size, that is, to that in the year 1929-30, which was the peak year. The depression has unmistakably brought out two facts, namely, that some of your primary societies should not have been started and that some have borrowed in the past more than they could repay. Of the 575 societies which came under audit classification, a fourth of the number are totally dormant, about half the rest fall under D class, and in one half of the total number of societies the collections to demand are below 40 per cent. So, a fairly large number of your existing societies are obviously incapable of absorbing much fresh credit in the near future even if the depression ceases and prices show an upward tendency. There was something fundamentally wrong with the original organisation of some of the societies. Although I am a believer in the expansion of the movement, I am unable to subscribe to the view that a co-operative society can be successfully planted in every village. There are co-operative deserts and co-operative rocks where co-operative seed does not either germinate, or if it does, the sprout will soon die. Again where atmosphere and environment are uncongenial to co-operation, no amount of artificial nurturing will impart life and vigour to the societies. So early as 1906, Sir P. Rajagopalachariar, our first Registrar, set the right standard, when he laid emphasis on sound organisation as a condition precedent for the healthy growth of movement But with the advent of Montford Reforms the development of the movement passed into the hands of "Indian Administrators" who decried "the craze for *quality*" as an old fad and avowed their faith in "numbers". There was furious expansion. It may not have been on a "five year plan" but may have been on a succession of "three year plans" synchronising with the span of ministerial life. Any way, I have no doubt that much of our trouble is traceable to that ill-conceived and badly executed plan. So you must be prepared to wind up at least a third of the number of your societies, which have no real vitality in them, and I hope that when really bad societies are liquidated by the department, there will be no opposition to it on grounds of sentiment or prejudice or tenderness to vested interests.

RECTIFICATION.

The further decay of another third which will soon end in their extinction can be arrested only by a vigorous programme of rectification and consolidation, which must be carried out in a more organised manner than is now being done. In connection with this programme, I desire to offer a few suggestions. In the first place, it is not unbusinesslike or unco-operative to place on a new basis overdue loans which are sound from the point of view of the security behind them, but which cannot be now collected. To take fresh bonds backed by adequate securities in respect of such loans, fixing the fresh period with due regard to the repaying capacity of debtors, is not a book adjustment. It is a genuine co-operative transaction. If this process is tried with due care and caution, I believe that an appreciable number of borrowers can be helped to improve their economic position. In the next place, in areas served by land mortgage banks, a systematic attempt should be made to select all cases of debtors to rural societies who can offer adequate security and who can repay their debts, if long terms ranging from 10 to 20 years are allowed to them for repayment and to transfer such borrowers to the land mortgage banks. I believe the Provincial Co-operative Bank has already expressed its willingness to render to the Central Banks such financial help as may be incidental to such a programme. I also desire to suggest to the Provincial Bank to employ special inspectors in at least two areas in the north and two in the south, served by land mortgage banks, to select and report on cases which can advantageously be transferred to the land mortgage banks. In the case of new land mortgage banks which may be started, this machinery may be set up simultaneously with the starting of the banks. The experiment is worth making and the results may furnish us with useful lessons. I would recommend to the Provincial Bank to bear the cost of these four inspectors for a year. I further desire to urge on the central

banks the danger of stopping all further credit to societies simply because the overdues are heavy. Good societies and good and punctual members even in indifferent societies should be financed, of course cautiously. Similarly, starting of new societies in good villages must not be neglected. Otherwise there will be stagnation in the movement which must be avoided in this crisis.

SUPERVISION AND THE CENTRAL BANKS.

There are one or two problems which are still a source of considerable anxiety to the movement. You have recently solved one which gave you much trouble, namely, the problem of the District Federation. I congratulate the co-operators of East Godavari on the courage and wisdom they have shown in the matter. I am not and never was an opponent of federations as such. But where local conditions have unmistakably shown that the central bank and the federation were unable to work in harmony and the new institution has proved more a hindrance than a help to the movement in the locality, I had no hesitation in advocating the abolition of the federation or its amalgamation with the administrative section of the Bank. I have watched the disappearance of federation after federation during the last three years. In no case was it the result of any preconceived policy, official or non-official, as is sought to be made out in some quarters. It was in every case simply a local problem and local conditions made the winding up of the federation inevitable. Those who seek to fix the responsibility for the extinguishment of federations on the central banks speak without their book. It may be that here and there a central bank acting in sheer self-defence dealt a fatal blow to a federation, when the latter was the aggressor in the fight. In the majority of the cases, the opposition to the federation came from the unions themselves of which the federation was composed. A house divided against itself could not obviously stand. In some cases, the federations committed suicide being tired of their weary lives which were a burden on the movement in the locality. There are still some localities where an enormous waste of human energy and good money is going on by reduplication of work and want of co-operation between the central bank and the federation. In those areas also there should be no hesitation in winding up the federations.

What we are more immediately concerned with, however, is the attitude of the federationists towards the central banks, for the real danger from that quarter comes not from the federationists' affection to the departed ones but from their disaffection for the central banks. Very recently there has been a recrudescence in a somewhat virulant form of the dangerous slogan of wholesale divorce of supervision from finance, which has shown signs of abatement for sometime past. I consider that it is unwise and inexpedient to place any obstacles in the way of central banks safeguarding their financial interests by supervision and inspection of their constituent societies and by effecting the collection of their dues. In view of the history of the development of the central banks in this province and also elsewhere in India, I have no doubt that besides acting as agencies to attract co-operative capital, they were also expected to actively supervise societies and to watch if their loans were safe. I have no doubt that an investigation into the development of the movement in the province would disclose that the theory which prevailed during the evolution of the central banks was that the existence of a community of financial interests between the supervising agency and the supervised bodies was essential. The central banks are in reality federations of societies for financial purposes and the creditor bank and the debtor society do not stand in the relation of defaulter and critic; they are organisations whose interests are indissolubly bound up as those of men moved to a common purpose and fellow pilgrims in search of a common end. I cannot help stating that those who are trying to discover conflict of interests between the societies and the central banks, to emphasise on it and to interpose other bodies between them, are doing the greatest disservice to the movement. If it is their view that the central bank is in reality nothing more than an intermediary for attracting money from depositors and passing it on to the societies and that the depositors must look to others to watch the societies and collect the dues, then let them put up a placard to that effect on each central bank. Let us watch and see how many people will put their moneys in these banks if they advertise, "Give us the deposits but look to the federation or the union for their return on maturity."

There seems to be an extremely crude idea in certain quarters that the co-operative banks should follow methods of business other than those of the commercial banks. It is a half truth. The co-operative principles have a bearing on the productive employment of their capital by the co-operative banks and *not* on the methods of raising that capital and banking their resources. The obligation of co-operative banks to punctually meet their demand and time liabilities, their responsibility to maintain adequate fluid resources to meet those obligations and their duty to satisfy the credit requirements of their customers promptly and adequately are precisely the same as those of joint stock banks. He must be a bold man who says that those obligations can be duly discharged if the central banks have to depend upon the federations and unions virtually for everything except lending out the money. The framers of the Reserve Bank Bill and the Indian Central Banking Enquiry Committee were at one in making the co-operative banks an integral part of the banking system of the country and linking them up with the Reserve Bank on the basis of normal banking conceptions. I am therefore unable to understand the ideas of those who seek to assign to the co-operative banks some place outside the banking system of the country. It is therefore necessary to disillusionise them and secure for the co-operative banking organisations an unassailable position in the banking system. We must firmly resist all attempts to displace central banks from their legitimate place in the movement or to create an antagonism between them and their member societies.

In your district, supervision has now virtually devolved on the central banks. Since the abolition of the federation, the appointment and control over the supervisors have been rightly assumed by the central banks. Nevertheless, I do not think that conditions are quite satisfactory. In your district, there are four central banks with 15 directors in each, that is, 60 central-bank-directors in all. Nevertheless, the supervision of the societies cannot be said to be efficient. I have often heard it said that there is too much of "personal rule" in East Godavari Co-operation. It is inevitable with so many men clothed with directoral powers going about. A little more of system and less of personal rule are wanted. I have a couple of suggestions to make for your consideration. I feel that whatever may have been the position two or three years ago, the time has come to reconsider the question whether your district really wants four banks. From the figures given by me in the opening paragraphs you find that only one bank has anything like a business of over ten lakhs. These small banks are a source of weakness to the movement. So, I am of opinion that the number of your central banks may with benefit to the movement be reduced to two. You may redivide the banking area of the district into two in a suitable manner.

As for unions, Rajahmundry with a business of 2 lakhs has one union, Cocoanada four, Ramachandrapuram five and Amalapuram seven. There are seven times 17, that is, 119 union directors going about. In course of time, you will find it difficult to maintain these unions, as the contributions to supervision fund from the societies and central banks decline. The constitution of the unions themselves may, therefore, be overhauled radically. I shall suggest a simple plan, which will promote economy and efficiency. The number of unions and their areas of operation may be readjusted, so as to comprise a suitable number of societies. Each union area may be called a circle. The societies in each circle, instead of electing seven governing body members, shall elect only one director who will represent them on the management of the bank and be also in charge of the circle office. The governing bodies, in my opinion, are mere superfluities and do not conduce to efficiency or intensity of supervision. They may be done away with when unions are run as circle offices. The idea that union directors will themselves supervise the societies and therefore discharge a useful co-operative function, has not materialised. I am alive to the need for scope of honorary services. But in the case of union directors, the balance of advantage lies in their number being reduced. The supervisors and the indoor staff in the circle may well work under the control of the director in charge of the circle. It will effect a considerable saving in the working expenses of your unions.

I have merely thrown out these suggestions in order to set you thinking about the question. The solutions offered by me may not be the correct ones. If so, evolve your own solutions by all means. But something must be done, and done promptly, to place supervision in your district on a satisfactory footing.

AUDIT.

The question of audit has been much before the public mind of late. I am a firm advocate of non-official audit of central and urban banks being immediately set up. This does not of course involve the withdrawal of official control from audit as is apprehended by some. The central and urban banks require thorough and efficient *concurrent* audit, which they do not now get from the Government audit staff, except where a special man is given to a bank at its cost. Internal check and interim audit which they now get do not constitute concurrent audit proper. Concurrent audit can no longer be neglected without serious consequences to the movement. If the central and urban banks do not realise their responsibility in the matter, I hope the Provincial Bank, the Local Bodies and the investing Public who put their moneys in them will do all they can to rouse them to a sense of their duty and make the further continuance of their custom dependent on effective arrangements being made for the concurrent audit of those banks. Less than justice is done to the common sense or business capacity of those who invest with co-operative banks, when it is proclaimed that they put their savings in those banks simply by reason of their implicit faith in Government audit. I know something of the general level of the intelligence of these investors and their habits. They are not so credulous and simple minded as the advocates of Government audit seem to make out. If they really are so, it is up to us co operators to disabuse their minds and tell them the true position regarding the nature, scope and efficiency of the existing audit and to educate them to insist on the central and urban banks providing for their concurrent audit on sound lines in order to be trusted in future with their savings. Otherwise we will be false to ourselves and to the investing public.

Even if the forces of obscurantism and reaction succeed and Government takes the deplorably unwise step of forcing official audit on central and urban banks, which are purely business institutions and in regard to which Government assumes no financial responsibility whatever, I appeal to the central and urban banks to leave the final audit to Government staff and arrange for their own concurrent audit by competent auditors even at some financial sacrifice Otherwise the financial safety of the movement will be in serious jeopardy. If the central and urban banks in your district agree with my view, we can at once set the example by non officialising audit in your district. We can show by practical work that not only the movement will not suffer, but that audit will improve considerably. I appeal to all my borther co-operators, who have any faith in non-official initiative and enterprise still left in them, to stand firm to their ideals and not to succumb to those who sedulously preach non-official unfitness to manage the co-operative institutions and constantly send up S. O. S. to the ministerial regions. Profession of a remote faith in the ultimate goal of non-officialisation is absolutely devoid of meaning, coming as it does from those, who after twenty-

eight years of endeavour proclaim from housetops non-official unfitness to look after their own institutions and who seek to throw the responsibility off their own shoulders when asked by the Government to shoulder it.

NO CAUSE FOR DEMORALISATION SELF-HELP AND SELF-RELIANCE--TRUE REMEDY.

It s the present deterioration of the movement that partly accounts for a certain amount of demoralisation among its ranks and the leaders. It has gone to such an extent that when a central bank wants a paid hand to run its office, it now runs to Government for services of an officer, as if no one can be found outside official ranks to manage a small banking institution, while the boast of Indians is that they can find men for every position of trust and res onsibility under the sun. It is true that many of our societies have ceased to work and that many more are rapidly decaying. It is also a fact that the bulk of our assets are frozen. It is again patent that there has been considerable contraction of credit to the rural co-operators. Even on the moral side, there have been regrettable lapses in the form of benami loans and embezzlements. I am therefore painfully conscious that the scope for service through the movement has thus become greatly circumscribed and will become even more circumscribed in the immediate future, by a deplorable decrease in the numbers of those who are eligible for the benefits of the movement. But these factors do not justify our demoralisation. While our weak points naturally come in for the public comment, cases where the movement really benefitted people, which are very large, are not similarly advertised. My faith in the potentiality of the movement remains unshaken in spite of its present weak condition.

I have tried to ascertain the general position of the movement as a whole in this province. The statement appended to this address shows the volume of shrinkage of business in central banks. Shrinkage in business is not a peculiar feature of co-operetive banks alone. It is a feature of all types of banks in all countries now. But the shrinkage in the loan outstandings show that much money has been collected even in the years of depresssion. Creditors and depositors have been paid up to that extent. No depositor was disappointed by any co-operative bank yet. The proportion of owned capital to borrowed capital in the movement is 25 3. Reserve Funds are growing and stand to day at Rs. 1,22,00,000. In addition to it, special funds are being built up to provide for bad debts. It is thus evident that risks are amply covered. Officials and non-officials are co-operating to speed up recoveries and to tide over the crisis as well as they could. I am convinced that we can expand and build upon what still remains sound, a stable co-operative organisation, with better and more sustained endeavours, unless we lose faith in ourselves and abandon the cardinal virtues of the movement— **Self-help and Self-reliance**. I am content to work and to appeal to you to continue to work in the spirit of Wordsworth's inspiring ideal:

> "We will grieve not, rather find
> Strength in what remains behind;
> In the soothing thoughts that spring
> Out of human suffering,
> In the years that bring the philosophic mind."

APPENDIX.

Statement showing the progress of transactions of the Co-operative Central Banks in the Madras Presidency during the years 1929-30, 30-31 & 31-32 (upto 31-5-32).

(In lakhs of Rupees.)

NAME OF BANK.	1929–30. Working capital on 30th June.	1929–30. Loans disbursed during the year.	1929–30. Loans outstanding at the end of the year.	1930–31. Working capital on 30th June.	1930–31. Loans disbursed during the year.	1930–31. Loans outstanding at the end of the year.	1931–32. Working capital on 31st May.	1931–32. Loans disbursed during the year.	1931–32. Loans outstanding at the end of the year.
1	2	3	4	5	6	7	8	9	10
East Godavari District.									
Cocoanada ...	9·48	5·40	8·02	9·28	2·20	7·88	8·53	1 55	7·28
Ramachandrapuram ...	19·44	13·41	18·43	16·02	7·12	15·15	11·32	1·85	10.75
Amalapuram ...	19·63	10·46	18·27	17·06	4·67	15·73	15·27	4·09	14·65
Rajahmundry ...	2 87	1 24	2·24	3·04	0·39	1·91	2·90	0·38	1·72
Aska ...	11·08	7·50	10·80	11·55	5·59	11·15	10·47	1·05	10·37
Ganjam ...	11·32	6·17	10·58	10·99	2·64	10·02	9·83	1·20	8·42
Vizianagaram ...	19 80	13 61	15·53	23·15	10·36	15·79	21·94	6·42	14·55
Ellore ...	31·50	27·79	30·69	25 64	10·07	25·12	20·15	4·84	19·52
Bezwada ...	8·88	6·05	8·39	8·80	3·28	8·30	7·63	1·53	6·65
Krishna ...	32·35	25·35	29·33	27·87	9·65	25·44	20·40	3·71	18·17
Guntur ...	32·49	19·36	30·36	31·47	6·52	29·31	25·88	0·22	24·19
Nellore ...	16·81	7·68	15·72	17·45	5·70	15·73	19·87	3·34	12·31
Chittoor ...	10·92	2·32	9.19	10·94	1·15	8·55	12·86	0·83	8·04
Cuddappah ...	7·18	1·33	6·38	7·07	0·72	6·04	7·25	0·26	5·60
Kurnool ...	9·49	2·19	8·66	10·11	1·49	9·21	9·32	0·35	8·39
Hospet ...	11·62	3·28	11·09	11·83	1·41	11·08	11·76	0·21	10·50
Anantapur ...	18·30	2·73	17·19	17·33	3·95	16·08	16·41	1.39	15·63
Madras ...	...	...	...	5·19	...	3·07	6·17	3·22	2·63
Conjeevaram ...	45·64	15·23	42·85	41·04	9·84	37·88	35·05	1·19	32·94
Vellore ...	36·79	9·65	35·10	36·23	4·87	32·16	30·07	3·10	27·27
Salem ...	28·01	11·47	26·08	31·57	10·97	24·94	32·60	5·97	23·07
Coimbatore ...	36·97	20·70	29·80	38·72	17·65	29·97	38·36	9·39	29·17
Malabar ...	13·56	3·57	12·09	13·18	1·97	11·73	12 74	0·52	10·96
South Canara ...	12·83	5·48	8·51	12·64	4·34	7·42	12·78	0·76	4·99
South Arcot ...	27·36	5·60	23·70	27·88	3·54	22·40	25·87	1·34	20·97
Kumbakonam ...	18·98	9·46	15·42	19·67	6·08	15·78	18·18	1·17	13·17
Tanjore ...	15·03	6·25	10·54	15·28	6·63	11·28	13·45	1·34	8·99
Trichinopoly ...	45·58	11·83	31·37	47·87	15·17	34·21	50·24	6·84	30·93
Madura ...	32·06	11·51	18·60	33·69	13·14	20·94	33·18	9·12	19·76
Srivilliputtur ...	11·11	2 72	10·10	10·08	1·15	9·06	8·23	0·19	7·90
Tinnevelly ...	21·63	3·56	11·69	20·74	4·51	10·93	18·20	1·38	8·39
Total for the province ...	618·71	272·90	526·72	613·38	176·77	504·26	566·91	78·75	437·88

Correspondence.

AUDIT OF CO-OPERATIVE BANKS.

A STATEMENT BY MR. V. RAMADAS PANTULU.

The controversy over official versus non-official audit of co-operative societies, which has been going on for some time past, owes its origin to a draft notification published by the Local Government in February last, proposing the levy of audit fees, on a fairly stiff scale, from all co operative societies with a membership of 500 and more or with a working capital of more than Rs. 20,000. The number of such societies in the province is about 800 and the audit fees, which they will have to pay annually under the draft notification amount to about Rs. 2 lakhs. The notification, however, gives the societies affected by it the option to get their accounts audited by a non-official agency approved by the Registrar and acting under his control, such as an Audit Union or a recognised public accountant or auditor. If the societies avail themselves of the option, they will be exempted from payment of audit fees to the Government.

PROVINCIAL BANK'S SCHEME.

The first formal attempt to ascertain co-operative opinion on the notification was made at the session of the Central Bank's Conference held in April last. The Conference made two important recommendations: Firstly it recommended to the Government that all unlimited liability (agricultural) credit societies, irrespective of the size of their membership or transactions, should be exempted from the contemplated levy. This recommendation, if accepted, will bring down the number of societies liable to pay audit fees from about 800 to about 300, and the annual payment to be made by them to about Rs. 1,00,000. Secondly, it recommended to the central and urban banks, which will be mainly affected by the notification, if it is confined to limited liability societies, that a central audit organisation be set up to arrange for the concurrent and final audit of their accounts by a well-qualified and efficient staff appointed by the central organisation. It was further resolved that the Provincial Bank shall be in charge of the organisation if it materialises. All that was involved in the resolution was the acceptance of the principle of a central audit union. A concrete scheme with the details worked out

by the Provincial Bank was agreed to be circulated to elicit their opinion on it and to ascertain whether they would work it, if it met with their approval. In this general and tentative form, the resolution of the Central Banks' Conference was also adopted by the Board of Management of the Provincial Bank and the General Body of the Provincial Union. A scheme was accordingly drafted by the Provincial Bank and circulated to the concerned institutions. Replies are coming in.

In the meantime, some individual co-operators started a controversy over the scheme in the press and elsewhere; but so far as I have been able to gather from their writings and speeches, none of them purported to speak for any particular central or urban bank in its corporate capacity. Their propaganda is evidently aimed at influencing the decisions of the concerned institutions and of the Government as well.

These opponents of the draft scheme of a central audit organisation prepared by the Provincial Bank easily fall into three classes :—(1) Those who are totally opposed to audit by any non-official agency whatever; (2) those who are not opposed to non-official audit, but are opposed to any form of central audit scheme, and (3) those who are not opposed to a central audit scheme in general but are opposed to the particular scheme as approved in outline by the Central Banks' Conference and worked out and circulated by the Provincial Bank.

OBJECTIONS TO THE SCHEME EXAMINED.

The third, that is, the last class, are the easiest to dispose of. So, I shall deal with them first. Their objections relate not to principles but to details. The very idea of circulating the scheme to the concerned institutions is to elicit their criticism on it. If they consider that the central organisation must be an independent representative institution, controlled by the central and urban banks concerned, and that the Provincial Bank should stand out of the scheme, I, for one would accept the suggestion unhesitatingly. Indeed, in the resolution on the subject, which I moved before the Central Banks' Conference, I merely wanted a "non-official" organisation. My intention was to leave its composition to be determined later by the central and urban banks at a joint conference of their own, if the principle of a non-official central audit organisation was accepted. It was on an amendment moved by Rao Bahadur T. A Ramalinga Chettiar that the words "Provincial Bank" were introduced into the resolution. It is perfectly legitimate to seek to make the organisation independent of the Provincial Bank on the principle of the self-determination of the concerned institutions. But, some of the critics have unnecessarily over-stepped the plain requirements of the controversy and scented in the scheme some ulterior designs on the part of the Provincial Bank to grab at power and to establish some illegitimate control over central and urban banks through audit. The suspicion is baseless and the imputation is extremely unfair and wholly unwarranted. The fact that the contemplated central audit organisation itself can be brought into existence, only with the willing co-operation of the central and urban banks and their preparedness to contribute towards the cost of working it, offers a stubborn challenge to any suggestion of a desire on the part of the Provincial Bank to force or impose non-official audit on the central and urban banks. I hope that the central audit scheme will be considered on its own merits without any obsession based on some supposed designs of the Provincial Bank. I beg to assure everyone concerned that the Provincial Bank has no hidden plans of any sort and is anxious to act up to the wishes of the central and urban banks concerned most loyally.

OPPOSITION TO NON-OFFICIAL AUDIT.

I then come to the first category of critics, that is, those who are opposed to a non-official audit agency of any kind. Their attitude appears to be the result of two deep-seated convictions in them. In the first place, they declare that people in this country must continue to depend upon the Government for a long lime to come for the management of even such popular institutions as co-operative societies. The argument, if well founded, must apply with greater force to the management of larger institutions in which people have even a greater stake. Let me quote the very words in which a leading opponent of non-official audit put his case. "India differs from other countries in that people here have been long dependent on Government in so many directions. There is more confidence in the Government control in this land than in others." He might indeed have added to his sentence the words "and that confidence is growing since the introduction of diarchy and the transfer of co-operation to popular Ministers." If so, the need for transfer of control to non-official agencies is becoming less and less, as the people's confidence in Government control and management is

growing more and more. Then audit must not only remain in Government hands, but such part of it that has been de-officialised must be re-officialised. He actually deplores the weakness of the Government in having yielded in the past to popular clamour by partial transfer of power. These are his exact words: "Seeing that the movement is inspired by the State, the Government and their officials should not be freeing themselves from the responsibility so soon and yield to the demand for non-official control so easily as they seem to be."

These attempts at inducing the Government to go behind the exemption clause of the draft notification and to make official audit compulsory are most deplorable. Such a course tantamounts to the inauguration of a definitely re-actionary policy. It involves the abrogation of even the existing right of the central and urban banks to get their accounts audited by approved accountants and auditors or by Audit Unions registered under the Act. It will be most unfortunate to close the doors of co-operative banks against the growing and useful profession of public auditors and it will be equally wrong to deprive co-operative societies of their elementary right to set up their own audit organisations.

GOVERNMENT RESPONSIBILITY FOR AUDIT.

Their second reason for ruling out non-official audit is that confidence of investing public will be destroyed by the withdrawal of Government from audit. I must say that this position is an indefensible one for the simple reason that Government cannot withdraw from audit. Audit is a statutory duty of the Registrar under the Co-operative Societies' Act. It is impossible for Government to withdraw from audit so long as the Act is in force. The auditors appointed by any non-official agency must be men whose selection is previously approved by the Registrar and they have to subsequently function under his control. The Registrar who issues the annual audit certificate is expected to do so after satisfying himself about the quality of the work of these auditors by test audit and other means at his disposal. There is a distinction between conduct and control of audit and so long as the control is intact, there is no withdrawal. This is precisely the position contemplated by the Maclagan Committee, the Royal Commission on Agriculture and the Banking Enquiry Committee. In regard to this Province, the Townsend Committee adopted the same view. Let me quote a few relevant sentences from the report of the Maclagan Committee, which is still the classic on the subject. "When we speak of audit under Government control, we do not intend that the entire staff should be Government servants. On the contrary, we think that the auditing staff may rightly be divided into two sections: (*a*) a staff maintained by Government for super audit, and (*b*) a staff maintained by co-operative institutions for original audit" (para 93). "As above stated, the original audit of primary societies should in our opinion be carried out by a staff maintained by co-operative institutions themselves. We deprecate the creation of a new Government Department on a large scale to carry out audit." (Para 94).

The case of non-official audit for central and urban banks stands on even more unassailable footing than that of the rural primaries. In regard to the larger societies like central banks, the Maclagan Committee observes as follows:—"In the case of larger banks, the audit of accounts involves much labour and takes much time and there are sometimes advantages in employing outside agencies, both to improve the system of book-keeping and to satisfy the outside public," (para 162). The Townsend Committee for identical reasons recommended a central non-official audit organisation for the audit of central and urban banks. They say: "We propose that a central audit organisation be formed to which central and urban banks may affiliate themselves. The auditors employed by the organisation should hold certificates from the Local Government and be approved by the Registrar. He should take appropriate steps to satisfy himself that the organisation discharges its duties efficiently." (page 79). This unanimous recommendation of the Committee had the concurrence of the then Registrar. The present Registrar who has also expressed himself in favour of a non-official central audit organisation says "On the whole I believe that control of an audit staff by a non-official agency subject to supervision and test audit by Government officers, can be as efficient as the existing system." Indeed the Townsend Committee pronounced that the existing audit staff was as a matter of fact "not generally competent." The numerous cases of embezzlement in societies, which recently came to light when probed into, revealed frauds, which official audit failed to disclose for years.

I therefore feel that the objections to non-official audit are based on either erroneous assumptions or on a distrust of non-official enterprise, not justified even according to official testimony.

LOCAL VERSUS CENTRAL AUDIT.

There remains the second category of critics who are not against non-official audit, but would prefer local audit unions to a central audit organisation, or would leave to each central and urban bank the power to employ its own auditor. In principle there may be no objection to this view. It is merely a matter of balance of advantage. The Maclagan Committee which considered the question expressed their opinion in these words: "A common stumbling block however in the case of small and local establishments is the stagnation of promotion and want of prospects and this can only be avoided by the formation of an audit union for the whole province." (para 94). The Townsend Committee also expressed the same view. They say, "We do not think that the small local unions can usually attract suitable men for the work," (page 79). To these reasons I desire to add that from past experience of the happenings in the local supervising unions, there is a room for apprehension that the evils of faction and favouritism will creep into the local audit unions as well. As for leaving each bank to appoint its own auditor, it is not unreasonable to assume that in some cases at least the independence of the auditor may suffer by his dependence on the directors of the very institution to be audited for the retention of his place.

I have therefore no hesitation in advocating that the auditors of central and urban banks should, as far as possible, be selected by a strong central non-official organisation independent of the societies to be audited.

At this stage I do not wish to deal with the merits or demerits of the scheme drafted by the Provincial Bank. It is for the concerned institutions to pronounce upon it. It contemplates the appointment by the central organisation of a dozen or more senior auditors and 40 or 50 junior auditors on scales of pay and allowance which will attract men, who are well qualified and efficient. The services will be localised, junior auditors being planted in each district and senior auditors in compact groups of contiguous districts. The cost is expected to be 70 to 75 per cent of that which the societies have to incur under the Government scale of audit fees. I am fully alive to the fact that there are some *lacuna* in the scheme and that it is capable of improvement. It is for the central and urban banks concerned to so shape the scheme as to make it most acceptable to them, both as regards the composition of the central body and as regards the qualification, strength, pay and location of the staff.

DEMOCRATISATION NEEDED.

It strikes me as somewhat surprising that the controversy in the press over the draft notification should centre round its exemption clause which is evidently intended to encourage and promote non-official enterprise and that the main clause which seeks to impose new burdens on societies on a fairly stiff scale should be accepted without question. I see in the attitude of those who seek to *re-officialise* even what little has hitherto been *de-officialised* a new danger to the movement. Is the prospect of audit being entirely non-officialised, which the Maclagan Committee placed before the Indian Co-operators, to recede with the advance of time and the political progress of the people. That Committee reporting 18 years ago, recommended the gradual relaxation of Registrar's control over the non-Governmental staff "until ulimately the entire work of making the original audit devolves on the societies themselves whose representatives whould then be able not only to receive the audit reports but also to take action on them" (Page, 59). That time however will become more and more distant as non-official unfitness for the task is sedulously preached and helplessly acquiesced in. The salvation of the movement in my opinion lies in its speedy democratisation and not in more spoon-feeding and larger official control. A timely and effective protest must be launched by the co-operative institutions against the forces of obscurnatism and reaction which seek to impose fresh shackles on them, setting back the clock of progress.

The South India Co-operative Insurance Society, Ltd.

REPORT.

The South India Co-operative Insurance Society, Ltd., was registered on the 6th January 1932 under the name of " The Madras Provincial Co-operative Insurance Society, Ltd.," Subsequently, at a meeting of the Board, held on the 29th idem, it was resolved to change the name of the Society into "THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD," and an amendment was duly registered by the Registrar on 30-1-1932.

Though the Society was opened on the 29th January 1932 to transact business, it actually commenced its work during the first week of March. The whole of the month of February was taken for getting ready the Prospectus, Premium Tables and other literature connected with the Society's business.

The Society deposited Government Promissory Notes to the face value of Rs. 25,000 with the Controller of Currency, under the provisions of the Life Assurance Companies Act, on 4th March 1932. Our first Acceptance Letter was issued on the 15th March 1932 and the first Policy was issued on the 20th April to Professor Madhava, its eminent Actuary.

During the course of the half-year under review, the Board met five times and the Business Committee eleven times for transacting the business of the Society.

235 Proposals were received till the 30th of June, aggregating to a sum of Rs. 2,63,300. Out of these, 219 proposals were accepted, amounting to Rs. 2,43,300. Seven Proposals to the extent of Rs. 9,000 were rejected and 9 proposals amounting to Rs. 11,000 are awaiting completion.

148 Policies have been issued aggregating to Rs. 1,70,800.*

We are glad to state that not a single claim has arisen during this half year under review.

134 individuals have subscribed Rs. 441 towards our Share Capital and accordingly 441 shares have been allotted to them.

28 Institutions have subscribed Rs. 32,720 towards our Share Capital and corresponding number of shares 32,720 have been allotted to them.

22 Local Boards were set up during the period under review.

Mr. N. Satyanarayana, one of our Directors, visited Cuddappah on the 19th March 1932 and attended the meeting of the Board of Management of

* The number of policies issued as on 19th July 1932 is 175 amounting to Rs. 2,01,800.

the Bank and addressed them on the advantages of Co-operative Insurance and had a Local Board of our Society formed at that place.

Mr. Yegnanarayana Iyer, one of our Directors, attended the meeting of the Ganjam Co-operative Central Bank, Ltd., during the month of April and organised the work of the Insurance Society in that District on that occasion.

Mr. Venkatasubbiah, one of our Directors similarly visited Madura and Tanjore in connection with the Society's business.

During the month of May, Mr. Venkatasubbiah and Mr. Venkatachalam, Secretary, visited Nellore in connection with the Insurance Propaganda. They addressed the Board of Management of the Nellore District Co-operative Banking Union, Ltd., on the advantages of the Co-operative Insurance Scheme. During their short stay, proposals to the extent of Rs. 8,000 which were completed since, were sent up.

Mr. Yegnanarayana Iyer, Mr. Venkatasubbiah and Mr. Venkatachalam, the Secretary, visited Conjeevaram in the month of May and addressed the Staff of the Co-operative Central Bank, Ltd., and the Federation on the benefits of Co-operative Insurance and organised the work of a Local Board at that place. Mr. Ramadas Pantulu, president of the Society, did propaganda work at Conjeevaram, Masulipatam and Coimbatore, when he visited those places on the work of the Provincial Bank.

Advertisement.—We are now advertising at present in 'India', 'Swarajya' and Andhra Patrika with which we entered into annual contracts for an amount of Rs. 250 each. We were advertising in 'Hindu' and 'Justice' occasionally and it is proposed to advertise twice a week from July for a year in 'Hindu' under an annual contract.

Actuary.—We originally started with two tables supplied by our Actuary, namely, 'Endowment' and "Whole Life Limited Payments". As per the resolution of our Board, the Actuary has since supplied us with tables of "Double Endowment, Triple Benefit Policy, Special Whole Life and Childrens' Endowment". Our thanks are due to our Actuary for the prompt and able honorary service he has rendered and is rendering to our Society.

Medical Referee.—The Society's thanks are due to our Medical Referee Dr. Satakopan, M.D., for the great attention he is devoting in the scrutiny of Medical Reports sent to him for opinion. The Society deem it a privilege to have the services of an eminent Medical Expert like Dr. Satakopan.

Provincial Co-operative Union and Provincial Co-operative Bank.—The Society's thanks are due to the Management of the Madras Provincial

Co-operative Union for having brought the Society into existence and also the help that it has given in starting the work of the Society by lending the services of Mr. S. Sthanukrishna Iyer—its Manager, for a period of three months. The Society's thanks are also due to the Madras Provincial Co-operative Bank, Ltd., for subscribing Rs. 15,000 towards the share capital and thus enabling it to make the initial deposit.

The Registrar.—The Society's thanks are due to D. N. Strathie, Esq., M.A., I.C.S., Registrar of Co-operative Societies, for having registered and started the Society on its work with his blessings and his good wishes. The Society is grateful to him for the interest he is evincing in its affairs.

Staff.—When the Society began its work, we employed one clerk on Rs. 40 and an attender on Rs. 20. It was subsequently found necessary to appoint a canvassing clerk on Rs. 25. As fairly good business was forthcoming, it was later found necessary to appoint a Stenographer. The Board accordingly sanctioned the appointment of a Stenographer on a salary not exceeding Rs. 45. A candidate with good qualifications was selected on Rs. 35 on probation for 15 days. The Management, having been satisfied with his work, confirmed him on Rs. 40 per mensem. From the 1st of May 1932, Mr. S. Sthanukrishna Iyer's services were replaced at the disposal of the Provincial Co-operative Union which necessitated the appointment of an Accountant. Mr. Gopal Menon, who was serving as a probationer since 1st March 1932, was appointed to that place on Rs. 40 per mensem with effect from 1-5-1932. Mr. A. Srinivasan, B.A., was working as a probationer from 4th March 1932 and Mr R. Ganapathy from 1st May 1932.*

Mr. G. Harisarvothama Rao was appointed as a Special Organiser on Rs. 100 per mensem for a period of two months to organise the work of our Society in Ceded Districts. We have sent our organiser at a most inopportune time and little business was secured. Local Boards at Adoni and Bellary were organised by him and we have not, as yet, had any response from them.

(By Order of the Board.)

V. VENKATACHALAM.
Secretary.

* Mr. Srinivasan has since been confirmed in the office & Mr. Ganapathy appointed as organiser for Travancore & Cochin.

APPENDIX I.

THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LIMITED.

Statement of business done during the year ending 30th June 1932.

Serial number.	Name of place.	Proposals received. Number.	Proposals received. Amount.	Proposals rejected. Number.	Proposals rejected. Amount.	Proposals pending Medical Examination. Number.	Proposals pending Medical Examination. Amount.	Proposals accepted. Number.	Proposals accepted. Amount.	Policies issued. Number.	Policies issued. Amount.
			RS.		RS.		RS.		RS.		RS.
1	Anantapur	1	1,000	...	...	...	...	1	1,000	1	1,000
2	Arcot, (North)	5	4,500	...	...	...	...	5	4,500	5	4,500
3	Chingleput	12	11,000	...	...	...	...	12	11,000	1	1,000
4	Chittoor	5	3,500	...	...	...	...	5	3,500	1	1,000
5	Coimbatore	4	4,000	...	...	...	...	4	4,000	2	2,000
6	Cuddapah	7	5,500	...	...	...	...	7	5,500	3	2,500
7	Ganjam	1	2,000	...	...	1	2,000	...	...	...	...
8	Godavari, (East)	60	57,300	3	5,500	...	...	57	51,800	45	43,800
9	Guntur	13	11,000	1	500	3	2,000	9	8,500	3	3,000
10	Kistna	12	10,500	...	...	1	1,000	11	9,500	11	9,500
11	Kurnool	1	1,000	...	...	...	...	1	1,000	...	...
12	Madras	60	88,500	1	1,000	3	5,000	56	82,500	39	59,000
13	Madura	4	5,000	...	...	...	...	4	5,000	3	4,000
14	Malabar	11	12,500	1	1,000	...	...	10	11,500	4	5,000
15	Nellore	7	6,000	...	...	...	...	7	6,000	5	4,000
16	Salem	6	7,000	...	...	...	...	6	7,000	5	5,500
17	Tanjore	2	2,000	...	...	...	...	2	2,000	1	1,000
18	Trichinopoly	1	1,000	...	...	...	...	1	1,000	...	...
19	Vizagapatam	17	23,000	1	1,000	...	...	16	22,000	15	19,000
	Native States.										
20	Cochin	1	1,000	...	...	...	...	1	1,000	...	...
21	Mysore	2	2,000	...	...	1	1,000	1	1,002	1	1,000
22	Travancore	2	3,000	...	...	...	...	2	3,000	2	3,000
	Other places.										
23	Ceylon	1	1,000	...	...	...	...	1	1,000	1	1,000
	Total ...	235	2,63,300	7	9,000	9	11,000	219	2,43,300	148	1,70,800

APPENDIX II.

The South India Co-operative Insurance Society, Ltd.

Statement of Share Capital Received.

S. No.	Names of the Institutions that have taken Shares.	No. of Shares.	
		RS.	
1.	Madras Provincial Co-operative Union ...	100	
2.	Madras Provincial Co-operative Bank Ltd. ...	15,000	
3.	Madras Dt. Co-operative Central Bank, Ltd ...	1,000	
4.	Ramachandrapuram Co-operative Central Bank, Ltd.	1,000	
5.	Bhimavaram Land Mortgage Bank Ltd. ...	10	
6.	Alamuru Land Mortgage Bank, Ltd. ...	1,000	
7.	Gudlavallaru Co operative Land Mortgage Bank, Ltd.	100	
8.	Cuddapah Co-operative Central Bank, Ltd. ...	1,000	
9.	Madura Ramnad District Co-operative Central Bank, Ltd.	1,000	
10	South Kanara Co-operative Central Bank, Ltd.	100	
11.	Vadarevu Co-operative Society, Guntur ...	10	
12.	Nellore Dt. Co-operative Banking Union Ltd. ..	1,000	
13.	Vizianagaram Co-operative Central Bank, Ltd.	1,000	
14.	Conjeevaram Co-operative Central Bank, Ltd. ..	1,000	
15.	Guntur Dt. Co-operative Central Bank, Ltd. ...	1,000	
16.	Hospet Co-operative Central Bank, Ltd. ...	1,000	
17.	Coimbatore Dt. Urban Bank, Ltd ...	1,000	
18.	Tanjore Dt. Co-operative Central Bank Ltd. ...	1,000	
19.	Rajahmundry Co-operative Central Bank, Ltd.	1,000	
20.	Sivaganga Co-operative Urban Bank, Ltd. ...	500	
21.	Tinnevelly Dt. Co-operative Central Bank Ltd	100	
22.	Ganjam Dt. Co-operative Banking Union, Ltd.	1,000	
23.	Hindupur Co-operative Town Bank, Ltd. ...	250	
24.	Krishna Co-operative Bank, Ltd. ...	1,000	
25.	Dt. Board Servants' Co-operative Society, Ltd., Koilkuntla	50	
26.	Kumbakonam Co-operative Central Bank, Ltd.	1,000	
27.	Krishnagiri Urban Co-operative Credit Society, Ltd.	250	
28.	Periyakulam Co-operative Urban Bank, Ltd .	250	
			32,720
	Shares held by Policyholders		441
		Total ...	33,161

APPENDIX III.

We have great pleasure in reproducing below the Government Notification No. 266, dated 15th July 1932 and the Circular D. Dis. No. 15438 32, dated 6th June 1932, of the Inspector of Local Boards and Municipalities, permitting their employees to take out policies in the South India Co-operative Insurance Society. We thank the authorities concerned for the encouragement that has thus been given to the Society.

—(Editor).

(i)

Copy of notification No. 266, Public Department, published in the Fort St. George Gazette, dated 19th July 1932, (Part I, page 1202).

Fort St. George, July 15, 1932.

No 266.—In exercise of the power conferred by sub-rule (2) of rule 48 of the Civil Services (classification, control and appeal) Rules, the Governor-in-Council and the Governor acting with Ministers are hereby pleased to make the following amendment to the Government Servants Conduct Rules:—

AMENDMENT.

After local ruling (4) under rule 12 of the Government Servants' Conduct Rules, the following local ruling shall be added, namely—

"(5) Government servants of every class except the Registrar of Co-operative Societies, the Joint Registrar of Co-operative Societies and the Deputy Registrar of Co-operative Societies, Madras, may take out Insurance policies from the South India Co-operative Insurance Society, Limited, but they shall not become members thereof."

G. T. H. BRACKEN,
Chief Secretary.

(ii)

OFFICE OF THE INSPECTOR OF MUNICIPAL COUNCILS AND LOCAL BOARDS.

Mount Road.

D. Dis. No. 15438-32, dated 6th June 1932.

[*Subject* :—The South India Co-operative Insurance Society, Ltd., Recognition of the Society by local bodies as approved "Life Office"—commended to all local bodies.]

[REF :—*The Registrar of Co-operative Societies, C. No. 2182/32, dated 10th May 1932.*]

CIRCULAR.

The Registrar of Co-operative Societies has brought to my notice that a Co-operative Life Insurance Society by name "The South India Co-operative Insurance Society, Ltd.," has been registered recently and started on work at Madras. The minimum amount for which a life assurance policy may be taken in that Society is Rs. 100 and the maximum amount is Rs. 5,000. The existence of the Society is hereby brought to the notice of all Chairmen, Municipal Councils and Presidents of Local Boards and they are requested to recognise this society as an approved life assurance office for the purpose of G.O., No. 3290 L. & M., dated 12th July 1929 and to see that the society gets encouragement from their employees.

(Sd.) K. MALLIKHARJUNAM,
Personal Assistant.

To all Chairmen, Municipal Councils.
,, Presidents, District Boards.
,, Presidents, Taluk Boards.

Copy to the Registrar of Co-operative Societies.

G. O.'s and Circulars.

G. O. No. 927 Development dated 9th July 1932.

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

ORDER.

In Notification No. 41, dated 2nd February 1932, published at pages 331-332 of Part I of the *Fort St. George Gazette*, dated 9th February 1932, the Government under section 43 of the Co-operative Societies Act, 1912, published certain amendments to rule VIII-D of the rules framed under tha Act regarding the levy of audit fees. No objections or suggestions were received by Government within the period of two months allowed in the notification. But 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, resolutions were passed suggesting that the audit of all unlimited agricultural credit societies and of limited liability credit societies with a working capital of less than Rs. 20,000 should be done by Government free of charge. The Government are pleased to accept these suggestions. The amendments already published will accordingly be confirmed with necessary alterations as indicated in the appended notification.

2. The Registrar also brought to the notice of Government that the Conference was of opinion 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 appeared recently 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 Government within two months from the date of this notice.

(By Order of the Government, Ministry of Public Works.)

S. H. SLATER,
Secretary to Government.

To

The Registrar of Co-operative Societies, Madras.
,, Superintendent, Government Press for publication in the Gazette.

APPENDIX I.

NOTIFICATION.

In exercise of the powers conferred by Section 43 of the Co-operative Societies Act, 1912, the following amendments are made to Rule VIII-D of the rules framed under that section and published at pages 1039-1042 of Part I of the *Fort St. George Gazette*, dated 9th November 1915, as subsequently amended :—

"In rule VIII-D of the said rules, for sub-rule (1) the following sub-rule shall be substituted ; viz.,

(1) Every society which consists of more than 500 members or the transactions of which amount to *twenty thousand rupees* or upwards per co-operative year ending with 30th June shall pay to the Local Government a charge for the audit of its accounts in accordance with the scale fixed by the Registrar with the previous approval of the Local Government for each class of society.

Provided that this sub-rule shall not apply,

(*a*) to any agricultural credit society with unlimited liability.

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

(*c*) to any society which has its accounts audited at its own expense by the staff of an audit union in existence on the date of publication of this notification or by a certified public accountant and auditor approved by the Registrar to do audit under section 17 of the Act, and willing to furnish the statements prescribed in Rule V and in the forms required by the Registrar."

ENDORSEMENT No. B. 6305/30.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, 13th July 1932.

Copy communicated to all Deputy Registrars in independent charge, 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 for information.

(By order.)

A. CUNNIAH,
Manager

The Madras Provincial Co-operative Union.

ELECTIONS TO THE BOARD OF MANAGEMENT.

No.	Name of the Constituency.	Name of the Member Elected.	Name of Institution represented.
1	**Elected by the General Body of the P. C. U.**	V. Ramadas Pantulu, *President.*	
2		A. Ranganadha Mudaliyar,	*Vice-President.*
3		Rao Bahadur T. A. Ramalingam Chettiyar,	
4		V. Venkatasubbaiya	*Secretaries.*
5		N. Satyanarayana	
6		G. Srinivasaraghavachariar,	
7	**Provincial Societies.**	Rao Saheb T. Srinivasa Rau	The M. P. C. Bk., Ltd.
8		A. Venkatachalam Pantulu	The T. U. C. S., Ltd.
9		S. Krishnaswamy Iyengar.	The Xian Central Co-operative Bank, Ltd.
10		Diwan Bahadur M. Ramachandra Rau.	The Madras Central Land Mortgage Bk., Ltd.
11		V. Venkatachalam ...	The South India Co-operative Insurance Society, Ltd.
*12			The Central Co-operative Printing Works, Ltd.
13	**Language Federation.**	K. G. Sivaswamy ...	The Tamil Nadu Co-operative Federation.
14	**Central Banks.**	Rao Bahadur A. Rajabadar Mudaliyar.	Co-operative Central Bank, Conjeevaram.
15		A. Sivananda Mudaliyar ...	Co-operative Central Bank, Cuddalore.
16		E. S. Sunda ...	Co-operative Central Bank, Madura.
17		B. Venkataratnam ...	Co-operative Central Bank, Ramachandrapuram.
18		C. Subba Rau ...	Co-operative Central Bank, Vizianagaram.
19		D. Venkoba Rau ...	Co-operative Central Bank, Anantapur.
20		Rao Saheb V. Krishna Menon.	Co-operative Central Bank, Calicut.
21		V. Srinivasa Kamath ...	Co-operative Central Bank, Mangalore.

* Name not received till the date of publication.

No.	Name of the Constituency.	Name of the Member Elected.	Name of Institution Represented.
22	**Training Institutes.**	O. A. Narayanaswamy Iyer	Hood Co-operative Institute, Tanjore.
23		Dr. P. Gurumurthy ...	Ramadas Co-operative Institute Rajahmundry.
24	**Urban Banks.**	E. S. Ganapathy Iyer ...	Erode Co-op. U. Bank.
25		S. Nagaswamy Iyer ...	Sivaganga " "
26		Dr. E. S. Ramasubbu ...	Madura " "
27	**Non-credit Societies.**	K. L. Narasimha Rau. ...	Madras Vitamins Co-operative Stores.
28		G. Sriram Babu Naidu ...	Madras City Co-op Building Society.
29		Rao Saheb M. S. Seshachala Iyer ...	Tiruvannamalai Co-op. Labour Union.
30	**Primary Land Mortgage Banks.**	B. V. Devaraja Rau ...	Bhavani Co-operative Land Mortgage Bank.
31		N. Kameswara Rau ...	Alamaru Co-operative Land Mortgage Bk.
32	**District Federation and Local Unions including Audit Unions**	Y. Hanumantha Rau. ...	Dharmavaram Co-operative Union, Anantapur Dt.
33		K. M. Singaravelu Mudaliyar. ...	Kalavai, Co-operative Union, N. Arcot Dt,
34		Muthusankara Reddiyar ...	Villupuram Co-operative Union, S.Arcot.
35		R. Bunday Goud. ...	Bellary Co-operative Union, Bellary.
36		K. Venugopala Mudaliyar.	District Co operative Federation, Chinglepet District.
37		M. Chenga Reddi ...	Co-operative Union, Chittoor, Chittoor Dt.
38		Rao Saheb K. M. Chinnarangayya Gounder.	Co-operative Union, Kambuliyampatty-Coimbatore Dt.
39		A. Venkatasubba Rau ...	Co-op. Union, Cuddapah, Cuddapah Dt.
40		B. V. Ramanayya ...	Co-op. Union, Arasavilli, Ganjam.
41		Kuchumanchi Venkataratnam.	Co-op. Union, Amalapuram, E. Godavari.
42		P. Kotiswara Rau ...	Dt. Co-op. Federation, Guntur, Guntur Dt.

No.	Name of the constituency.	Name of the Member elected.	Name of Institution Represented.
43	**District Federations and Local Unions (including Audit Unions.)**	K. N. Aithala ...	Co-op. Union, Coondapur, S. Kanara Dt.
44		V. B. Chenchu Reddi ...	Co-op. Union, Chagalamuri, Kurnool Dt.
45		V. Chinnakrishna Naidu...	Co-op. Union, Ottakadai, Madura Dt.
46		N. Ramanunni Nair ...	Co-operative Union, Ottapalam, Malabar District.
47		T. Malla Reddi ...	Co-operative Union, Kovur, Nellore District.
48		Belli Gouder ...	Co-operative Union, Kotagiri, The Nilgiri District.
49		R. G. Nallakuttalam Pillai.	Co-operative Union, Srivilliputtur, Ramnad District.
50		Janab V. K. Peer Batcha Saheb.	Co-operative Union, Namakkal, Salem District.
51		V. S. Sesha Iyengar ...	Co-operative Union, Kumbakonam, (North), Tanjore Dt.
52		L. M. Kandaswamy Chettiyar.	Co-operative Union, Sankarankoil, (Tinnevelly District).
53		M. M. Krishnaswamy Pillai.	Co-operative Union, Musiri, Trichinopoly District.
54		I. Satyanarayana Pantulu	Co-operative Union, Chodavaram, Vizagapatam District.
*55			Kristna District-
*56			West Godavari Dt.

**N.B.*—Names not received till the date of publication.

The Training Institutes Examination, April 1932.

SUPPLEMENTAL LIST.

In the June '32 issue of the Journal, it was announced that the results of the following five candidates will be published later; and the same is accordingly given below:—

1st YEAR CANDIDATES.

1st Class.

Register No.	Name of the Candidate	Name of the Centre.	
111	Gopalakrishna Rao, T.	... Rajahmundry	Passed
179	Venkataraman, V. S.	... Tanjore	"

SUPPLEMENTAL CANDIDATES.

21	Hosalli Linga Basayya	... Anantapur	Passed
145	Rama Behara	... Rajahmundry	"
143	Agnihotra Sarma, S.	... Rajahmundry	Failed

———

ERRATA.

to the list published in the June 32 issue of the Journal.

Page 2.	Ser. No. 41	*For*	"Mariappan"	*Read*	"Muniappan"
"	" 71	"	"Ramayya, N. A."	"	"Ramayya V. A."
" 3.	" 3	"	"Narasimha Karu-Muru, V. L."	"	"Narasimha Rao, Karumuri, V. L.
" 4.	" 18	"	"53, Sreeharsha, A."	"	"63, Sreeharsha Rao, A."

———

IN MEMORIAM

We regret to record the death of Mr. C. Narayanan Nair, B.A., Personal Assistant to the Registrar of Co-operative Societies, on leave, which took place on the 5th July 1932 at the General Hospital. The officer was scarcely 32 years old and passed away after a short illness diagnosed as Meningitis.

Mr. Narayanan Nair was a student of the Presidency College. He distinguished himself there both in his studies and in atheletics. He was held in high esteem by his Professors as well as by his fellow students. He joined the Co operative Department in November 1921 as a clerk. Very soon his ability and character were recognised by superior officers and he was promoted in quick succession from one rung of the official ladder to another until in 1925 he was posted as Assistant Registrar of Co-operative Societies, Madras. He served there for about 6 months, whereafter he was transferred to the Nilgiris where he rendered remarkable service for the amelioration of the economic conditions of the Badagas and Todas. From the Nilgiris he was taken to the office of the Registrar of Co-operative Societies as Manager. When the Townsend Committee was constituted to take stock of the Co-operative Movement in the Presidency he was selected by Mr. Hood, the then Registrar, as a Special Officer to assist the deliberations of the Townsend Committee. His work in this capacity was appreciated by every member of the Committee. When his work with the Committee was over, he acted for some time as Assistant Registrar, Madras City. He was then entrusted with the work of revising the Hemingway's Co-operative Manual. The wide experience he had gained in various capacities helped him to bring out the popular revised edition of the Hemingway's Manual which is a hand-book on Co-operation, indispensable for co-operators. In 1929 he was appointed Personal Assistant to the Registrar of Co-operative Societies which office he held till his death. As Personal Assistant he rendered valuable service to the Co-operative Movement all over the Presidency.

Mr. Nair was a genial figure in Society, was uniformly courteous to every one, official or non-official. His subordinates found a sympathetic officer in him and his superiors a diligent and capable worker. Every one who had anything to do with him has been deeply affected by his sudden death. He leaves behind a large family including his aged mother. We take this opportunity to convey to them our deep sympathies in their bereavement.

Magic Lantern and Slides.

PREPARED BY THE

Madras Provincial Co-operative Union,

ROYAPETTAH, MADRAS.

Magic Lantern. This is a Swadeshi article, very suitable for Village Propaganda and quite cheap. It is worked by a Baby Petromax light, which, unlike carbide light, can be used for other purposes as well. The mechanism of the Lantern is very simple. Running cost very little, less than one anna per lecture. **Price of the Lantern Rs. 45 only.**

SLIDES.

The Provincial Co-operative Union has prepared so far three sets of slides for co-operative propaganda.

I. The Evils of Drink and Benefits of Co-operation. This set of 33 slides depicts a very interesting and edifying story of village life. **Price Uncoloured Rs. 35; Coloured Rs. 50.**

II. Thrift and Co-operation. An urban story. It shows how an educated man in Madras got into trouble owing to his thriftless ways and how he was saved by a Co-operator. 40 slides. **Price Uncoloured Rs 40; Coloured Rs. 60.**

III. Rural Reconstruction in Alamuru. These slides illustrate the activities of the Rural Reconstruction Centre at Alamuru and the various benefits conferred on the people by Co-operative Societies and Village Panchayats. Educative and Inspiring. 62 slides. **Price Uncoloured Rs. 62. Coloured Rs. 95.**

APPENDIX I.

EXTRACTS FROM THE MACLAGAN COMMITTEE REPORT.

AUDIT TO BE UNDER GOVERNMENT CONTROL.

Para 92. "In the case of primary co-operative societies in India at the present stage the audit is intended in the first instance to assure Government, through whose agency the societies were formed, that they are developing on sound lines, and only secondarily for the satisfaction of Central Banks or outside investors, who have entrusted money to the movement, and of the society members themselves. The audit is in fact a **State-controlled** audit and it appears to us that this view is implied in the clause of the Act which imposes the duty of making an audit on the Registrar and his nominees."

TWO CLASSES OF AUDITORS—GOVERNMENT AUDITORS.

Para 93. "When we speak of an audit under Government control, we do not intend that the entire staff should be Government servants. On the contrary we think that the auditing staff may rightly be divided into two sections, (*a*) a staff maintained by Government for **super-audit,** and (*b*) a staff maintained by co-operative institutions for **original audit.**"

NON-GOVERNMENT AUDIT.

Para 94. "As above stated, the original audit of primary societies should in our opinion be carried out by a staff maintained by co-operative institutions themselves. We deprecate the creation of a new Government department on a large scale to carry out audit, both because it is undesirable to let loose in increasing numbers a new set of Government officials on the villages, and because the officialization of the work might breed a sense of hostility towards audit generally on the part of the societies. The staff would indeed be empowered by the Registrar under the Act to undertake audit work and would remain under his ultimate control; but the appointment, transfer, and dismissal of all auditors should as far as possible be made in accordance with the recommendations of co-operative institutions, and the pay of the staff should be provided by the movement and not by Government. When the Government already finances this staff in whole or in part, its aid may be withdrawn gradually. As long as the pay offered is adequate and the staff such as the Registrar can really rely on, we would leave it to each province to decide in what

Audit Scheme by the Madras Provincial Co-operative Bank, Ltd.

STATEMENT No. II.

GANJAM DISTRICT.

	Name of the Bank	Working capital as on 30th June 1931.		Audit fee as per Government scale.		Fees now proposed.
		RS.	A.	RS.	A.	RS.
1	Ganjam District Co-operative Banking Union, Ltd.	10,84,895	0	594	0	445
2	Aska Co-operative Central Bank.	11,48,583	0	618	0	465
3	Berhampore Urban Bank* ...	2,20,865	0	726	8	545
4	Chicacole Urban Bank* ...	74,047	0	340	0	255
5	Parlakimidi Urban Bank ..	23,347	0	116	8	90
6	Chatrapur Urban Bank ...	38,733	0	193	8	145
7	Khallikote Co-operative Society.	33,798	0	168	8	125
	Total ...	26,24,268	0	2,757	0	2,070

VIZAGAPATAM DISTRICT.

	Name of the Bank	Working capital as on 30th June 1931.		Audit fee as per Government scale.		Fees now proposed.
		RS.	A.	RS.	A.	RS.
1	Co-operative Central Bank, Vizagapatam.	23,05,688	4	901	0	680
2	Vizagapatam Co-operative Bank, Ltd.*	2,36,513	4	755	15	570
3	Vizianagaram Co-operative Bank.*	2,73,737	11	825	11	620
4	Vizianagaram Samasthanam College Co-operative Bank, Ltd.	37,482	9	187	0	140
5	Samasthanam Co-operative Bank, Ltd., Vizianagaram.*	50,336	9	251	8	190
6	Parvatipur Co-operative Bank, Ltd.	41,920	11	209	8	160
7	Anakapalli Urban Bank ...	34,841	7	174	0	130
8	Vizagapatam District Police Co-operative Society, Ltd.	20,817	5	104	0	80
	Total ...	30,01,337	12	3,408	10	2,570

N.B.—*Are Urban Banks with a working capital of Rs. 50,000 and above.

EAST GODAVARI DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed. RS.
1	District Co-operative Bank, Ltd., Cocanada.	9,27,535	0	528	0	400
2	Rajahmundry Co-operative Central Bank, Ltd.	3,04,153	0	224	0	170
3	Ramachandrapuram Co-operative Central Bank, Ltd.	16,02,293	0	762	0	575
4	Sree Konaseema Co-operative Central Bank, Ltd., Amalapuram.	17,06,366	0	784	0	590
5	Aryapuram Urban Bank* ...	76,360	0	348	10	265
6	Innispeta Urban Bank ...	26,121	0	130	8	100
7	Cocanada Urban Bank, Ltd.*	71,608	0	331	0	250
8	Pithapuram Co-operative Society, Ltd.	42,429	0	212	0	160
9	Ramachandrapuram Urban Bank.*	75,284	0	344	8	260
	Total ...	48,32,149	0	3,654	10	2,770

WEST GODAVARI DISTRICT.

	Name of the Bank.	RS.	A.	RS.	A.	RS.
1	West Godavari District Co-operative Central Bank, Ellore.	25,63,508	0	946	0	710
2	Kovvur Co-operative Urban Bank.	21,910	0	109	8	80
3	Ellore Co-operative Urban Bank.*	50,719	0	253	8	190
	Total ...	26,36,137	0	1,309	0	980

N.B.—*Are Urban Banks with a working capital of Rs 50,000 and above.

KISTNA DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed. RS.
1	Krishna Co-operative Bank.	27,40,069	0	983	0	740
2	Viziavada Co-operative Bank*	8,72,648	0	515	0	390
3	Gudlavalleru Land Mortgage Bank, Ltd.*	3,46,541	0	259	8	195
4	Vadlamannadu Land Mortgage Bank, Ltd.*	1,57,900	0	118	8	90
5	Bezwada Gandhi Urban Bank.	88,069	0	392	8	295
6	Durga Urban Bank ...	44,687	0	223	8	170
7	Gudivada Urban Bank.* ...	66,064	0	310	0	235
8	Masulipatam Urban Bank.*	69,980	0	325	0	245
9	Sree Krishna Urban Bank.*	1,28,270	0	508	4	380
	Total ...	45,14,228	0	3,635	4	2,740

GUNTUR DISTEICT.

	Name of the Bank.	RS.	A.	RS.	A.	RS.
1	Guntur District Co-operative Bank, Ltd.	31,26,442	0	1,047	0	785
2	Narasaraopet Co-operative Urban Bank, Ltd.*	51,305	4	255	0	190
3	Bapatla Co-operative Urban Bank, Ltd.*	82,842	12	373	0	280
4	Tenali Co-operative Urban Bank, Ltd.*	86,266	0	385	12	290
5	Repalle Co-operative Urban Bank, Ltd.	23,864	12	119	0	90
6	Kolluru Co-operative Urban Bank, Ltd.*	1,15,790	0	476	12	360
7	Ongole Co-operative Urban Bank, Ltd.	41,774	13	208	8	155
8	Guntur Police Officers' Co-operative Society.	31,773	2	158	8	120
	Total ...	35,60,058	11	3,023	8	2,270

N.B.—*Are Urban Banks with a working capital of Rs. 50,000 and above.

NELLORE DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1932. Rs.	A.	Audit fee as per Government scale. Rs.	A.	Fees now proposed. Rs.
1.	Nellore District Co-operative Banking Union.	17,03,362	7	788	0	590
2.	Nellore Co-operative Society *	1,40,650	1	539	0	405
3.	Nellore District Government Servants' Co-operative Society.	46,103	10	230	8	175
4.	Nellore Christian Co-operative Society.	20,970	0	104	8	80
5.	Bitragunta Railway Employees' Co-operative Society.	43,034	4	215	0	160
	Total ...	19,54,120	6	1,877	0	1,410

KURNOOL DISTRICT.

1	Kurnool District Co-operative Central Bank Ltd.	10,11,293	0	557	0	420
2	Kurnool Urban Bank.* ...	61,646	0	293	8	220
3	Nandyal Co-operative Credit Society Ltd.*	86,470	0	386	8	290
	Total ...	11,59,409	0	1,237	0	930

BELLARY DISTRICT.

1	Hospet Co-operative Central Bank.	11,83,390	6	629	0	475
2	Bellary Co-operative Town Bank. *	56,270	13	273	10	205
3	Bellary Government Servants' Co-operative Society	31,648	2	158	8	120
4	Adoni Co-operative Town Bank.	31,893	2	159	8	120
5	Hospet Co-operative Town Bank. *	93,813	12	414	4	310
	Total ...	13,97,016	3	1,634	14	1,230

N.B.—* Are Urban Banks with a working capital of Rs. 50,000 and above.

ANANTAPUR DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. Rs.	A.	Audit fee as per Government scale. Rs.	A.	Fees now proposed. Rs.
1	Anantapur District Co-operative Central Bank.	14,70,556	9	788	0	590
2	Tadpatri Co-operative Town Bank Ltd.*	53,020	0	261	4	195
3	Anantapur District Public Servants' Co-operative Society.*	63,661	6	301	6	225
4	Gooty Co-operative Town Bank. *	68,541	6	319	6	240
5	Anantapur District Police Servants' Co-operative Society.	32,383	15	162	0	120
6	Anantapur Co-operative Town Bank. *	76,677	9	350	2	265
7	Hindupur Co-operative Town Bank. *	2,10,202	5	706	10	530
	Total ...	19,75,043	2	2,888	12	2,165

CUDDAPAH DISTRICT.

1	Cuddapah District Co-operative Central Bank.	6,89,591	0	450	0	340
2	Proddatur Town Bank.* ...	74,383	0	341	8	255
3	Cuddapah Town Bank.* ...	76,811	0	350	8	265
4	Cuddapah Government Servants' Co-operative Society.	26,750	0	134	0	100
5	Cuddapah Police Servants' Co-operative Society.	30,090	0	150	8	115
6	Nandalur Town Bank. ...	22,960	0	114	8	85
7	Cuddapah London Mission Co-operative Society.	24,592	0	123	0	90
	Total ...	9,45,177	0	1,664	0	1,250

N.B.—*Are Urban Banks with a working capital of Rs. 50,000 and above.

CHITTOOR DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed. RS.
1	Chittoor Dt. Co-operative Central Bank Ltd.	10,85,199	0	594	0	450
2	Chittoor Town Bank* ...	4,94,422	0	1,059	0	795
3	Tirupathi Town Bank.* ...	2,92,764	0	861	8	645
4	Madanapalle Town Bank ...	46,819	0	234	0	175
5	Punganur Town Bank ...	44,240	0	221	8	165
	Total ...	19,61,444	0	2,970	0	2,230

NORTH ARCOT DISTRICT.

	Name of the Bank.	RS.	A.	RS.	A.	RS.
1	Vellore Central Bank ...	35,47,799	0	1,100	0	825
2	Gudiyattam Town Bank ...	35,096	0	175	0	130
3	Thottapaliam Urban Bank.	24,372	0	121	8	90
4	Vellore Town Bank ...	26,610	0	133	0	100
5	Pallikonda Urban Bank.* ...	63,305	0	299	14	225
6	Arni Town Bank ...	20,256	0	101	0	75
7	Sholingur Urban Bank. ...	44,893	0	224	0	170
8	Ranipet Town Bank ...	49,098	0	245	0	185
9	Wallajah Urban Bank. ...	20,633	0	103	0	80
10	Wallajah Urban Bank II Ward.	28,379	0	141	8	105
11	Tiruvettipuram Urban Bank.	42,340	0	211	8	160
12	Tirupathur Town Bank* ...	1,31,059	0	515	0	390
13	Tiruvannamalai Urban Bank.*	1,84,869	0	649	8	490
	Total ...	42,18,709	0	4,019	14	3,025

N.B.—*Are Urban Banks with a working capital of Rs. 50,000 and above.

SALEM DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed. RS.
1	Salem Dt. Urban Bank, Ltd.	30,35,214	0	1,036	0	786
2	Salem Urban Co-operative Society, Ltd.*	9,70,730	0	1,356	11	1,020
3	Salem Postal Employees' Co-operative Society, Ltd.*	55,327	0	269	14	205
4	Salem Town Scavengers' and Sweepers' Co-operative Society, Ltd.	24,211	0	121	0	90
5	Velur Urban Bank, Ltd.* ...	71,157	0	329	2	250
6	Namakkal Urban Bank, Ltd.*	61,320	0	292	6	220
7	Rasipuram Urban Co-operative Society, Ltd.*	61,657	0	293	8	220
8	Trichengode Urban Co-operative Society, Ltd.	30,038	0	150	0	115
9	Krishnagiri Urban Co-operative Society, Ltd.*	1,44,425	0	548	0	410
10	Kaveripatnam Town Bank.*	69,163	0	321	10	240
11	Dharmapuri Town Bank* ...	94,967	0	418	6	315
12	Hosur Town Bank, Ltd.* ...	21,532	0	107	8	80
	Total ...	46,39,741	0	5,244	1	3,945

COIMBATORE DISTRICT.

	Name of the Bank.	RS.	A.	RS.	A.	RS.
1	Coimbatore Dt. Urban Bank.	37,51,320	10	1,125	0	845
2	Erode Urban Bank, Ltd.*	4,41,958	4	1,026	3	770
3	Udumalpet Urban Bank. ...	29,622	12	148	0	110
4	Gobichettipalayam Urban Bank.*	1,09,318	14	460	12	345
5	Coimbatore Dt. Public Servants' Co-operative Society.*	53,521	13	263	2	200
6	Satyamangalam Urban Bank*	1,15,350	10	475	12	355
7	Bhavani Urban Bank* ...	67,829	8	316	12	240
	Carried Over ...	45,68,922	7	3,815	9	2,865

N.B.—Are Urban Banks with a working capital of Rs. 50,000 and above.

COIMBATORE DISTRICT.—(*Contd.*)

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed RS.
	Brought Forward ...	45,68,922	7	3,815	9	2,865
8	Coimbatore Town Bank* ...	74,160	11	340	6	255
9	Kottur Urban Bank, Ltd ...	25,651	3	128	0	95
10	Dharapuram Urban Bank ...	47,753	4	238	8	180
11	Pollachi Urban Bank ...	20,877	1	104	0	80
12	Mettupalayam Urban Bank.*	54,199	1	265	6	200
13	Coimbatore Stores and Bank.	47,953	9	239	8	180
14	Tiruppur Urban Bank,* ...	1,20,560	2	488	12	365
15	Annuppapalayam Urban Bank.	24,109	0	120	8	90
	Total ...	49,84,186	6	5,740	9	4,310

NILGIRIS DISTRICT.

	Name of the Bank.	Working Capital RS.	A.	Audit fee RS.	A.	Fees now proposed RS.
1	Coonoor Urban Bank, Ltd.	45,095	3	225	0	170
2	Ootacamund Wills Co-operative Society, Ltd. *	83,359	5	374	14	280
3	Nilgiris Dt. Public Servants' Co-operative Society, Ltd.	45,002	10	225	0	170
4	Aravankadu Cordite Factory Co-operative Society, Ltd.	37,535	14	187	8	140
	Total ...	2,10,993	0	1,012	6	760

MALABAR DISTRICT.

	Name of the Bank.	Working Capital RS.	A.	Audit fee RS.	A.	Fees now proposed RS.
1	Malabar Dt. Co-operative Bank Ltd., Calicut.	13,06,226	12	677	0	510
2	Calicut Co-operative Urban Bank. *	86,791	6	387	10	290
3	Cannanore Co-operative Urban Bank.	32,955	14	165	0	125
4	Tellicherry Public Servants' Co-operative Society.	22,638	8	113	0	85
	Total ...	14,48,612	8	1,342	10	1,010

N.B.—* Are Urban Banks with a working capital of Rs. 50,000 and above.

SOUTH KANARA DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed. RS.
1	The South Canara Central Co-operative Bank Ltd.	13,48,402	0	656	0	490
2	Puttur Agriculturists' C. W. Society,	40,279	0	201	8	150
3	Karkala Co-operative Society.*	59,784	0	286	12	215
4	S. K. Government Servants' Co-operative Society,*	83,355	0	375	4	280
5	Coondapur Town Co-operative Bank,	26,349	0	131	8	100
6	Mangalore Protestant Xian Co-operative Society,	48,813	0	244	0	185
7	Mulky Co-operative Town Bank.	33,204	0	166	0	125
8	Mangalore Co-operative Town Bank. *	1,69,372	0	611	0	460
9	Mangalore Catholic Co-operative Society, *	3,89,310	0	986	10	740
10	Udipi Co-operative Town Bank.	24,843	0	124	0	95
11	Kasaragod Co-operative Town Bank. *	66,199	0	310	12	235
	Total ...	22,89,910	0	4,093	6	3,075

CHINGLEPUT DISTRICT.

	Name of the Bank.	Working Capital RS.	A.	Audit fee RS.	A.	Fees now proposed. RS.
1	Conjeeveram Central Bank.	40,37,658	0	1,161	0	870
2	Big Conjeeveram Town Bank. *	4,24,537	0	1,015	5	760
3	Little Conjeeveram Urban Bank. *	2,13,897	0	713	6	535
4	Chingleput Urban Bank * ...	3,65,677	0	957	0	720
5	Chingleput District Public Servants' Co-operative Society. *	60,552	0	289	6	220
	Carried Over ...	51,02,321	0	4,136	1	3,105

N.B.—* Are Urban Banks with a working capital of Rs. 50,000 and above.

CHINGLEPUT DISTRICT.—(*Contd.*)

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed RS.
	Brought Forward ...	51,02,321	0	4,136	1	3,105
6	St. Thomas Mount Co-operative Society. *	75,745	0	346	6	260
7	Chingleput District Police Co-operative Society.	26,237	0	131	0	100
8	Adambakkam Co-operative Society.	22,671	0	113	0	85
9	Pallavaram Co-operative Society.	37,212	0	186	0	140
10	Saidapet Sengunthar Co-operative Society.	25,170	0	125	8	95
11	Conjeevaram Land Mortgage Bank. *	1,17,394	0	87	12	65
12	Chingleput Land Mortgage Bank.	34,148	0	25	8	20
13	Madurantakam Land Mortgage Bank.	36,880	0	27	0	20
	Total ...	54,77,778	0	5,178	3	3,890

SOUTH ARCOT DISTRICT.

	Name of the Bank.	Working Capital RS.	A.	Audit fee RS.	A.	Fees now proposed RS.
1	South Arcot Co-operative Central Bank Ltd.	27,30,890	0	981	0	735
2	Tirukoilur Urban Bank ...	2,02,244	0	691	10	520
3	Villupuram Urban Bank.*	64,352	0	304	0	230
4	Cuddalore Co-operative Society.*	54,116	0	265	6	200
5	Pudupalayam Co-operative Society.	45,720	0	228	8	170
6	Cuddalore Government Servants' Co-operative Society.	41,180	0	206	0	155
	Carried Over ...	31,38,502	0	2,676	8	2,010

N.B.—*Are Urban Banks with a working capital of Rs. 50,000 and above.

SOUTH ARCOT DISTRICT.—(*Contd.*)

	Name of the Bank.	Working Capital as on 30th June 1931. RS.	A.	Audit fee as per Government scale. RS.	A.	Fees now proposed. RS.
	Brought Forward ...	31,38,502	0	2,676	8	2,010
7	Chidambaram Urban Bank *	1,02,936	0	444	12	335
8	Tindivanam Urban Bank * ...	3,06,848	0	883	4	660
9	Kallakurichi Factory Labourers' Co-operative Society.	29,096	0	145	8	110
10	Panrutti Urban Bank* ...	50,588	0	252	4	190
11	Nellikuppam E. I. D. Co-operative Society.	28,245	0	141	8	105
12	Villupuram Teachers' Co-operative Society.	20,671	0	103	8	80
	Total ...	36,76,886	0	4,647	4	3,490

TANJORE DISTRICT.

	Name of the Bank.	Working Capital RS.	A.	Audit fee RS.	A.	Fees now proposed RS.
1	The Co-operative Central Bank Ltd., Kumbakonam.	19,66,619	0	836	0	630
2	The Co-operative Central Bank Ltd., Tanjore.	15,11,368	0	752	0	565
3	Nicholson Town Bank Ltd.*	1,74,491	0	623	12	470
4	Mannargudi Urban Bank* ...	2,27,724	0	739	7	555
5	Tiruvarur Sri Kamalambika Urban Bank.*	1,53,679	0	571	12	430
6	Nagapatam Urban Bank * ...	26,099	0	130	8	100
7	Mayavaram Urban Bank* ...	96,006	0	422	8	320
8	Papanasam Urban Bank ...	27,252	0	136	8	100
9	Vijayapuram Urban Bank.*	50,365	0	251	2	190
10	Pattukottai Urban Bank. * ...	1,16,448	0	478	8	360
11	Shiyali Urban Bank. * ...	55,585	0	271	0	205
12	Karuthattangudi Urban Bank. *	1,12,246	0	468	0	350
	Carried Over ...	45,17,882	0	5,681	0	4,275

N.B.—* Are Urban Banks with a working capital of Rs. 50,000 and above.

TANJORE DISTRICT.—(*Contd*).

	Name of the Bank.	Working Capital as on 30th June 1931. Rs.	A.	Audit fee as per Government scale. Rs.	A.	Fees now proposed. Rs.
	Brought Forward ...	45,17,882	0	5,681	1	4,275
13	Tranquebar Urban Bank. *	32,780	0	164	0	125
14	Arantangi Urban Bank ...	26,900	0	134	8	100
15	Kumbakonam Urban Bank. *	54,484	0	266	14	200
16	Tanjore Public Servants' Co-operative Society. *	66,203	0	310	12	235
17	Melattur Agricultural Bank.*	81,213	0	367	0	275
	Total ...	47,79,462	0	6,924	3	5,210

TRICHINOPOLY DISTRICT.

	Name of the Bank.	Working Capital Rs.	A.	Audit fee Rs.	A.	Fees now proposed Rs.
1	Trichinopoly District Urban Bank.	40,66,202	0	1,240	0	930
2	Lalgudi Urban Bank, Ltd.*	60,393	0	289	0	220
3	Musiri Co-operative Society...	38,310	0	191	8	145
4	Kulitalai Co-operative Society.	48,664	0	243	0	180
5	Ariyalur Co-operative Society.	36,382	0	181	8	135
6	Hirudayapuram Co-operative Society. *	98,463	0	431	8	325
7	Karur Town Bank, Ltd. * ...	1,69,348	0	610	12	460
8	Trichinopoly Co-operative Credit Bank, Ltd. *	4,01,296	0	1,000	4	750
9	Srirangam Co-operative Credit Bank, Ltd. *	1,26,349	0	503	4	375
10	South Indian Railway Employees' Co-operative Society *	13,90,117	0	1,618	13	1,215
11	Tiruvanaikovil Co-operative Society, Ltd. *	65,683	0	308	8	230
	Total ...	65,01,207	0	6,618	1	4,965

N.B.—* Are Urban Banks with a working capital of Rs. 50,000 and above.

MADURA DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. Rs.	A.	Audit fee as per Government scale. Rs.	A.	Fees now proposed. Rs.
1	Madura-Ramnad Central Co-operative Bank.	33,16,247	0	1069	0	800
2	Madura Urban Bank, Ltd. *	2,38,635	0	759	14	570
3	Madura Sourashtra Urban Bank, Ltd.	46,990	0	235	0	175
4	Madura, Ramnad District Public Servants' Co-operative Society, Ltd.	36,608	0	183	0	135
5	Periyakulam Urban Bank*...	1,62,150	0	592	12	445
6	Dindigul North Urban Bank*	94,161	0	415	6	310
7	Melur Urban Bank* ...	57,173	0	276	10	205
8	Uthamapalayam Urban Bank.	24,387	0	121	8	90
9	Bodinayakanur Urban Bank.	25,610	0	128	0	95
10	Palni Urban Bank ...	35,012	0	175	0	130
11	Thirumangalam Urban Bank.	39,965	0	199	8	150
12	Bodinayakanur Cardamom Planters' Bank, *	1,21,211	0	490	8	365
13	Kombai Cardamom Planters' Bank, Ltd. *	2,25,954	0	736	1	550
14	Thevaram Cardamom Planters' Bank, *	2,17,743	0	720	11	540
	Total ...	46,41,846	0	6,102	14	4,560

RAMNAD DISTRICT.

	Name of the Bank.	Working Capital Rs.	A.	Audit fee Rs.	A.	Fees now proposed Rs.
1	Srivilliputtur Co-operative Banking Union.	9,89,702	3	559	0	420
2	Paramakudi Urban Bank* ...	87,813	0	391	12	295
3	Manamadura Urban Bank*	50,676	0	253	0	190
4	Devakottai Urban Bank* ...	73,748	0	338	14	255
5	Karaikudi Urban Bank ...	41,495	0	207	8	155
6	Ramnad Urban Bank ...	27,908	0	139	8	105
7	Rameswaram Urban Bank ...	36,935	0	184	8	140
8	Sivaganga Urban Bank* ...	1,01,017	0	441	8	330
9	Tirupattur Urban Bank ...	43,802	0	219	0	165
10	Bhupathi Raju Urban Bank *	1,20,635	1	489	0	365
11	Srivilliputtur Co-operative Urban Bank. *	73,879	5	339	10	255
	Total ...	16,47,610	9	3,563	4	2,675

N.B.—* Are Urban Banks with a working capital of Rs. 50,000 and above.

TINNEVELLY DISTRICT.

	Name of the Bank.	Working Capital as on 30th June 1931. Rs.	A.	Audit fee as per Government scale. Rs.	A.	Fees now proposed. Rs.
1	Tinnevelly District Co-operative Central Bank.	20,26,145	11	849	0	635
2	Tuticorin Melur Bank.* ...	70,775	1	328	0	245
3	Tuticorin Co-operative Bank.*	55,857	1	272	2	205
4	Nazareth Co-operative Bank*	72,542	11	334	6	250
5	Srivaikuntam Co-operative Bank.*	56,613	14	274	12	205
6	Tiruchendur Co-operative Bk.	35,877	6	179	8	135
7	Pirakasapuram Co-operative Society.	23,510	5	117	8	90
8	Manapad Catholic Urban-Bank.	32,350	11	161	8	120
9	Tinnevelly Dt. Public Servants' Co-operative Society.*	53,872	11	264	10	200
10	Tinnevelly Town Co-operative Society.*	50,255	9	251	0	190
11	Palamcottah Urban Bank.*	1,63,530	10	596	4	445
12	Tinnevelly Junction Bank*	1,75,333	9	625	12	470
13	Nanguneri Peace Memorial Co-operative Society.	45,952	0	230	0	175
14	Ambasamudram Co-operative Bank.	23,632	0	118	0	90
	Total ...	28,86,249	3	4,602	6	3,455

MADRAS.

	Name of the Bank.	Working Capital Rs.	A.	Audit fee Rs.	A.	Fees now proposed Rs.
1	Provincial Bank ...	1,68,96,442	0	...		...
2	Madras District Co-operative Central Bank.	5,18,547	0	382	0	290
3	Madras Xian Bank ...	13,24,550	0	684	0	515
4	Chintadripet Central Co-operative Bank.	25,687	0	128	8	100
5	City Police Officials Co-operative Society.	24,033	0	120	0	90
6	City Constables Co-operative Society.	22,598	0	112	8	85
7	Civil Accounts Staff Co-operative Society.*	57,845	0	279	4	210
8	Corporation Servants' Co-rative Society.	22,936	0	114	8	85
9	Customs Co-operative Society.	29,960	0	149	8	110

N.B.—*Are Urban Banks with a working capital of Rs. 50,000 and above.

MADRAS.—(*Contd*).

	Name of the Bank.	Working Capital as on 30th June 1931. Rs.	A.	Audit fee as per Government scale. Rs.	A.	Fees now proposed. Rs.
10	High Court Co-operative Society.*	88,550	0	394	6	295
11	Port Trust Co-operative Society.*	59,725	0	286	6	215
12	Purasawalkam Co-operative Central Bank.*	50,012	0	250	0	190
13	Secretariat Staff Co-operative Society.	47,018	0	235	0	175
14	Pudupet Bank	31,366	0	156	8	120
15	Buckingham and Carnatic Mills Co-operative Society.	43,697	0	218	0	165
16	Kachaleswarar division Co-operative Bank.*	95,698	0	421	6	315
17	Survey Office Co-operative Society.	21,222	0	106	0	80
18	Washermanpet Co-operative Society.	25,291	0	126	8	95
19	Government Press Employees Co-operative Society*.	61,121	0	291	10	220
20	Corporation Officials Co-operative Society.	2,41,044	0	764	6	575
21	George Town Co-operative Society.	76,147	0	347	14	260
22	Catholic Co-operative Society	15,578	0	77	8	55
23	Government Servants Co-operative Society.*	1,65,743	0	601	12	450
24	Telegraph Employees Co-operative Society.*	3,57,049	0	946	4	710
25	Mylapore Co-operative Society	23,221	0	116	0	85
26	Peddunaickenpet Co-operative Society.	38,612	0	193	0	145
27	Posts and Telegraphs Co-operative Society.*	9,53,695	0	1,346	0	1,010
28	Teachers' Guild Co-operative Society.*	56,697	0	275	2	205
29	Vellala Co-operative Central Bank.*	83,369	0	412	12	310
30	City Co-operative Bank* ...	9,70,578	0	1,356	10	1,020
31	M. & S. M. Ry, Employees Co-operative Society.*	19,34,422	0	1,958	0	1,470
32	Mambalam Co-operative Society.	25,814	0	129	0	100
	Total ...	75,01,825	0	12,980	4	9,750

N.B.—*Are Urban Banks with a working capital of Rs. 50,000 and above.

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