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SUPPLEMENT TO THIS ISSUE.

The Fourth Madras District Co-operative Conference.

WELCOME ADDRESS

BY

Rao Saheb V. DHARMALINGAM PILLAI Avl., M.L.C.,

Chairman of the Reception Committee.

BROTHER CO-OPERATORS, LADIES & GENTLEMEN,

I have great pleasure in extending to you a hearty welcome to the Fourth Session of the Madras District Co-operative Conference on behalf of the Reception Committee. The Conferences till last year, were held at irregular intervals. An earnest attempt was made by the City Co-operators to hold them regularly from last year.

CO-OPERATION IN MADRAS.

It will be noticed from the latest Administration Report that there has been a steady decrease in the total number of societies in the city. This is in a way good. It only shows that attempts are being made to weed out societies unworthy of existence. The total membership of societies increased from 53,458 to 56,514, and their working capital to Rs. 77,29,191 and paid up share capital to Rs. 23,03,171. The deposits and other borrowings of the societies also rose to Rs 41,32,545 of which the Government lent Rs. 7,86,800 and the Central Bank Rs. 2,90,297. The Loans from Government represent the loans to Building Societies and to Central Land Mortgage Bank. The percentage of balance to demand under long and short-term loans was ·054 and ·007 for the whole District as against 2·45 and nil for the last year and under interest it was less than one per cent. It is gratifying to note that there was nothing overdue under interest to the Madras District Co-operative Central Bank Ltd. Having regard to the population of the City and their needs, it cannot be said that co-operation has developed to the extent to which it ought to have progressed.

Apart from the limited liability credit societies which number about 70, there are 45 credit unlimited liability societies mostly composed of depressed classes such as Adi-Dravidas, Adi-Andhras, Arundatiyas and Scavengers with a membership of about 3,669 with a paid up share capital of about Rs. 81,000 and a working capital of about, 1¼ Lakhs. Though there seems to be a reduction in the percentage of overdues between demand and balance it cannot be said that the problems of the depressed classes are well tackled so far. With regard to non-credit societies, only two namely the T.U.C.S. and the Central Co-operative Printing Works Ltd., seem to be doing some useful work. It was further stated in the report that other societies did little work during the year

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Bank, has taken up the function of financing, supervising, educating and co-ordinating activities of co-operators in the city. Through its columns of the Madras Co-operator is doing its best to educate the members of the societies. But that is not quite sufficient. Education funds should also be created with the sole object of removing illetracy and ignorance among the depressed classes and developing the business habit in them.

I congratulate the City Co-operators on their having secured the services of the friend of the poor, Mr. T. S. Ramaswamy Ayyar to preside over this session. As the President of the Corporation of Madras, he has ample opportunities, to help the poor and improve the slums and their economic condition. I am certain that he will render all assistance in his power to help the co-operators in fulfilling their aspirations. I have now great pleasure in requesting Mr. T. S. Ramaswamy Ayyar to take the chair.

PRESIDENTIAL ADDRESS

BY

M. R. Ry. T. S. RAMASWAMI AIYAR Avl., B.A., B.L., M.L.C.

President, Corporation of Madras.

BROTHER CO-OPERATORS, LADIES AND GENTLEMEN:

I desire to thank the organisers of the Fourth Madras District Co-operative Conference for the great honour they have done me in asking me to preside over the deliberations of the Conference. I desire also to offer my sincere thanks to those who are attending this Conference and to those who have sent messages of sympathy.

The Co-operative Movement was started in India in 1904, and its progress during the past quarter of a century has not been a negligible one. In the progress so made, Madras can really feel proud of the part she has played. I need only refer to the good pioneer work of the Madras Central Urban Bank as a provincial co-operative banking institution and of the Triplicane Urban Co-operative Society as one of the largest consumers' societies in India.

Co-operation is not foreign to India, for it is common knowledge that co-operation forms the basis of society in India and the best examples of it are the Hindu joint family system and the village community. It may be interesting to know that the number of societies in British India and Indian States is nearly one lakh. The credit societies alone in British India number over 78,000 and count more than three million members with a working capital of over 40 crores of rupees. The number of non-credit societies is about 16,000 with a membership of about 6,50,000, the working capital being about 6 crores. The co-operative movement like all other movements is now passing through an economic crisis, but we may feel assured that just like other great institutions of service, this movement will also be able to bear the strain and come out with redoubled force and usefulness. It is our duty to find out the defects that exist in the organisation so that after the storm has abated we will be able to formulate schemes by which the co-operative movement will be a more potent force for good in the country. When the movement was originally started in Madras, it got good support both from the Government and from the public and in the first flush of enthusiasm, societies were formed in such great haste that sometimes people became members of unlimited liability co-operative societies, without understanding what their obligations were when they joined such societies. Now the time for reckening has come and people are rudely awakened to their responsibilities. I find this is specially so in the case of many of the depressed

Madras Provincial Co-operative Union, with a view to ascertain the conditions of small traders and artisans and how far their condition can be improved on a co-operative basis. He further suggested that two deligent students in Economics should be employed one, to work in the north of Madras and the other to work in the south of Madras, and to carry on necessary investigation and to present the results of such investigation in a readable form to the Co-operators in the City. You are also aware of the fact that in the absence of any standing committee of the conference and from financial point of view also, the Madras Provincial Co-operative Union, was requested to take necessary action on the resolutions passed and suggestions made at the Conference. But so far nothing seems to have been done in that direction. Nor is this all. The Administration Report of the Department presents a lamentable picture. We have only one Triplicane Stores and another a Printing works to boast of, the successful working in the direction of non-credit activities. Others seem to do little or nothing. Some others are even unable to start work. If care had been taken to register only societies capable of working and after starting if sufficient assistance had been given to such societies the non-credit movement in the City would have been a great success. As pointed out by Rao Bahadur T. A. Ramalingam Chettiar at the last Provincial Co-operative Conference it is the duty of the Government to find sufficient number of intelligent and sympathetic men for starting societies for industries of a popular character and to make their services available to societies gratis in the initial stages and until the societies get their own men trained. Without such help it cannot be expected that non-credit societies will come largely into existence or thrive. It will be a day of salvation for the unemployed if the Department makes a beginning in this direction at least in a city like this in the coming year. It will really increase the earning capacity of the members who join such societies.

SLUMS AND CO-OPERATIVE MOVEMENT.

As one belonging to the Depressed Class Community, I can say with emphasis the miserable lot to which my community is subjected. Societies intended for depressed classes are being liquidated from day to day. The city requires more honorary workers to help the depressed class societies. Several members belonging to the depressed class community are willing to work for the uplift of depressed class societies, if only proper encouragement is given to them both by officials and non-officials, For want of opportunities these are unable to do anything at present. If retired officers from among them are given some recognised position in the movement, I am sure that many of the economic problems of the depressed classes will be solved and their societies saved from ruin. Further it is highly desirable that depressed class societies should not be liquidated without consulting the Financing Bank. The societies have not in any way attempted to solve the social and economic problems of the community.

They were started with a few people and they did disburse credit to some who would not otherwise have got it. But many important problems are still left unsolved. A broad outlook and concerted action both by officials and non-officials is absolutely necessary to bring about the social and economic reformation of the depressed classes.

To mention only a few of the disadvantages to which my community is put, the insanitary conditions in which they live and the difficulties under which they labour at the hands of the land-lords. You are aware of the fact that almost all the huts of the depressed classes are built on lands belonging to richer persons. It is no doubt very generous of the Government to pass the City Tenants' Protection Act, to protect the miserable people from the clutches of the land-lords, but the Act by itself would not help them from the wrath of the richer people. When suits are filed, the depressed classes are in a miserable plight. There is nobody to help them. The District Central Bank, I trust, will come to their rescue, by making suitable provision for grant of long-term loans to depressed class societies for the purchase of sites. I am also sure that the Corporation of Madras will come to their help and improve their surroundings under the sympathetic guidance of M. R. Ry. T. S. Ramaswamy Ayyar Avl., the President of the Corporation of Madras, and the able administration of Mr. D. D. Warren, the Commisioner of the Corporation of Madras.

THE FUTURE.

The future is hopeful. The President of the Provincial Institutions, the newly started District Bank, the new President and the Commissioner of Corporation of Madrss, I trust will solve most of the outstanding economic evils. You are also aware of the fact that the Madras Provincial Co-operative Bank Ltd., through the Provincial Co-operative Union has been spending as much as Rs. 16,000 for rural reconstruction work and a large portion for propaganda tours. When such is the case, I am sure, that institution will not refrain from helping their depressed bretheren in the city itself in their desire to start urban uplift centres. I am already informed that there is a move to start some centres and to run them on model lines. If the co-operators join hands with the authorities of the Corporation of Madras there is ample scope for the development of the Movement in the City. I would like to lay stress that the by-laws of the depressed class societies, as framed at present, are so rigid as to prevent their further development. As was sugested by the depressed classes several times at their meetings, they must be amended suitably as to enable them to better their position economically. Proposals, I trust, might have been already sent to the Registrar of Co-operative Societies for his acceptance. I am quite certain that our sympathetic Registrar Mr. Strathie, will do his best to relieve the sufferings of the depressed classes by accepting the aforesaid proposals. I am also very glad to note that in the City, the District Central social and economic uplift of the rural population and when its financial needs are therefore likely to increase rapidly.

"Complaints have also been received about the difficulties raised by the Imperial Bank of India in regard to the free remittance of funds by co-operative banks. The Government of India have held the view that buying and selling of remittance for other than co-operative purposes, is not consistent with the principles of co-operative banking and have ordered that remittance transfer receipts for *bona fide* co-operative purposes may be issued if the co-operative banks certify that the transfer is for co-operative purpose. It has been stated that even the certificates of co-operative banks to this effect are not accepted by certain branches of the Imperial Bank, and it is urged that this attitude is uncalled for and unjustifiable. The action taken by the Imperial Bank in the matter has been justified by its Managing Governor, in his evidence before us, as warranted in the interests not only of the Imperial Bank but also the Indian Joint Stock Banks which do not enjoy the facility of free transfers. He thinks it is irregular for co-operative banks subsidised by the tax-payer to the extent of the cost of the Co-operative Department exemption from income-tax, to compete in ordinary banking business with commercial banks which have no such advantage. We consider that free remittance of funds for co-operative purposes is of the utmost importance to the co-operative movement and that no attempt should be made to curtail the privileges under the rules of the Government of India in this matter. As regards remittance facilities for other than co-operative purposes we recommend that co operative banks should be entitled to the same privileges as joint-stock banks. We may in this connection invite attention to the following extract from the memorandum of the foreign banking experts on Commercial Banking with which we whole-heartedly agree :—"

> 'The Co-operative Movement in spite of imperfections and of unavoidable setbacks deserves every possible assistance from all quarters, because there is no better instrument for raising the level of the agriculturist of this country than the co-operative effort, and a strong appeal to the banking interests of the country to assist this movement seems not at all out of place. The Imperial Bank particularly ought to continue and to increase its endeavours to supplement the present organisation of co-operative credit with expert advice in a business spirit and with financial assistance.'

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SUPPLEMENT TO THIS ISSUE

The Madras Provincial Co-operative Union.

ROYAPETTAH, MADRAS.

PROCEEDINGS OF MEETINGS HELD ON 13-12-31.

(1) EXECUTIVE COMMITTEE.

Present:

Messrs. 1. V. Ramadas Pantulu (In the Chair)
,, 2. S. K. Yegnanarayana Iyer.
,, 3. V. Venkatasubbaiya.
,, 4. G. Sriram Babu Naidu.
,, 5. K. L. Narasimha Rao.
,, 6. A. Sankunni Menon.
,, 7. N. Satyanarayana.

Messrs V. C. Rangaswamy, K. C. Ramakrishnan and G. Harisarvottama Rau, original signatories to the application for registration of the Madras Provincial Co-operative Insurance Society, were also present on invitation. Mr. K. M. Singaravelu Mudaliyar and Mr. S. Subba Rao, members of the Rural Reconstruction Committee, also attended the meeting.

RESOLUTIONS.*

1. *The Madras Provincial Co-operative Insurance Society.*

(i) D. O. No. 2407/31 dated 3-12-1931 and letter No. C. 2407/31 dated 10-12-1931 from the Registrar of Co-operative Societies, Madras, regarding his approval to the bye-laws of the Society.

> "Resolved that the bye-laws be approved and such modifications as are discussed at this meeting be carried out by the President, Mr. S. K. Yegnanarayana Iyer and Mr. V. Venkatasubbaiya.

(ii) Letter dated 6-12-1931 from Mr. K. B. Madhava, Consulting Actuary, Mysore University, regarding the payment of an advance of Rs. 40 towards fees for a preliminary report on the

*Only important resolutions are published.

class societies in Madras. The present period of economic stress happens to coincide with the second phase in the history of the co-operative movement in India, namely, that of restricted and intensive work following the first phase, that of general expansion. The co operative movement is now therefore undergoing a double strain and we find that the winding up of societies and the application of penal sections are the order of the day. In the evolution of the co-operative movement, this is inevitable; but sympathetic treatment is necessary even in the matter of winding up. I do not for a moment suggest that the penal sections should not be applied. But I appeal to those who are responsible for the enforcement of the penal sections to appreciate the difficulties of members of co-operative societies which are stated to have defaulted. Many of the institutions were started without a proper understanding of the liabilities which the members incurred when they joined them. With unemployment staring people in the face and with an economic crisis of an abnormal type prevailing in the country, it is difficult for even those who want to keep their engagements to be prompt in their payments.

Co-operative Movement in this Presidency has been based mainly on the idea that it should cater to the needs of an agricultural country. It is but right that it should be so understood, for the majority of the people even now live in villages. But I am afraid that this agricultural bias has pervaded the movement to such a large extent that people do not try to distinguish the needs of urban areas which are of a special nature from the needs of rural areas. Of late there has been a large infulx of people into towns from rural areas as will be seen from the returns of the last census. The City of Madras has been growing very fast and her special needs in the matter of co-operation do require our immediate attention. Though Madras cannot boast of being a big commercial city, still she has got a trade of which she can justly be proud and it is the duty of the co-operative movement to help the small traders and merchants who are generally not helped by the big commercial banks. There is a great need for the formation of societies for tradesmen and artisans. I hope the Madras District Co-operative Central Bank whose recent advent into the public life of Madras has been welcomed on all sides will give a helping hand to such societies. A system of short-term loans by the issue of hundis and bills should be introduced as an ordinary course of business by the co-operative banks. It will be quite an easy thing for the Madras Provincial Co-operative Bank to help the District Bank by allowing overdrafts or by issuing hundis for short periods like three months. The District Bank in its turn may give similar concessions to the Urban Banks within its jurisdiction. Such a system will foster the idea that societies should faithfully keep their engagements and will also facilitate the funds of the banks being kept in a fluid condition. For want of such a system both the Madras Provincial Co-operative Bank and the Distict Bank are obliged to put their surpluses in gilt-edged securities while all the time there is a growing need for short-term

Co-operative Institutes as a special branch thereof according to local conditions. In the Punjab and in Bihar and Orissa the Provincial Institute employs all the audit staff which works under Government control. The staff of the Apex Union or the audit branch of the Provincial Institute shall be non-official employees of the Union or Institute. The licensing of the staff by the Registrar shall be on the same lines as for the District Union. The District Unions and the Provincial Co-operative Bank shall be represented on the management.

"The main tasks of the Provincial Union or the Audit branch of the Provincial Institutes shall be *(a)* supervision of district Unions, *(b)* audit of central banks and other central associations and *(c)* audit of provincial bank, provincial institute and other provincial co-operative organisations such as the Provincial Land Mortgage Corporation.

"The expenses of audit of District Unions and of the Provincial Union or audit branch of the Provincial Institute shall be met from the contributions of the affiliated societies (primary and central) and subsidies from the Government, which should be pooled to form the the resources of the Provincial Union or Audit Branch of the Provincial Institute."

ANNEXURE II.

Relations between Co-operative Banks and Imperial Bank of India.

(Central Banking Enquiry Committee Report, pages 143 to 145 paragraph 181 and 182).

"The policy of the Imperial Bank of India in regard to the grant of financial assistance to some of the provincial and central co-operative banks seems of late to have undergone a definite change; and it is stated that it shows to-day a much smaller measure of readiness to help them than it used to do in the past. From the evidence it appears that the Imperial Bank of India is prepared to continue the accommodation hitherto given against societies' pro-notes so long as such accommodation is required for short-term agricultural loans. An application made by the Madras Central Urban Bank this year for such accommodation and supported by the Registrar was, however, rejected by the Imperial Bank. In so far as the accommodation is utilised for the purpose of fluid resources, the Imperial Bank insists on the replacement of the pro-notes of societies by Government promissory notes. The object of the Bank in taking this step is said to be to induce the co-operative banks to build up fluid resources within the movement itself and not to depend on outside sources of help, for it may not always be possible to depend on the Imperial Bank in a time of crisis as that may happen to be a time when the Imperial Bank itself may find it necessary to guard its own

XIX. Letter dated 11-12-1931 from the Secretary of the Madras Young Co-operators' League requesting the Provincial Co-operative Union to transfer the Union's reading room to the Co-operative Propaganda Stall proposed to be run by them during the ensuing Park Fair Exhibition.

"Resolved that the Office Secretary be authorised to do the needful."

(Sd) V. RAMADAS,
President.
13—12—1931.

(2) THE CENTRAL COMMITTEE OF THE CO-OPERATIVE TRAINING INSTITUTES.

Present:

Messrs. 1. V. Ramadas Pantulu (In the Chair)
" 2. D. N. Strathie Esq., I.C.S.,
" 3. Rao Bahadur V. Murgesa Mudaliyar (Vellore)
" 4. O. S. Narayanaswamy Iyer (Tanjore)
" 5. Dr. P. Gurumurthy (Rajahmundry)
" 6. N. Narasimhachariar (Bezwada)
" 7. K. C. Ramakrishnan

Messrs. N. Satyanarayana, S. K. Yegnanarayana Iyer, and S. Subbarao, were also present.

PROCEEDINGS.

I. Letter No. 109/31 dated 9-12-1931 from the President of the Andhra Co-operative Institute, Bezwada, regarding the equal distribution of the Government Subsidy among all the six Co-operative Training Institutes and the retention of all these six Institutes.

"Resolved that the Committee finds itself unable to accept this."

II. Conduct of a Common Examination by the P.C.U.—The Registrar's letter No. 4376/31 dated 24-9-31 and the views of all the Institutes thereon.

"Resolved that the Registrar and the Government be addressed to modify the statutory rules relating to the

Government service in the Co-operative Department, and the place P.C.U. Examination or the same footing as the Government Technical Examination.

(ii) Resolved that the next examinations be conducted in April by the P.C.U. if the above proposal is accepted by the Government.

(iii) Resolved that a Board consisting of the following persons be constituted to be in charge of the conduct of the examination :—

1. The Registrar,
2. The President, P.C.U.
3. Mr. K. C. Ramakrishnan,
4. M. S. K. Yegnanarayana Iyer and
5. Mr. V. Venkatasubbaiya (Convener)

It is understood that the Registrar and the President, P.C.U., will be consulted only when necessary and that the other three members will be the Working Board.

III. Syllabuses and Courses of Study.

Resolved that a committee of 2 or 3 persons to be selected by the President be constituted to revise the Syllabus on Audit with special reference to the requirements of co-operative audit.

(Sd.) V. RAMADAS,
President.

(3) THE RURAL RECONSTRUCTION COMMITTEE.

President:

Messrs. 1. V. Ramadas Pantulu (In the Chair)
2. K. M. Singaravelu Mudaliyar.
3. S. Subba Rao.
4. N. Satyanarayana.
5. V. Venkatasubbaiya.

Messrs. S. K. Yegnanarayana Iyer, G. Sriram Babu Naidu and K. L. Narasimha Rao were also present.

constitution of the society and further business relationships thereof, and letter dated 4-12-1931 from Mr. S. K. Yegnanarayana Iyer requesting for sanction of Rs. 150 for visiting Bangalore and Bombay and studying the working of some Insurance Societies there.

"Resolved that a sum not exceeding Rs. 500 be advanced by the Provincial Co-operative Union for preliminary and other expenses of the Madras Provincial Co-operative Insurance Society, to be recovered from it in due course, and that necessary expenditure be met therefrom with the previous sanction of the President."

II. Continuance of the Provincial Co-operative Union as a member of the International Co-operative Alliance paying the enhanced annual subscription of £ 10 as stated in the letter dated 14-9-1931 of the Secretary of the Alliance.

"Resolved that the Provincial Co-operative Union need not continue as a member of the Alliance."

III. Arrangements for the 20th Madras Provincial Co-operative Conference:—

"Resolved that the Conference be held in the month of June 1932 along with the Annual General Body Meeting of the Provincial Co-operative Union."

IV. Improvements to the Reading Room and the estimate therefor for Rs. 197-8-0 from Mr. P. R. Muthuperumal, Contractor, Madras.

"Resolved that the estimate be sanctioned and the expenditure incurred."

V. Printing rates of the Central Co-operative Printing Works, Ltd.

"Resolved that the existing rates be approved."

VI. Election of representatives to the Standing Committee of the All-India Co-operative Institutes' Association.

"Resolved that Messrs. N. Satyanarayana and K. M. Singaravelu Mudaliyar be elected to the Standing Committee; and that their expenses for attending the meeting of the Standing Committee to be held at Bombay on 30-12-1931 be sanctioned"

VII. Report of Mr. G. Sriram Babu Naidu on the conduct of the Panchayatdars' Classes.

"Recorded."

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XII. Requests for the supply of the Madras Journal of Co-operation.

1. Letter dated 10-7-1931 from the Central Kantoor Moor De Statisticke, Battavia Centrum (Java).

2. Letter dated 28-11-1931 from the Tilak Grantha Samgraha, Hubli.

Both requesting for a free supply of a copy of the Journal.

"Resolved that the requests be complied with."

XIII. *Levy of Half Registration Fees.*

G. O. No. Ms. 1484 10-101-1931, Development Department levying the half registration fees and letter received from the following institutions protesting against the G. O.:—

1. Punganur Town Co-operative Bank.
2. Sundarapandiyam Co-operative Union.
3. Uttamapalayam Co-operative Union
4. Cocoanada Co-operative Union, and
5. Berhampur Urban Bank.

"Resolved that the above institutions be informed that the Provincial Co-operative Union is unable to do anything in the matter, as the Government have intimated the Provincial Bank that the matter will not be reopened. The Provincial Co-operative Union will, however, request the Government to reconsider the G.O. at least in respect of the Land Mortgage Banks."

"Resolved that the refunds of the above amounts be ratified"

XVI. Statements of Receipts and Charges of the Provincial Co-operative Union and bills paid from September to November, 1931.

"Passed and Recorded."

XVIII. Propaganda on Village Panchayats, Co-operation and Co-operative Insurance.

"Resolved that Mr. G. Harisarvottama Rau be included in the list of Union's propagandists to tour in connection with the promotion of Village Panchayats, Co-operation and Co-operative Insurance, when deputed by the Executive Committee or the President.

PROCEEDINGS.

I. Reconsideration of the entire scheme of Rural Reconstruction, and letters from Messrs. N. Satyanarayana, A. Ranganatha Mudaliar and R. Krishnaswamy Iyengar, regarding the special circumstances of the Alamuru, Melapanagudy and Tirupachanur Rural Reconstruction Centres.

Resolved :

(i) That the grant by the Provincial Co-operative Union for Rural Reconstruction Centres out of the funds allotted by the Provincial Bank for the purpose be confined to such organisations doing Rural Reconstruction work and which will contribute to the Provincial Co-operative Union Rural Reconstruction Committee an equal amount, and agree to the entire funds being administered by the Rural Reconstruction Committee of the Provincial Co-operative Union.

(ii) That the Local Committee doing Rural Reconstruction work should be constituted by the Provincial Co-operative Union Rural Reconstruction Committee in consultation with the localagencies contributing the funds.

II. Letter No. 108-31-32 dated 26-10-1931 from the Kurnool Central Bank regarding the opening of a Rural Reconstruction Centre in their district.

Adjourned.

III. Budget of the Malapanagudy Centre, for 1931-32 and request for the Provincial Co-operative Union contribution.

Resolved that the budget be passed and the contribution asked for be remitted.

IV. Papers relating to the opening of a centre in Guntur District.

Adjourned.

V. Fixed Travelling Allowance to the Physical Instructor for November, 1931 and until his services are transferred from the Ramadas Training Institute.

Sanctioned.

VI. Letter dated 3-11-1931 from the President, Hood Co-operative Institute requesting a grant for running Rural Reconstruction Training Classes.

Adjourned.

VII. Letter dated 1-8-1931 from the Anavaram Village Panchayat requesting for a grant for education, sanitation, lighting and communications in the Village Panchayat area.

"Resolved that the Panchayat be informed that this committee regrets its inability to make any grant."

(Sd.) V. RAMADAS,
President.
13—12—1931.

Print

SUPPLEMENT TO THIS ISSUE

PROCEEDINGS OF THE JOINT SESSIONS OF THE STANDING COMMITTEES OF

The Indian Provincial Co-operative Banks' and Institutes' Associations.

Joint Sessions of the Standing Committees of the All-India Provincial Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association were held at the premises of the Bombay Provincial Co-operative Institute, Thackersay Buildings, Bombay, on the 30th and 31st December 1931 and 1st January 1932, Sir Lallubhai Samaldas, the President of the Institutes' Association presided over the first day's session and Mr. V. Ramadas Pantulu, President of the Banks' Association, presided over the 2nd and 3rd days' sessions. Representatives from almost all the major provinces in British India and from the Indian State of Indore attended the sessions. The working of the various co-operative organisations in India was carefully and critically reviewed by the representatives. The recommendations of the Indian Central Banking Enquiry Committee for placing rural finance and co-operative credit on a sound and efficient footing and for extending their benefits to the agriculturists were also examined, with a view to adopt such of them as may be found practicable and immediately beneficial.

The necessity to effect reforms in the existing system and to give the movement a new orientation and a more practical direction was felt by the representatives of the Provincial Banks and the Institutes. Their conclusions are embodied in the following

RESOLUTIONS.

PROPAGANDA AND EDUCATION.

I. Resolved that the All-India Co-operative Institutes' Association be requested to collect and publish all available information regarding the co-operative movement in India, not in the form of an Year Book as originally proposed, but in the shape of a standing publication entitled "Co-operation in India," and that the volume be priced at Rs. 5.

II. Resolved to request the Indian Institute of Bankers to include Co-operative Banking in the curriculum of studies and syllabus for the examination and also to request the educational authorities to introduce the study of lessons on co-operation in a suitable manner in the secondary schools.

III. (*a*) Resolved to publish an All-India Quarterly Journal of Co-operation under the title of "The Indian Co-operative Review" and that Prof. Khaji be requested to issue its prospectus.

(b) Resolved that the Indian Provincial Co-operative Banks' Association be requested to render adequate financial assistance for the venture, either in the form of annual contributions to cover the cost of the publication, or the guarantee of the price of a prescribed number of copies.

CO-OPERATIVE CREDIT.

IV. The Standing Committees are in agreement with the Indian Central Banking Enquiry Committee that there is no need for the establishment of an apex Co-operative Bank for India, and that suitable measures may be taken by the Indian Provincial Co-operative Banks' Association to co-ordinate the activities of the provincial banks and to ensure that such provincial banks as may be in need of financial assistance get it from those which are in a position to render it. It is desirable that proposals for mutual financial accommodation should ordinarily pass through the Standing Committee of the Association and its recommendations obtained.

V. In the interests of the further development of Co-operative Banking on sound lines, it is desirable that the provincial banks and their constituent central banks should, as far as possible, follow common financial policies. The agency most suitable for evolving such policies is the conference of the central banks. The provincial banks should encourage such conferences and bring about the fullest measure of co-operation between the central banks *inter se* on the one hand, and the central banks and the provincial banks on the other, in order to develop co-operative rural credit on a sound and stable basis and extend its benefits to the agricultural population of the provinces.

VI. On a careful review of the working of the co-operative credit system during the last 25 years, the relative advantages hitherto

derived by the agriculturist by loans advanced to him for various purposes, the available resources of the movement and the most beneficial use to which they may be put, it is resolved that, in future credits dispensed through central banks and primary societies should be restricted mainly to the current requirements of agricultural operations, the domestic needs of the agriculturists and the improvements to holdings which are effected in the ordinary course of husbandry. Loans so dispensed should be for periods not exceeding three years.

CO-OPERATIVE AUDIT.*

VII. (*a*) In provinces where the Government levies fees for the audit of the provincial and the central banks, it is resolved to request the Provincial Governments concerned to discontinue such levy in the case of the banks which desire to get their Audit done by competent and certified Auditors appointed by their General Bodies, approved by the Registrars of Co-operative Societies and paid for by the Banks.

(*b*) In the case of primary societies whose annual net profit is less than Rs. 300, the Audit should be done by the Government without the levy of any fee for the purpose, as the margin for working expenses is too small to admit of any contribution being made without resulting in detrioration in their working.

(*c*) Primary Societies with an annual net profit of Rs. 300 and more ought to be brought under a satisfactory and efficient scheme of Audit. The Standing Committees are generally in agreement with the resolution on the subject of Audit adopted at the Second All-India Provincial Co-operative Institutes' Conference held at Hyderabad in April 1931 and the general features of the scheme recommended by the Indian Central Banking Enquiry Committee; and exhort the provincial banks and the provincial institutes to get the scheme adopted in their respective provinces.

(*d*) In provinces where supervising unions have been set up, the question of their continuance has to be reconsidered in connection with the schemes of Audit referred to and the scope of administrative control and inspection by the central banks.

* Vide Annexure I for the resolution of the Institutes' Conference and the Recommendation of the Indian Central Banking Enquiry Committee on the Audit of Co-operative Societies.

THE IMPERIAL BANK AND CO-OPERATIVE BANKS.*

VIII. Resolved to address a suitable communication to the Government of India and the provincial governments regarding the present attitude of the Imperial Bank of India in the matter of financial accommodation to the provincial and the central co-operative banks, drawing their special attention to the observations and recommendations of the Indian Central Banking Enquiry Committee on the subject.

IX. The Secretary of the Indian Provincial Co-operative Banks' Association is requested to obtain from the various provincial banks full information regarding the cash credits, overdrafts and maximum credit limits allowed by them to their constituent central banks and the terms and conditions on which such financial accommodation is granted and the extent to which such accommodation is utilised for the maintenance of fluid resources. The information so collected shall be circulated and placed before the next meeting of the Standing Committee.

LAND MORTGAGE BANKS

X. (*a*) The Standing Committees are in general agreement with the recommendations of the Indian Central Banking Enquiry Committee regarding the establishment and working of land mortgage banks; but before establishing them in provinces where they do not exist, careful investigations must be made by Co-operators whether conditions for their successful working exist or will be forthcoming.

(*b*) The system of the Provincial Co-operative Banks floating long term debentures and financing primary land mortage banks is not sound, being attended with risks, and should, where it exists, be abandoned, and a separate provincial land mortgage corporation established as soon as possible to finance the primary land mortgage banks.

(*c*) The practice of land mortgage banks advancing substantial loans for a maximum period of only ten years which now obtains in the Punjab and Madras is co operatively and financially unsound, and the maximum period of the loans should be extended to at least 20 years, as soon as financial conditions permit it.

(*d*) Undue emphasis on advancing loans for the discharge of prior debts does not conduce to the proper working of the land mortgage banks; debt redemption, unless linked up with some

*Vide Annexure II for the observations and recommendations of the Indian Central Banking Enquiry Committee.

scheme of debt conciliation in which the indebted member can be induced to repay a portion of the debt, will not be a business proposition. The economic benefit derived by agriculturists from the land mortgage banks merely concentrating on loans for discharge prior indebtedness will not be appreciable.

(*e*) Long term loans for the substantial improvement of lands will prove beneficial and should also be encourged by the land mortgage banks.

CO-OPERATIVE MARKETING

XI. The Standing Committees request the Provincial Banks and the Provincial Institutes to subject the recommendations of the Indian Central Banking Enquiry Committee regarding Co-operative Marketing of agricultural produce to a careful examination in the light of the peculiar conditions and facilities of each province and to take prompt steps to develop schemes of Co-operative Marketing suitable to the localities concerned.

CO-OPERATIVE STUDY TOURS

XIII. The Standing Committees are of opinion that inter-provincial study tours by Co-operators will prove beneficial for the development of the movement on right lines and request provincial banks and institutes to make arrangements to depute some of their members on such study tours, somewhat on the lines recommended by the Indian Central Banking Enquiry Committee in connection with co-operative education and training.

(Sd.) H. L. KAJI,
Secretary, All India Co-operative Institutes' Association.

(Sd.) V. M. THAKORE,
Secretary, The Indian Provincial Co-operative Banks' Association.

ANNEXURE—I. (a)

Resolution No. 5 of the Scond All India Co-operative Institutes' Conference.

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

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

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

ii. Audit should be centralised in and entrusted to the Provincial Institute.

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

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

iv. All the District Unions should be affiliated to or federated into the Provincial Institutes.

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

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

vii. Central Banks and Provincial Societies should be audited by the Provincial Institute.

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

ix. The supervision fund which is now collected by the supervising and financing agencies should be pooled in the Provincial Institute. The Provincial Institute may, with the previous sanction of the Registrar, levy audit fees from Urban societies and the Central Banks according to a scale fixed with due regard not only to the working capital of the organisation concerned, but also to the amount of time and labour involved in the actual audit.

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

ANNEXURE—I (b).

*Recommendations of the Indian Central Banking Enquiry Committee.**

"It is of the greatest importance to have an efficient and thorough audit in order to prevent bad management and embezzlement and to inspire confidence of the investing public. The existing arrangements vary from province to province and are said to be unsatisfactory in most provinces. We draw attention to the fact that under the Act audit should include an examination of overdue debts and a valuation of the assets and liabilities of the societies, which indicates that more than a mechanical audit is required. Audit, supervision and inspection of societies which are closely allied functions are now vested in two and sometimes three different agencies, resulting in much overlapping of work and waste of effort

*Vide para 173, pages 134 & 135 of the Report of the Committee.

and money. After a full consideration of these points, and of the efficiency of the audit system in European countries 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 the societies. The district need not necessarily be an administrative (revenue) district, but it may be an area with a conveniently manageable number of societies which can be affiliated to the District Union. These Unions must be registered under the Co-operative Societies' Act and formed of the Co-operative Societies (primary, central, credit and non-credit) in the area of the district union. The representation of societies would ensure local touch and non-official initiative and enterprise. The registration may be withdrawn in case the Union does not discharge its duties properly. The staff employed by the Union shall be recruited from persons certified or licensed by the Registrar and the license of any employee shall be liable to be withdrawn by the Registrar for sufficient cause. There must, however, be no interference by the Registrar in the internal management of such a Union. There may be specially trained Government officials on the Board of these Unions, which shall consist otherwise of the representatives of the affiliated societies, and Government officials may also be deputed to serve on their staff. The staff of these Unions should, however, be employed and paid for by the Unions. Besides audit, supervision and inspection of the affiliated societies, these Unions should also provide practical training to candidates for recruitment to the audit, supervision and inspection staff of the Co-operative Movement. The general work of co-operative education and propaganda, organisation of co-operative societies and expanding the movement should be done by the Provincial Co-operative Institutes. The staff of co-operative organisations should consist of men thoroughly trained from bottom to top. It should be a rule that no auditor, supervisor, inspector or a higher officer of a Union shall be employed without having passed the prescribed tests and through a prescribed apprenticeship. There should be close connection between the auditing union and the central banks concerned, by interchange of important reports and statements on primary societies, leaving the central banks to make such arrangements only for inspection as may be necessary to safeguard their financial interests, such inspection being not only the responsibility but also the duty of the central banks.

"The District Unions may be federated into a separate provincial (Apex) Union or may be affiliated to the existing Provincial

loans. One point of difference between Urban Societies and Rural Societies has a material bearing on this question. In urban areas many of the people who take credit are employees with monthly salaries, while in rural areas the members are mostly agriculturists with annual incomes. If members of primary societies in urban areas are given overdrafts for emergency loans, it will keep many a poor man away from the usurious money-lender.

One other feature to which I desire to draw your attention is the non-expansion of non-credit work. It is a common idea that the co-operative movement is intended to give facilities for people taking loans. But people very often overlook the distinction between loans which are productive and loans which are non-productive. There is a need for greater impetus being given to the formation of non-credit societies and in the present economic condition of the country when the middle classes are faced with the problem of unemployment, it will be a good idea to start co-operative societies for running cottage industries. In Madras many of the homes of the rich and the middle classes get a supply of electric energy. If people living in a locality join a Co-operative Production and Sales Society, they may each of them purchase small machines which can be worked by electricity in their homes. It will be possible for many of our unemployed men and women of all classes of society to become producers without being employed in mills or factories. For example, weaving, knitting or even button-making machines which can be worked by electricity may be the basis for the formation of co-operative societies. Such machines may be purchased wholesale by the co-operative societies and distributed among their members. The raw material required may also be purchased wholesale and supplied to them. The members including both men and women can utilise their spare time in the manufacture of products which can be sent to the societies where a body of skilled artisans will give the finishing touches and the products could then be sold in the best available market. The services of the skilled workmen could also be utilised to teach the members the handicrafts in which they are interested. The result would be that people who do not want to go out of their houses for work will become active workers in their own homes not only benefitting themselves but helping the society at large. The industrial progress of the country will also be vouchsafed. This is a line in which the co-operative movement has really got to concentrate its attention. We have been informed that the Industries Department has prepared a survey of Cottage Industries in the city of Madras but so far no report seems to have been published. I wish the Government takes greater interest in this matter. The Co-operative Department should encourage the formation of Production and Sales Societies by engaging the services of skilled workmen to help the members of such societies.

With regard to Co-operative banking I think the time has come for the Co-operative Societies taking the place now filled by indigenous banks.

As suggested by the Bombay Provincial Banking Enquiry Committee, Co-operative Societies should explore all possible avenues for drawing to themselves the savings of small men by offering attractive plans for savings deposits such as are promoted by the National Savings Association of England. In this connection I desire to draw your attention to the spirited address of Mr. V. L. Mehta at the recent conference of Urban Co-operative Banks in the Karnatak. Mr. Mehta refers to the role that Co-operative banks have to fill. While deposits with the State Savings Bank or with large capitalist corporations, are drawn away for being absorbed in their general resources, the Co-operative Organisation enables a productive use being made in a local area of the savings of the local community and there is the further advantage that these operations are conducted by an agency responsible to the local population and enjoying direct touch with the people.

One other fact to which I am bound to make reference is the present Co-operative Bill which has passed through the Select Committee stage and is likely to be taken up for consideration at the January session of the Legislative Council. The bill has introduced provisions in the Act whereby greater discipline over co-operative societies can be enforced and greater facilities are given for winding up bad societies. It may be necessary to liquidate, but liquidation, should be resorted to as a last measure and attempts should be made more in the direction of preventing mismanagement than in that of winding up defaulting societies. This can be accomplished by the Department exercising more effectively its powers of supervision and insisting on all the societies especially those in urban areas to have a system of concurrent audit. Though there is a provision in the present arrangement for concurrent audit, I am afraid that it has not been given practical effect. Purity of administration should be the object of all democratic institutions of the present day. I feel that the lapses and defaults on the part of members and of societies are to a large extent due either to the failure of the members to exercise their powers of supervision or to their lack of training or knowledge to keep correct and up to-date accounts. The introduction of concurrent audit will prevent such lapses and the need for liquidation may not arise at all in many cases. The employment of full time officers or Managers will also reduce to a minimum the mistakes and mismanagements that are now committed for want of a machinery to carry on the routine administration of societies with promptitude. It may not be possible for small societies to engage managers but the Department or the Central Banks can certainly help the primary societies by grouping them and lending the services of managers to the societies. Concurrent audit will then become a practical proposition.

Before I conclude, I desire to refer to the special help which the City of Madras requires from the co-operative movement. One of the difficult problems of Madras is the improvement of the slums. Many of the slums in Madras are located in lands belonging to private individuals, the people living in the slums

being mere tenants at will. The landlord is satisfied if he [illegible] regularly from the tenants and he does not care whether the tena[illegible] sanitary conditions or not. The Corporation of Madras is not able [illegible] poor tenants as under the Madras City Municipal Act the Corporat[illegible] authorised to spend any money on lands which do not belon[illegible] Corporation. Even if the Corporation desires to provide civic amen[illegible] as roads, lighting, water supply and drainage in a hutting ground, [illegible] Corporation feels unable to do so. When a slum is kept in an insanitary condition the only thing that the Corporation can do is to prosecute the landlord. The result of such a prosecution instead of helping the tenants only makes the landlord resort to measures calculated to evict the tenants, whom he considers to be a burden. During recent years however, the Corporation has pursued a policy of purchasing the lands in which slums are situated and improving the same. But it is financially a huge task to proceed with such a scheme with regard to all the slums in the City. The Corporation is therefore now obliged to take to a less expensive scheme wherein the landlords are asked to assign to the Corporation sufficient land within the hutting grounds for forming public roads. The Corporation will thus be enabled to extend its civic amenities to the slums by introducing the amenities in the roads that the Corporation takes over. But one defect in the system is that when the improvements are made by the Corporation the value of the house sites in the slums may rise and there is every possibility of the landlords evicting the tenants and leasing the house sites to others for higher rents. The landlords may even be tempted to sell the sites to rich people if big prices are offered. If the Co-operative Department can only help the poor people in the slums by forming societies to enable the people to purchase the house sites from the landlords either by private sale or by invoking the help of the City Tenants Protection Act, one of the most difficult problems which has been baffling Madras can be solved.

There are many other needs which also require solution at the hands of the co-operative movement, e.g., the need for opening societies to be worked as pawn-shops for the poor. I do not propose to refer to such needs in detail. I shall content myself by saying that there is a very great scope for both the Co-operative Department and the Co-operative Banks to help in the amelioration of the condition of the people of Madras. I do hope a forward move will be made in this direction and Madras will have occasion to feel thankful to her co-operators for all the further good that they may do to the City.

I desire once more to thank you all for having asked me to preside over this Conference and for the interest you have evinced in the proceedings of the conference. Before I sit down, I offer my sincere thanks to the Chairman of the Reception Committee and to others who in proposing me to the chair have spoken such kind words of welcome.

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THE

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Editorial Notes

Our New Year's greetings.

The year of Grace 1932 begins for us co-operators not under the best of auspices. Co-operators in this province, as in India generally, are broadly divisible into two classes, rural and urban or agricultural and salaried people. As regards the former, the price of agricultural produce has not materially improved to make prospects very much better for them; and as regards the latter, there has been a cut in their salaries, both in the Government institutions and in many other semi-public and private institutions.

The political horizon is overcast with dark clouds which seem to be, for the time being, lacking in the proverbial silver lining.

Co-operators, however, are confirmed optimists, as without an inexhaustible fund of obtimism, no satisfactory work would be possible under the distressing conditions with which we are only too familiar. Therefore, we hope that in spite of these signs of the times that look rather ominous, somehow "good will be the end of all" and so we wish a happy new year to our readers,

.. peration.

..as week at Madras was, as usual, a busy and eventful . All-India Social and Educational Conference of ladies ..eld in our city. The daily papers have been giving full reports of the addresses of the President and of the Chairwoman of the Reception Committee and also of the important resolutions passed at the conference.

If any old fashioned individual still thinks of India as being backward and of her women as being confined behind the *Purdah* and capable of exercising only a sort of secret influence over men and being unable to look after themselves and to think out their problems, he has only to read the resolutions that were passed by the Conference to get himeself disillusioned of his ideas. So far as boldness in words could go, our sisters who assembled in such large numbers in Madras were not behind any other people anywhere else in the world. They discussed with absolute frankness the problem of family restrictions and the right of women for divorce.

While we congratulate our sisters on their courageous and bold attitude with regard to some of the grim realities of the women life in india, we would also recommend to them to take a wider view of the general problems of the country and bring their mighty influence to bear upon these problems. They are no longer *abalas*, but are *sakthi* or power and we are anxious that this new awakened power should be utilised for the uplift of the nation. As co-operators, we are interested in the uplift of the rural and urban poverty-stricken population. We invite our enlightened sisters to avail themselves of the innumerable opportunities for social service which this movement offers. We hope that they will take to co-operation in large numbers, especially to Consumers, Co-operation in urban areas, as their sisters in other countries have done, and make it a living movement, instead of the languishing thing it is.

Rural Reconstruction and Education.

Another conference held in another place during the Christmas week dealt with an important subject which to us co-operators is of first rate importance. Mr. N. S. Subba Rao, M.A., Bar-at-law, Director of Public Instruction, Mysore, who presided over the VIIth All-India Educational Conference held at Bangalore, laid great stress

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upon the need for educational adjustment to suit the actual requirements of the life of the people. He said that three things alone will bring about Indian prosperity and they are adjustment of the economic framework of the society, application of the principles of eugenics and effective control of population, speaking about the first he laid great emphasis upon the need to give an agricultural bias to the education of the masses The Royal Commission on Agriculture had also laid great stress on this and they went to the extent of differentiating education broadly into rural and urban and wanted to have these two divisions kept separate each with its own Inspectorate. Though such a diarchical form of education may not be necessary, yet no one would doubt the need for a radical change to be effected in the present system of education which is too literary and having very little to do with the real problems of the country. We as co-operators rejoice to note that agriculture which is main industry of the land was recommended to be taught in a scientific manner to the children of villagers who are expected to follow that as an avocation. Arrangements now available for the imparting of agricultural education to the masses are far from adequate and we hope ere long, as a result of agitation set up by the educationists and public at large, necessary changes would be introduced and agriculture would be taught in an effective and efficient manner, so that two blades of corn will grow where only one grows now.

Agricultural Education.

From the review of Agricultural Operations in India for 1928-29 issued by the Imperial Council of Agricultural Research in 1931 we come to understand that a sum of nearly Rs. 1½ crores is being spent every year on the maintenance of Agricultural Departments of various provinces and of certain central institutions which come under the Imperial Department of Agriculture. The total receipts come to about Rs. 30 lakhs, so that nearly a crore and a quarter is the net expenditure to the Government on the Agricultural Department of the country. As would be seen from a perusal of the book mentioned above, the activities of the Department, Imperial and Provincial, are manifold. We are concerned at present only with the educational activities, that is, the efforts made by the Department to broadcast the results of their valuable researches and make them available to the peasant.

Educational institutions imparting knowledge of agriculture are divisible, broadly speaking, under three headings, those that give facilities for post-graduate training in agriculture, those that give collegiate training in agriculture enabling students undergoing this training to obtain a University degree in agriculture, and agricultural schools, either full timed schools or rural schools that create an agricultural bias. Over and above these, short courses in agriculture are given and the agricultural department also co-operates with other departments in the matter of adult education and in spreading knowledge of agriculture amongst the masses, by means of lectures, pamphlets etc.

When all is said and done, one cannot help feeling disappointment at the utter inadequacy of the machinery to bring agricultural knowledge within the reach of the people. As Mr. N. S. Subba Rao remarked in his presidential address at Bangalore, no definite agricultural bias has been given to rural education in general. To devise a method of education which will enable students undergoing it not only to pick up the three R's, the irreducable minimum of literacy, but also some practical knowledge about the improved methods of agriculture, is a task which awaits the combined efforts of the educational reforme rand agricultural enthusiast. The institutions mentioned in the official review of Agricultural Operations as being engaged in imparting agricultural knowledge seem to be so few in number and doing so little compared with what has to be done, that they have produced very little effect upon agriculture, which is the most important national industry. It has not induced people to take to agriculture as a vocation, it has not even retained the sons of agriculturists to the profession. As co-operators, we are deeply interested in agricultural education and we hope that ere long, reforms would be effected in the educational system of the country, so that there may be better co-ordination of resources and efforts between agricultural and educational departments of the State.

As others see us.

The review referred to in the previous note has got a chapter upon Co-operative Movement as affecting agriculture. It is not merely an abstract of the various reports of Co-operative Registrars, but is an account of the Co-operative Work viewed from the standpoint of agriculture.

The paragraph dealing with the movement in Madras has got the following sentence which is far from being complimentary. The Madras Co-operative Movement, says the report, "has long had

a reputation for a high percentage of overdues". This unwelcome feature of the movement though common, is not peculiar to our own province, as reports of the United Provinces, Bihar and Orissa and other similarly situated provinces will show. Mention is made of Purchase and Sale Societies, also of Loan and Sale Societies besides Co-operative Cotton Sale Societies and Cattle Breeding and Milk Societies that are dealt with separately. The general impression given is that the work done by the Co-operative Department is not bad, but capable of much improvement.

"The Triplicane Spirit".

To a South Indian co-operator, who happens to pay a visit to Bombay, the South Indian Consumers' Society situated at Matunga, G.I.P. should be a place of pilgrimage. The "Triplicane Spirit" which has made the T.U.C.S. the success that it is, has been at work amongst our South Indian brethren who have colonised this fine suburban area. They have started the co-operative store mentioned above and are running it very efficiently and satisfactorily, and year after year during the past 7 years, the society is mentioned in the Bombay Registrar's Report as one of the few successful store societies in the province. From the balance sheet available for the half year ending 31st September, 1931, we are glad to note that the total number of members has risen up to 551 and the total sales for the half year was over Rs. 42,000. The stores earned a net profit of Rs. 1,214 and has got two branches one at Matunga, B.B. & C.I. and the other recently started at Khar Road.

So far from a superficial point of view everything seems to be going on quite satisfactorily, but to a South Indian, especially to one who is interested in the store movement, this superficial impression will not do and therefore when we had the privilege of paying a visit to that place, we went a little deep into the matter and had a talk with the members of the Managing Committee upon some of the details of the inner working of the society. We were really surprised to note that the "Triplicane Spirit" was to be found there in many more senses than the Registrar was aware of, when he spoke highly of this spirit as prevailing in the society. For one thing, we were told that at the last general body meeting which began at 8-30 a. m. the sessions continued till past 2 p.m. and yet not many items of the agenda had been got through. This is the Triplicane spirit with a vengeance! We also were told of some parties and cliques alleged to have been formed in the Directorate, but we hope it is a passing phase which will blow over.

We wish our brethren in Bombay all success and we hope that the beautiful Madras rose plant flourishing in the Bombay atmosphere will not put forth the briars and brambles but only the sweet smelling flowers of its parental plant.

Line of Development for Stores.

What we saw in Bombay makes us think furiously about the general line of expansion of the store movement. Judging from our own experience in this province, we see that when a successful store is started at a particular locality in a town and when the need is felt for starting similar stores in other parts of the town, the procedure adopted has been for the original store to start its branches in different localities, instead of assisting the people of those localities to form a store of their own. This system of one society growing strong in a whole town with its many branches seems to have been the natural system so far as South India is concerned. The Co-operative Stores at Madura and Coimbatore, though they have not started so many branches as the T.U.C.S. have still got two branches each showing thereby the main tendency to be similar in all these cases.

In Bombay also, when the need for a store was felt at Matunga (B.B. & C.I.), instead of the people there starting their own store, getting of course the needed help and guidance from their brethren at Matunga (G.I.P.), they seem to have invited the latter to open a branch in their own locality, and this policy of the Central Store opening a branch has been pursued to a further stage, so that the original Store at Matunga has two branches now.

This system of the Central Store getting strengthened is good in its own way, but it has certain defects and disadvantages. Members interested in the branches come to look upon the head office as almost an alien from whom the maximum number of advantages has to be wrested. There is always a spirit of suspicion between the authorities that run the branches, branch directorate and the panchayat and the Central Board of Management. To obviate this unpleasant experience, it looks as if it would be a far better thing to start independent co-operative stores in each locality and, in course of time, to federate them with other stores in the neighbourhood. This method of starting a number of independent

stores and they, in turn, federating themselves into a wholesale, seems to us a far more desirable line of development than the other, which has become an accomplished fact in South India, that is, the Central Store opening its branches in the various parts of the town or city.

Curiously enough, this system of independent stores is not so strange either. Within about 200 miles from Madras in the City of Bangalore, there are two stores societies, the Bangalore City Co-operative Society and the Mallesawaram Co-operative Society, which do, as the T.U.C S has been doing, both banking and supplying provisions etc., but these two societies situated within two miles from each other are two independent entities and we hope, in course of time the City of Bangalore will have similar independent stores in various other places, so that in fullness of time, they may all federate themselves into a Wholesale for the City of Bangalore.

Here are two lines of development and co-operators all over India, and especially those interested in the Consumers' Co-operation, will think out which line is more natural and feasible and adopt that in their locality when their society thinks of taking the next step forward.

Joint Sessions of the Standing Committees of the Provincial Co-operative Banks and Institutes.

Elsewhere would be found an account of the proceedings of the Joint Sessions of the Standing Committees of the Provincial Co-operative Banks and Institutes, held at Bombay on the 30th and 31st of December 1931 and 1st January 1932. They passed important resolutions on co-operative propaganda and education, co-operative audit, co-operative banks and their relation with the Imperial Bank, land mortgage banks, co-operative marketing and co-operative study tours.

Resolutions on co-operative credit are in conformity with the latest ideas amongst responsible leaders of Co-operation, both officials and non-officials, and it confines the scope of the ordinary co-operative society to help the ryot in the matter of his daily needs in connection with the agricultural operations and would eschew the baneful practice hitherto indulged in by some co-operative societies of lending bigger sums to the ryots with a view to clear off prior debts or to effect standing improvements in his land. We had to pass through period of twenty five years before we could crystallise retains one or two circles directly under his own charge, changing them from time to time so as to keep himself in touch with what is going on.

PROVINCIAL UNION.

The membership of the Punjab Co-operative Union includes all central banks and unions, including mortgage banks, as well as all the gazetted officers of the department. Its functions are audit, supervision, training and propaganda.

(*a*) *Audit.*—There are 40 central banks and 64 unions. The annual audit of banks whose working capital exceeds 4 lacs is carried out by commercial Auditors, the half-yearly audit being done by the Auditors of the Union or in some cases by the departmental Inspectors. The annual audit is generally not a complete audit: when a complete audit is carried out no half-yearly audit is given. There are 3 Senior Auditors for the audit of central institutions and the more elaborate societies. These draw pay on a scale of Rs. 150—10—350. The Union also employs 600 Sub-Inspectors on a pay of Rs. 50—90 and Rs. 70—120 (including travelling allowance). In the past these Sub-Inspectors both audited and supervised the societies, but it was considered that this practice affected efficiency as it involved the same officer checking his own work. The staff has therefore been separated but there is no difference in pay and the functions are interchanged whenever considered desirable. There is, however, some difference of opinion among the experts as to whether the separation of functions is advisable and it is certainly considerably more expensive.

The audit fee now amounts to 10 per cent of the net profit of all credit societies with a minimum of Rs. 10. These fees are not collected by the central banks as in this province, the Sub-Inspector (though he is not allowed to handle the money) instructing the societies to deposit the fee in the central bank to the account of the Union and the fees being subsequently collected by the Provincial Bank. In the case both of the societies and of the central banks each Sub-Inspector is responsible for the recovery of 50 per cent of such fees by the 31st October, 90 per cent by the 31st December and 100 per cent by the 31st January. Various classes of societies are exempted from audit fee, e.g., all societies in the first year of working and special societies such as educational societies. Government also give grants covering the cost of audit of societies of less

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than 3 years' working at the rate of Rs. 840 for every 50 such societies—this being the cost of one Sub-Inspector per annum. They also pay half the cost of the 3 Union Auditors. The audit fees of the Union actually more than cover the cost of the audit staff. Test (or super) audit of societies is done departmentally by the Inspectors. There is no statutory rule in regard to the recovery of audit fees, and the difficulty (which is beginning to be felt in this province) of societies remaining outside the Union and audit fees being consequently irrecoverable from them has not been experienced.

There is no regular annual audit of liquidated societies such as was the practice until this year in this province, but great care is required to be taken by the Auditor (Sub-Inspector), the Inspector and the Assistant Registrar to see that liquidation accounts are kept very carefully. In the case of societies liquidated during the year, a proportionate charge is imposed (subject to the minimum fee of Rs. 10). No society can be finally wound up until a certificate of the Union is forthcoming that it has paid its audit fee through the liquidator or has been exempted from payment.

(*b*) *Supervision.*—No separate levy is imposed by the Union for supervision or training, as the audit fees bring in an income of Rs 3½ lacs, which along with the Government grants cover all the Union's expenses. These Government grants amount to (i) about Rs. 95,000 for the audit of new societies, (ii) Rs. 6,400 for half the pay of the three Union Auditors, (iii) Rs. 50,000 for propaganda purposes, (iv) about Rs. 13,000 for agricultural training of the staff (this has ceased from 1st April 1931), and (v) Rs. 600 for women's societies. The total expenditure of the Union amounts to about Rs. 7 lacs.

Of the 600 Sub-Inspectors, about 400 are employed as Supervisors and the rest as Auditors, each Supervisor having about 60 to 70 societies in his charge. Their duties are defined in detail in circular instructions.

(*c*) *Training.*—For the purpose of training the staff, there are three Inspectors paid by Government and three Sub-Inspectors (as Educational Assistants) paid by the Union. There is no regular training college but different kinds of classes are held which include the following:—

(1) *Training of Inspectors.*—Candidates are trained for the first three months in the field under the Inspector or

our experience along this clear line of action. It is well-known that land mortgage banks separately started for the purpose should alone deal with long term and provincial banks should not float debentures to enable them to lend long term moneys to central banks. One other resolution, we should like to refer to, and that is on co-operative study tour. It has become a practice now a days for many of the major provinces to send fraternal delegates to the provincial conferences in other provinces. If this system could be extended and if some of the delegates so sent come not only to attend the session, but to study, in some detail, the working of the co-operative movement in the province, it would be accomplishing a very useful purpose. We ourselves have, on many an occasion, gone to many outside provinces and seen how, though we are fundamentally the same, yet we differ from each other in ever so many ways in regard to practice and procedure. These differences are mainly owing to historical causes and are the result of local customs and requirements. The Provincial Banks would do well to encourage not only such study tours, but send out as Mr. K. C. Ramakrishnan has suggested in his address at the last International Co-operators' Day Celebration, students to foreign countries to study the system of co-operation at work there.

The Madras Provincial Co-operative Insurance Society.

As we are going to the press, we got the welcome news that the Registrar has been pleased to register the Madras Provincial Co-operative Insurance Society Ltd. As our readers are aware, the last Provincial Conference made it incumbent upon the Executive Committee of the Provincial Co-operative Union to take definite action in the matter and we are glad to see that the authorities concerned, both official and non-official, have not been slack. The new institution is full of great potentialities for the good of the movement, as we shall try to show later on. We take this opportunity to thank Mr. D. N. Strathie, our popular Registrar, M.R.Ry. Rao Bahadur K. Deivasikahmani Mudaliar, the Acting Registrar and M R.Ry. Rao Sahib N Ranganathachariar, the Joint Registrar for the uniformally kind and sympathetic attitude they took up in this matter from the very beginning.

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Co-operation in the Punjab.*

By Mr. E. C. Ansorge.

(Registrar of Co-operative Societies, Bihar and Orissa)

In the Punjab there are now about 20,000 co-operative societies in all or just double our own number. There are three posts of Deputy Registrar, one a listed post filed by an officer of the Indian Civil Service. All the Deputy Registrars have the full powers of a Registrar and each takes a separate circle, one of them being also in-charge of industrial societies. They receive a special pay of Rs. 150 per month. There are also 20 Circle Registrars, one of whom is in-charge of industrial societies alone, on a pay of Rs. 250—25—850. Most of these officers are recruited from the rank of Inspectors, although in some cases direct appointments are made. There are 125 Inspectors divided into four grades of Rs. 100, 150, 200 and 250 with an average of 300 societies under each. This number of Inspectors includes three special appointments for educational, industrial and consolidation work, the last mentioned being on a temporary basis. It also includes one Inspectress. One third of the cadre is recruited from the ranks of the Sub-Inspectors and the remainder direct, in the latter case only graduates being appointed. The Registrar has also the assistance of a Personal Assistant who was formerly selected from among the Circle Registrars. It was, however, found that as the officer was not conversant with office work supervision was inadequate and the Personal Assistant is therefore now a member of the Provincial Civil Service, getting Rs. 100 as allowance. This officer is concerned only with office work and has been delegated suitable powers. He also inspects each of the Circle Registrars' offices once a year. The Circle Registrars are required to inspect the Inspectors' offices once a year and to be at least 20 days a month on tour. The Inspectors carry out the half-yearly audit of banks (not in their own circles) and must inspect every society once in 2 years. Besides this staff there is a Financial Advisor who has no powers under the Act, but all audit notes of central banks pass through his hands and he is consulted freely on all financial matters both by the department and by the banks. The Registrar

*Extracted from Mr. Ansorge's "Notes on a tour in the U. P. and the Punjab."

Sub-Inspector, and are then posted as Sub-Inspectors themselves. Thereafter they attend a four months' class at Gurdaspur and have a month's training in a central bank and a month in the office of an Inspector. The Union pays Rs. 15 per month for their 15 months' training before appointment.

(2) *Training of Sub-Inspectors.*—These are first trained in the field for four months. They are also given two months' training in classes held at convenient centres, at least three such classes being held every year by the training staff. Candidates are also sent, as funds permit, to an agricultural class conducted by the Agricultural Department for six months, the cost being paid by the Union. There are separate classes for female Sub-Inspectors.

(3) *Refresher courses* are held once a year for about ten days and every member of the departmental staff, including the Circle Registrars, attend. There is no regular teaching, but discussions take place and lectures are delivered by officers of the Co-operative and other departments.

(4) *A class for employees of central banks* in accountancy and book-keeping with a few lectures on general co-operation is held at Lahore for a few weeks every year. This training is given at the cost of the bank concerned, the teaching being done by the Financial Advisor, two Auditors, the Secretary of the Union and the Manager of the Provincial Bank. Practical training is also given in a central bank and in the Provincial Bank.

The Union holds two general meetings every year, one particularly for the election of the committee and the other for the budget, in August and January, respectively. There is one representative for every 100 societies or less.

PROVINCIAL BANK.

This bank is organised differently from ours in that not only central institutions but also individual societies are members. The Registrar is the *ex-officio* President and there is an executive committee, but owing to the large number of society members (about

13,000) the provisions of the bye-laws for the election of this committee are not entirely suitable. Though there is a provision for sectional general meetings and this scheme has been tried, it has not been found to be a success in the absence of any one to explain the agenda clearly. The difficulty of election has been solved in practice by the Board of the Provincial Union being annually elected as the Executive Committee of the Provincial Bank also. The committee meets about four times a year; but there is a working committee of Six Directors elected by the Executive Committee which ordinarily meets every month. The provision for an *ex-officio* President in the person of the Registrar was due to the issue of debentures, the interest of which was guaranteed by Government. All loans are on demand pronote for one year in the first instance, renewable if repaid. The period for mortgage banks is ten years and it is under consideration to raise it to fifteen years. No loan is given direct to primary societies.

Only one share in the Provincial Bank is taken up by each member and no dividend may be paid while the debenture issue is outstanding. Prior to the appointment of the Financial Advisor the bank's policy was to invest in Government securities and pledge these to the Imperial Bank against an overdraft. The more economical policy now followed is to utilise the bank's own money as far as possible and actual cash resources of about two lakhs are being held in the Imperial Bank. All applications for loans from central banks are submitted to the Registrar through the Manager of the bank and the Financial Advisor.

CENTRAL INSTITUTIONS.

In the course of my tour I examined the working of a number of central institutions and made a note of their methods, registers, forms, etc., for subsequent reference. The following points may be mentioned here as of special importance or interest:—

(1) The dangerous system (as I regard it) of entrusting to the Provincial Bank the duty of carrying the fluid resources of the whole movement is not followed in the Punjab. Each central bank is required to keep (in addition to its statutory reserve) fluid resources amounting to (a) 12½ per cent. of fixed deposits, falling due in the next 12 months, (b) 25 per cent. of savings deposits, and (c) 50 per cent. of current deposits. These scales are prescribed by the Registrar, who is able to enforce them by statutory rule 6, which gives

him power to reduce a bank's limit for the acceptance of outside deposits. The resource of the Provincial Bank is prescribed by its bye-law 37.

(2) The banks are purely financing concerns and have nothing to do with the supervision of societies or co-operative propaganda, they consequently need only a small staff, e. g., the Ferozpore Central Bank employs only a manager on Rs. 100—200, an accountant on Rs. 75—120, a clerk on Rs. 50—80 and a cashier on Rs. 37. Some of these banks do a very large business. For example, the Jullunder Bank has 761 affiliated societies and 147 individual members, and a working capital of 40 lacs. Last year it made a profit of Rs. 53,000. Only short-term business is done by these banks and the societies financed by them, all long-term business being left to mortgage banks.

(3) The deposit rules approximate to those of joint stock banks much more closely than ours. Deposits are accepted for periods of 6 months or more and are not automatically renewed if notice of withdrawal is not given, as is generally the case in this province. Interest accrues half-yearly, being calculated upto 31st July and 31st January. If unclaimed the amounts are kept in deposit but no interest accrues after the date of maturity. Loans are given to depositors on the security of their deposits upto 90 per cent, and there is therefore no necessity for the undesirable and dangerous practice of repayment before maturity which is so common in this province.

(4) Loans granted to societies are not for any fixed term, being more in the nature of cash credits. The instalments for repayment are fixed according to the nature of the harvest. The banks keep no collection staff, but, in case of default, report the matter to the Circle Registrar, who instructs the Sub-Inspector to bring pressure to bear upon the society though he is not permitted to handle money himself. In the case of persistent defaulters, recoveries cannot be made through the revenue agency but only through the Civil Court, it being considered that the basic security should be cautious financing and not ease of recovery. Owing to the fact that the ordinary banks and societies in the Punjab have confined themselves to short-term business and do not attempt to take over the members' previous debts, the wholesale over-financing which has been so marked a feature of co-operation in this province has been largely avoided, and the bank's money is ordinarily turned

over every three or four years. C and D class societies must obtain the recommendation of the Inspector before they can get a loan, but in practice no loans are given to D class societies.

(5) No interest is calculated on dues from liquidated societies until the principal claim, i. e. principal plus interest up to the date of liquidation has been satisfied. This salutary rule prevents the assets side of the balance sheet being swollen by large sums of which there is frequently no hope of recovery. This rule should certainly be introduced in this province. The interest due from liquidated societies is shown on the asset side of the balance sheet but is set off by an equivalent entry on the liability side. The principal due from such societies must be covered upto 50 per cent of its total by the provision in the bank's bad debt fund, which is required to be at least equal to 50 per cent of the dues from all liquidated and D class societies.

Central Unions.—These unions, which have no individual members, work on a much more restricted scale than the central banks. They are ordinarily established in villages where some suitable gentleman, e. g. a Government pensioner, is available to look after their working. The appointment of the President requires the approval of the Registrar. The staff employed is very small (for example, the Nakodar Union has only a Secretary on Rs. 45 and a peon on Rs. 10) and the accounts are kept in simple form and generally in the vernacular. Double entry has only just been introduced and apparently no Day Book is ordinarily kept, though in one Union I found a new form of combined Day Book and Cash Book in use. Each affiliated society has one share and sends only one representative to the general meetings whatever may be the number of its members. Two general meetings, one after each harvest, are usually prescribed in the bye-laws. Liability is limited to the unpaid portion of the share of Rs. 100 or Rs. 200, half of which is usually payable on application and the other half 6 months thereafter. Profits are generally indivisible, though in one Union which I visited (the Madar Union) they become distributable when the reserve fund reaches Rs. 50,000. I was struck by the very large sum deposited by members in these Unions. Thus the Lakhan Khurd Union, with a working capital of only Rs. 1,20,000 and outstanding loans to members of Rs. 1,13,000, holds member's deposits amounting to Rs. 63,000 against non-members' deposits of only Rs 37,000, and another Union—that of Nakodar—has deposits of 3½ lakhs from members and only about ½ lakh from non-members. The last mentioned Union has an investment of Rs. 64,000 and has deposited nearly a lakh in the Provincial Bank. Its outstanding loans to societies amounted to Rs. 2,16,600 and to other Unions Rs. 27,590, but the latter amount is now being recovered and such inter-lending is no longer permitted. By a ruling of Government, Central Unions are now allowed to grant loans to depositors against the security of their deposits like central banks. The new fixed deposit register which is in use in these Unions is of a simple and convenient type, and might be adopted for use in this province.

Supervising Union.—The system of Supervising Unions which is common in Madras is rare in the Punjab. In fact, there is, I believe, only one such Union, which I visited at Lahore. This Union has 10 society members, all urban, which pay an entrance fee of Rs. 5 and an annual subscription of Rs. 10. It has no individual members. Each society has one representative for every 20 of its members up to a maximum of 3, and there is a managing committee of 6 individuals besides the President, Vice-President, Treasurer and Secretary. The objects of the Union are the organisation and supervision of societies. It appears, however, to have done no methodical supervision hitherto, though a few societies where dissensions had arisen have been inspected and the disputes settled. The working of one D class society has been improved by appointing a member of the Union as its Honorary Secretary. The bye-laws provide for a fine of Rs. 100 for deliberate refusal to carry out the instructions of the managing committee of the Union. The liability of members is limited to Rs. 5 and under bye-laws 7½ per cent of profits may be utilised for purposes approved by the Registrar, *e.g.*, education, medical relief, etc. It is proposed to organise conferences with lectures given by society members. The system of supervision through Unions is open to objection and can in any case never succeed unless there are in each case a sufficient number of educated and trained members to direct and guide the Union's activities. In view of our own experience and that of Burma in regard to the failure of guarantee unions to achieve the purpose of supervision, I do not think it would be worthwhile to experiment again on these lines.

Co-operative Deposit Banking.

BY MR. A. VEDACHALA AIYAR.

The financial stringency which has affected commercial banks, commercial departments and also administrative departments of Government has not allowed co-operative banking to escape. The loans to Societies have become frozen owing to depression in prices of agricultural products and the agriculturist co-operators who were in an indebted condition before the depression became worse after it. Money has become scarce in rural parts and even money-lenders are at their wits' end to carry on their transactions. They have to wait for better times for the recovery of their dues. Any precipitate attempt to secure their dues through Civil Courts will place them in the unenviable position of purchasing the lands of the debtors, there being no purchasers to buy such lands even for half the price and therefore no bidders at Court Auction. The position of co-operators and co-operative banks is in the same predicament. Rectification staff working under District Federations and District Banks are only employed in getting decrees and in enforcing such decrees through the Revenue Department or the Civil Courts. The only alternative for such a step is to buy up the immovable property in auction. This will make the credit still more frozen. Properties could not be sold later on by the society to reimburse its dues nor could such Societies manage the properties purchased so as to get at least 7½ percent, the yield from lands being below 4 per cent now. Some societies have unfortunately purchased houses and mortgaged house sites. These will eventually fetch nothing in the near future. The Co-operative Department and the Central Banks will have to take note of this state of things and must find a way out of this financial impose. As a matter of suggestion, I propose the following :—

(1) All debts due from members which have assured and safe assets as security should be transferred to the District Bank in the shape of mortgages of immovable property.

(2) District Banks should be empowered to raise debentures at 6½ per cent for 10 years or they should be empowered to transfer such mortgages to the central land mortgage bank for raising money by the issue of debentures on the security of such mortgages.

(3) Another alternative is to create a Government institution or other arrangement to deal with such securities for the whole Presidency which should get funds by way of state loans or by way of issuing debentures. All other debts not secured by mortgages of immovable property and safe assets should be recovered by recourse to law or the loss from such determined. Unless such or similar steps are taken, and that urgently, the District Banks will cease to function effectvely for the financing of agricultural industry and the absence of in flow of credit will lead to stagnation, decay and ultimate extinetions of the co-operative financing machinery. Once the machinery breaks down, it will be very difficult to start afresh, the confidence of the share-holders and depositor being shaken. The reduction of dividend in some banks is a warning and serious working to non-withdrawable share-holders who could not expect to be mere sleeping partners in co-opertaive banking.

It is also a warning to the depositors who have to be satisfied of the soundness of investments of their funds by Central Banks.

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Recent Utterances.

OPENING OF THE NEW BUILDINGS OF THE SRIVILLIPUTTUR CO-OPERATIVE BANKING UNION, LTD..

Held on 16th November 1931.

Mr. V. Ramadas Pantulu in declaring the building open said :—

Brother Co-operators!

I have been in the Bombay Presidency more than once and there, almost all Central Banks and Urban Banks too have buildings of their own. So, I have always been thinking that our Presidency also should set an example in this matter. A palatial building for a Bank may not be necessary, but a decent one is necessary. I congratulate the management of this Bank upon their having put up an excellent structure like this. The many constituents of this Bank would look upon this building as their own. There will be associated attachments bringing us around this building. In course of time, this will become the centre of activities in this area. As individual members look upon their habitations with pride, institutions are also to do likewise.

Of late there has been a good deal of criticism about the co-operative movement. A managing Governor of the Imperial Bank of India giving evidence before the Banking Enquiry Committee said that the Co-operative Movement is an eye-wash and does very little to relieve the economic position. As a co-operator, I was listening to the criticisms with great patience; it was certainly no bias against or in favour of this movement, but if any body comes forward with another solution for the promotion, it will be gladly received. The utility of the movement in this country has come under the careful examination of three important Bodies during the last three or four years. They are the Royal Commission on Agriculture, the Labour Commission and the Banking Enquiry Committee. The Banking Enquiry Committee said that the Banking of Agriculture can be done only through the medium of Co-operation. When I joined that Committee, people were looking upon me with some sympathy and pity. Many people did not know what Co-operation is in this country. There were representatives of the Joint Stock Banks, representatives of Exchange Banks and representatives of the Imperial Bank of India. Of course, I represented the Co-operative Banks. But I think my friends did not know much about co-operation. The first thing I did was to circulate a half sheet of paper giving the resources of the various Banks of this Country. The working capital of all the Joint Stock Banks is 50 crores, that of the Imperial Bank of India is 60 crores. The Imperial Bank which is the largest in this country has about 70 crores. Then I showed that the Co-operative Central Banks which were started only in 1912 have very nearly 50 crores. Next I circulated another paper asserting the accommodation given by the various banks with which the country deals. First of all, I was showing that 80% of the people live by agriculture in this Country. I have shown what part of loan is necessary to this country and I showed how agriculture is the most important industry in this country. Then I said that the joint stock Banks lend very little to agriculture and the Imperial Bank lends on agricultural produce for only 2 crores and I told them of the money circulated in the primary societies is about 10 crores. So I argued with regard to agriculture that agriculture is the most important industry and the Banks have done very little towards it. I said we did most for that. The report speaks that co-operation was the movement which has supported agriculture in this country to a larger extent than any other institution. So I think now everybody knows that the future hope of development of the rural economy lies in the progress of Co-operative Movement.

That movement has been taken up well except in one province, Assam. I have seen the movement work in all other Provinces in India. Everywhere it is progressing. I feel proud to say that in Madras more non-official workers and honorary workers have been drawn to the field. The one movement, next to the Indian National Congress, which has done much to the mass is the Co-operative Movement. Of course there are defects, very great defects too. But I ask, 'Is there any movement in this country which is without defects?' Even the highest Banks is not accompanied with some kind of distress. You know in the puranas how Devas and Asuras churned the ocean of milk for making Nector with Mandaragiri as the

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and and Vasuki as the string,'and there they did not find nector alone, but they found poison too. Therefore let us pursue the movement which has brought us the great benefits of Banking to the masses of the Country. Every one of you would find co-operation to be the cure of your many ills.

GENERAL BODY MEETING.

A general body meeting of the Banking Union was held in the Bank's new buildings at 3 P. M. on 15—11—31. Mr. V. Ramadas Pantulu and the Deputy Registrar of Co-operative Societies, were also present. The Registrar's Audit Certificate and Administration Report for the year 30-31 were read and adopted. After setting apart Rs. 10,000 for Bad debts reserve, the Banking Union earned, a net-profit of Rs. 4,614-12-0 and it was resolved to distribute a dividend of 7½ per cent to Individuals and 3 per cent to societies. Generally all the subjects were discussed at length. At the close of the meeting Mr. V. Ramadas Pantulu spoke a few words about the arrears in societies and impressed upon the necessity of reducing the arrears.

Consumers' Co-operation.

THE MADURA CITY CO-OPERATIVE STORES LTD.,

I. MEMBERSHIP AND SHARES.

A Class:—The Year began with 477 members with 648 shares. During the year 20 members with 46 shares were admitted and 17 members with 19 shares ceased to be members because of their change of residence. Thus at the end of the year we have on register 480 members with 715 shares.

B Class:—Four Institutions with four shares continue to be members.

II. RESERVE FUND.

An amount of Rs. 8,574-10-0 was invested at the commencement of the year in the M. R. C. C. Bank, Ltd., and it earned an interest of Rs. 557-1-0. This together with Rs. 440-7-0 now set apart this year for Reserve Fund brings the total amount to Rs. 9,015-1-0.

III. MEETINGS.

Two General Body and 8 Directors' Meetings were held during the year. One Directors' Meeting had to be adjourned for want of quorum.

IV. BRANCH STORES.

1. *Thallakulam:*—At a meeting of the General Body held on 19—2—'27 it was resolved at the instance of M.R.Ry. Rao Sahib N. Ramaswamy Iyer Avl., to start a branch at Tallakulam and the branch was accordingly started on 13—5—'27. Our accounts maintained at the branch office show that of our members residing at Tallakulam and for whose advantage and convenience and at whose instance the branch was opened at Tallakulam, only a few are making their purchases regularly.

		Rs.	A.	P.
Our sales in the Tallakulam Branch during the	1st year	827	9	6
,, ,,	2nd ,,	11,731	4	6
,, ,,	3rd ,,	10,439	2	10
,, ,,	4th ,,	7,503	0	0

The figures speak for themselves and unless the members at whose instance and for whose convenience the branch was started choose to encourage the Branch and make it a going concern the Board would be constrained to recommend to the General Body the closure of the Branch.

2. *West Tower Branch:*—Since the Branch was working at a loss, as the members residing round about that place did not choose to encourage

the Branch not withstanding personal requests made to them, the Board in the interests of the Stores resolved to close the Branch and the Branch was accordingly closed on 1—11—'30.

V. SALES.

		1928—'29			1929—'30		
A Class	...	51,476	12	0	37,193	1	5
B Class	...	3,335	5	6	11,079	9	6
Non-Members	...	20,926	14	10	17,220	13	10
Total Rs...		75,739	0	4	65,493	8	9

In measuring the work done in the Stores during the year, no importance could be attached to the amount realised by the sales. The price of every article has fallen low and hence the turnover in the Stores during the year could be properly calculated on taking an account of the quantity of the articles sold and when this matter is considered, the Board are happy to report that the quantity sold is in excess of last year, and that [illegible] turning out better business. The Board expect that the members [illegible]ue to encourage the Stores and those that are not making their p[illegible]s at the Stores will make it a point to make their purchases at the Stores. In this connection the Board desire to bring to the knowledge of the members that one of their officers namely the Secretary received vague rumours of complaints about the prices in the Stores being in excess of the market. He could not take any action in cases where the complaint was not laid before him by the members themselves while he has taken action in the cases where the members were kind enough to bring to his notice the defect. We are maintaining a clerk to report the current market rate on every Thursday and the prices are altered according to his report. The system prevailing in our Stores is to keep our prices on a level with that of the market as far as possible.

The Senior Inspector of Co-operative Societies who was deputed by the Department to audit our accounts has noted as his opinion that the sales are decreasing but does not go into facts and figures on which this remark has been based. The Board on an examination of the accounts maintained in the office do not think that this remak is correct.

The Board under these circumstances desire to express their hope that the members will encourage the sales at our Stores by making all their purchases at the Stores.

Overdraft:—The Stores did not operate on the overdraft during the year under report.

Conclusion:—The Board earnestly appeals to all the members to make their purchases solely in the Stores and reminds them that the prosperity of the Stores depends on the extent to which its members are faithful to it.

By order of the Board,

Madura,
25—2—1931.

R. KRISHNA AIYER,
Secretary.

District News.

THE SILVER JUBILEE CELEBRATIONS OF THE COIMBATORE CO-OPERATIVE STORES AND BANK, LIMITED.

The Head Office premises of the Society in Sullivan Street were tastefully decorated with welcome arches and *thoranams*. A small pandal was put up in front of the society's building. Punctually at 8 A.M., the President elect, Mr. D. N. Strathie, the Registrar of Co-operative Societies, Madras, arrived at the pandal. He was received at the entrance of the Society's building when Mr. V. Swaminatha Iyer, the Deputy Registrar, introduced Mr. K. R. Subbarayar, President of the Society to Mr. Strathie. The President then introduced to Mr. Strathie all the members of the directorate. Mr. Strathie was garlanded and a group photo of the Directors and staff with Messrs Strathie and Swaminatha Iyer in the centre was taken in the open space at the back of the Society's premises. At 8-30 A.M. the function began with *nagaswaram*, prayer by Mr. C. R. Venkatachariar, and songs on co-operation by Mr. B. S. Sundaram Iyer. Mr. S. R. Krishnaswami Iyer, Secretary, welcomed the president and members and other guests in a short speech and requested Mr. Strathie to occupy the chair and conduct the proceedings. After a few preliminary remarks about Co-operative Societies in general and the Coimbatore Co operative Stores in particular, Mr. Strathie said that he was extremely glad to have been asked to preside on the occasion. He requested Mr. S. K. Yegnanarayana Iyer, M.A., who had specially come from Madras as the delegate of the Madras Provincial Co-operative Union and also of the Triplicane Urban Co-operative Society to deliver his message. Mr. Yegnanarayana Iyer conveyed to the Co-operators of Coimbatore fraternal greetings on behalf of the two institutions. As a representative of the Provincial Co-operative Union he said he was interested in both sides of their activities, bank as well as stores; whereas representing T.U.C.S. he would lay greater stress upon the store side. He welcomed the suggestion made by a local co-operator that women should be enrolled in larger numbers in the store movement, as it is our English sisters, the Women with the Basket, who have contributed so much to the success of the store movement in England. He also referred to the Madras or Triplicane spirit which enabled the Madrasees to work the store successfully, as it was evidenced by the successful working of the South Indian Consumers' Society at Matunga, Bombay. He offered fullest co-operation on behalf of the Madras societies in any new line of development as for example, the forming of a wholesale society. He deprecated the present practice of the stores societies leading lives of isolation and suggested the pooling of experience with a view to further development. Lastly he acknowledged his own personal debt of gratitude to late Mr. C. N. Krishnaswamy Iyer, of Coimbatore who inspired him with love for co-operation.

The Secretary then read messages and letters (regretting inability to attend and wishing success) received from prominent gentlemen interested in co-operation.

Then the President of the Society Mr. K. R. Subbarayar read the report of the origin and growth of the Society. Mr. V. C. Vellingiri Gounder then unveiled the portrait of the late Mr. T. Ramaswami Iyengar, the first president of the Society, after a short speech. Then Dewan Bahadur C. S. Ratnasabapathi Mudaliar M. L. C unveiled the portrait of the late Mr. C. N. Krishnaswami Iyer, the first Secretary of the Society, after briefly describing his career. A gold medal was presented to Mr. B. V. Krishnan, the artist, in appreciation of the good execution of the portraits.

In bringing the proceedings of the morning to a close the Registrar laid great emphasis upon frequent inspection of the working of the stores by the directors and avoidance of leakage and shortage. He also recommended that wherever possible bonus should be given to loyal members on purchases made, as that would ensure their loyalty more and more to the store. He would place it as almost the first charge upon the net profit, as the capital invested by members was not after all very large, and people would be satisfied with a nominal dividend upon the share capital. He congratulated the Audit Union upon the good work done in auditing the stores and urban bank and said that so long as the government were unable to increase their staff with a view to ensure more efficient audit, our future salvation lay in developing Audit Unions which are more elastic than government machinery and which could adjust the man power to suit the needs from time to time.

The Secretary thanked the chairman, the audiance and others who participated in the function. Plantain fruits, sugar candy and *pansupari* were distributed.

EVENING SESSION.

At 4 P. M. a tea party was held at the Society's premises. It was attended by Messrs. Strathie, V. Swaminatha Iyer, E. S. Ganapathi Iyer of Erode and by the Directors. The party was given by Messrs. S. R. Krishnaswami Iyer the Secretary and C. R. Venkatachariar Assistant Secretary.

At 5 P. M. Mr. S. K. Yegnanarayana Iyer spoke on "Our own experience in the T.U.C.S." when Mr. Strathie presided. He first drew pointed attention to the very limited profit which alone it is possible for

Stores in India to realize and which consists of the narrow margin between the wholesale price and retail price obtaining in India. He read out an extract from the T.U.C.S. bulletin where Dr. Mc'Dongal, one of the foreign experts co-opted on the Banking Enquiry Committee, expressed his surprise on his being told of this narrow margin, as to how we were getting on at all and said it was no wonder that the store movement was not thriving in India. That being the case, said Mr. Iyer, the management of stores should make every effort to minimise the cost of running. He sugested that the cost must always bear a definite proportion to the business done and must expand and contract with the business. He gave the instance of T.U.C.S. where about 10 years ago, when business was progressing from year to year, they sanctioned a time-scale salaries, liberal provident fund contributions and other benefits to the employees, with the result that now when the business has not been progressing, the expenditure upon the establishment has nearly doubled itself, so that for the past many years, the T.U.C.S. has not been able to declare any profit at all worth mentioning.

Then, he also dwelt upon the new lines of development and dir whether it is desirable for growing institutions to open new branches or allow independent societies to be formed so that in course of time these independent societies may federate themselves into a wholesale, instead of the central society, getting itself strengthened and operating as one institution with a number of branches. Lastly he appealed to the members of the general body to show some indulgence and forebearance and not to interfere with the work of the directors, having once elected proper men to the directorate. He strengthened the appeal by reading an appropriate extract from the message of the Right Hon'ble Mr. Sastri on the occasion of the silver jubilee celebration of the T.U.C.S.

Then Mr. E. S. Ganapathi Iyer read a paper on "Is store movement necessary for us and will it succeed."

The chairman thanked the lecturers and the hosts. The Secretary at the end offered thanks to the chairman lecturers and others. At 6 P.M. the function terminated.*

*The report of the President about the history of the Institutions and the paper read by Mr. E. S. Ganapathy Aiyar, B.A., B.L., would be published later.

Reviews.

CO-OPERATION IN INDIA

(I) REPORT ON THE WORKING OF THE CO-OPERATIVE SOCIETIES IN COORG.

For the year ending 30th June 1931.

During the year ending 30th June 1931, as was noticed in our review of the report for the year 1929-30, the Registrar continued to exercise many other functions as well. The movement showed an all round progress except in the point of number of members, as the department continued to weed out bad societies and members. The following statement will bear out the remark :—

SUMMARY OF GENERAL PROGRESS.

			1929-30.	1930-31.
1	Number of Societies	...	250	239
2	Number of Members	...	13,750	14,037
3	Paid up share capital	...	Rs. 2,37,716	Rs. 2,48,590
4	Reserve Fund	...	" 2,40,639	" 2,62,997
5	Working Capital	...	" 7,84,248	" 8,42,669

The general depression noted last year due to the fall in the prices of agricultural produce continued. The Registrar has realised the need for rectification and consolidation by re-assessing the repaying power of borrowers and fixing the period of instalment according to the present value of the commodities purchased by them and by teaching them the principles of co-operation and thereby making them realise their responsibilities.

We are glad to be told that the Provincial Co-operative Federation did good work during the year. But the Registrar is not quite enthusiastic over the publication of the magazine done by the Federation. The Supervising Unions have not won the same word of praise from the Officer.

We are glad to note that the Teachers' Co-operative Store continued to do good work, and purchased and supplied books and other articles to an amount of Rs 17,000 and earned a profit of nearly Rs. 2,500.

One relieving feature of the report is that the Registrar seems to think that the store movement has a great future before it in the country.

Following the good practice of Mysore the Registrar concludes his report with a sketch of his plan for the next year and let us hope he would be able to carry it out.

S. K. Y.

2. REPORT ON THE WORKING OF CO-OPERATIVE SOCIETIES IN BIHAR AND ORISSA.

For the year 1930.

Our readers would remember that the report for the year ending 31st December 1929 was reviewed in the pages of this journal and one or two interesting extracts were given from the Registrar's report. The report for the year ending 31st December, 1930, by the present Registrar, Mr. E. C. Ansorge, is a delightful document showing in every page the individuality of the writer. The present Registrar who took charge of the movement in the latter part of March has had the advantage of studying at first hand the working of the movement in the United Provinces and the Punjab.

Mr. Durga Prasad, the former Registrar was so popular that the Training Institute has been named after him. He too felt that everything was not right with the movement and never spared true but unpalatable remarks in his report. The present Registrar has continued his plan and though the report deals with a rather gloomy state of affairs, it is a thoroughly human document and deserves to be read by all lovers of co-operation.

We, in Madras, are struck by the many points of similarity between the nature of the movement here and in Bihar and Orissa. We have fallen into the same mistakes and we are thinking of the same remedies. Hasty organisation, lack of supervision, reckless financing, office bearers themselves being defaulters, lack of making ample provision for bad debts, wholesale extension and paper adjustments which enable the overdues to be considerably reduced on paper, central banks sometimes being forced to take land and being unable to manage it, are all familiar features of the movement in our own province and we find them all reproduced there.

A vigorous policy of weeding out bad societies and quick liquidation seems to be the only way out of the difficulty. Registration of new societies is done very cautiously. Combination of financing and supervision which seems to work well enough in Bengal, does not fare so well in this neighbouring province and the Registrar recommends the handing over of supervision to the Federation which according to him, ought to be supported far more cordially than at present by the financing banks.

Grain Golas seem to be a peculiar type, well adopted for territories inhabited by backward classes and aboriginals and we hope they will be further developed in that area congenial to their growth.

The need for long term capital has been felt, but the way to secure it, perhaps, may not meet with the approval of the co-operators in the light of the recommendations of the Indian Central Banking Enquiry Committee. The Committee have definitely stated their conviction that the long term transactions should be entrusted to a special land mortgage bank and the

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Provincial Bank should have nothing to do with it. The idea therefore of the Provincial Bank floating debentures to secure long-term money is not in conformity with the latest co-operative thought of the land.

Space permitting, we would have presented our readers with very many illuminating remarks of the Registrar, but we have to satisfy with the following few. The following extract about the place of co-operative movement in a comprehensive scheme of rural reconstruction would be read with great interest.

> "In fact, the first societies started should be for the inculcation of of thrift and the avoidance of waste, e. g. Thrift, Village Welfare and Arbitration Societies. In order to give effect to such a scheme, far closer collaboration than has been possible hitherto will be necessary between the Co-operative Department and other development departments—particularly, of course the Agricultural Department. Indeed, co-operation should be looked upon less as a separate department than as the agency through which the other departments should work, since it provides to a far greater degree than anything else at present available the method by which those departments can get into direct touch with the rural population. Co-operation working on such lines would, I am convinced, bring far greater benefit to the agricultural population than anything it has produced hitherto".

The extract given below about Weavers' Societies deserves to be borne in mind by co-operators all over India who attempt to help that hard-working but heavily-indebted class by means of co-operation.

> "The fundamental miscalculation in the case of this and other societies having for their object the direct purchase of sale of goods on behalf of the members was the economic fallacy involved in the belief that the middleman is a useless parasite and can be eliminated. Actually of course the middleman plays an essential part in trade, and though his position may, and frequently does, enable him to make excessive profits, he can only be eliminated by the society becoming its own middleman, i. e., taking upon its own shoulders the middleman's risks in return for his profits. This society, like so many others of the same kind, came to grief owing to a sudden and unexpected fluctuation in market prices, but this is a normal business risk such as is ordinarily shouldered by the middleman. If a society starts this kind of business, it must be prepared and financially strong enough to face such losses if they occur."

The general remarks concluding the portion of the report dealing with non-agricultural societies deserve equal importance, especially to those who are carried away by enthusiasm for starting and running special types of Societies.

> "All our experience emphasises the wisdom of sticking to the simplest forms of Co-operation in its present state of development and eschewing all grandoise schemes for societies of special type or

multiple purpose. Unfortunately such schemes exercise a pecual attraction, which tends to obscure the infinitely greater importance of the ordinary village credit and thrift society. With the limited means at our disposal for the organisation and supervision of societies it is particularly important that our energise should not be so diffused as to be wasted."

One more extract, the last paragraph of the report speaks for itself.

"It is impossible for any well-wisher of co-operation to feel very happy about the state of the movement in this provice. The defects and abuses to which I have drawn attention in this report are sufficiently serious to constitute a grave menace at such a time of economic and financial difficulty as the present. The root causes of most of the present troubles have been hasty organisation, unsound financing and inadequate supervision and the extent to which one or other of these factors has been responsible will be clear from this report. As will be seen from the preceeding paragraphs, however, steps have already been taken to attack these evils and the most hopeful feature at present is the growing recognition by co-operators themselves that sound methods of business are as essential for success in this as in other spheres. It is time, however, that we took stock of our position and seriously considered the results that have so far been obtained. Bearing in mind the hundreds of societies which have already been or will shortly have to be liquidated and the distress and ruin attending such liquidations, can we claim that co-operation is conferring upon the rural population the benefits expected from it and are those benefits so great as to outweigh these numerous failures? I fear this is a pessimistic note on which to close my report but a real effort by all concerned is essential if co-operation is to become a living force in Bihar & Orissa. I earnestly hope that such an effort will be made, since 'if co-operation fails, there will fail the best hope of rural India.'

We must heartily congratulate the Registrar for the courageous stand he has taken in a most distressing situation and we are glad to be informed by the Government in their resolution upon this report that they have appointed a committee to enquire into the condition of the movement. On the receipt of the report of this Committee the Government propose to lay down theeir policy for the department and hence they have not expressed their views in detail at this stage. The Government have the further advantage of having for their consultation and guidance the report of the Central Banking Enquiry Committee, which as our readers know, have dealt with co-operation in an exhaustive way. We hope the co-operative movement in Bihar & Orissa will be subjected to a severe scrutiny and overhauling. We also hope that as a result of this process of overhauling, the movement may grow along correct and healthy lines.

S. K. Y.

3. ANNUAL REPORT ON THE WORKING OF THE CO-OPERATIVE SOCIETIES IN THE BARODA STATE.

The annual report on the working of the co-operative societies in the Baroda State for the year ending 31st December 1930, as might be expected is a record of steady though not of spectacular progress, as the following statement will show:

	Item.		1929, ending December.	1930, ending December.
1	Number of societies	...	1,045	1,047
2	Number of members	...	39,210	38,638
3	Deposits from Members	...	8,27,132	Rs. 9,97,966
4	Share capital	...	Rs. 5,30,963	„ 5,79,965
5	Reserve and other funds	...	„ 8,87,207	„ 9,6[illegible],354
6	Total working capital	...	„ 71,40,680	„ 74,94,811

The report is drawn on the model of Provincial reports in British India. The different types of societies to be found are bewildering. Coming to agricultural societies, the Registrar remarks that "A credit society is the simplest form of co-operation and the best medium through which to learn the methods by which slow progress may be attained. It is the method that matters in the loug run. Once the people are trained to co-operative methods of work, much can be achieved by means of co-operation in other fields."

We are glad to note that co-operative sale societies are becoming popular and the present plan of working the societies for sometime and to register, if they are successful, is a very good method worthy to be followed in other parts also.

We are not surprised to be told that village store run on an indent system has not yet taken a root in the village mind here. The trouble is as elsewhere the lack of human material.

Thrift Societies and Better Living Societies are interesting specimens which might be tried with advantage in other parts of the country. Urban Banks and employees societies are as everywhere else getting on well with one or two exceptions. The Students' Stores seem to be full of promise. The work of propaganda is carried on both by Government officers and by the Central Co-operative Institute, which published many leaflets during the year under review.

In the words of the Registrar "It augurs well for the movement that the women are taking an active interest in the co-operative organisation of thrift."

Considering the political, economic and other disturbances that passed over the land during the year under review the progress of the co-operative work should be pronounced as satisfactory.

Magzines.

THE SOCIALIST.

The first number of the "Socialist", a new journal published at Triplicane, Madras under the editorship of Mr. S. P. Sarma has come to our hands and if this number is an indication of the general policy and principle to be continued in future numbers, we are sure the journal has a bright future before it. The editorial points out how the journal will stand for socialistic policy, peace and disarmanent. The Journal contains very many interesting articles by eminent publicists like Messrs. V. Ramadas Pantulu, B. Shiva Rao, C. Jinarajadasa, S. Satyamurthy, V. V. Giri and V. M. Ramaswamy Mudaliar. The article on "The Slums of Madras—A Survey" by Mr. S. R. Venkataraman, a recently recruited member of the Madras Branch of the Servants of India Society and another, "On Some Ideas about Social Service" by a social servant who remains anonymous, and that on "The Labourer is worthy of his hire" by Mrs. Hilda Wood, all would go together and from a group of very useful and interesting articles with many practical suggestions for would be social workers. We wish the journal all success.

S. K. Y.

Circulars.

F 5572/31.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES.
Madras, dated 3rd December 1931.

D. N. STRATHIE Esq., I.C.S.,
Registrar.

SUB:—Arbitration—Procedure in regard to persons indebted to a society for more than one loan.

The Registrar observes that there is no uniform procedure in the several sections in regard to references under Rule XIV against members who owe more loans than one to a society.

2. Ordinarily when action is taken in respect of any one loan, that has become overdue, the society need not on that account file suits against him in respect of the other loans which are not overdue. However, when the Panchayat apprehend that the security is insufficient—by reason of fall in the values of property or of alienation by the member of his property to others either in whole or in part—they may close the other loans also, although not overdue.

3. As regards the consolidation of references against the same members, the Registrar thinks that this can be done with advantage, where the property mortgaged is the same or the sureties are the same in the several loans under dispute. In all other cases separate references should be filed and separate decreed obtained.

(By order),
K. SARVOTHAMA RAO,
Manager.
4—12—'31.

To all Deputy Registrars, Sub-Deputy Registrars in charge of societies, Federations and Central Banks.

Copy to the Editor, the Madras Journal of Co-operation.
" Kooturavu.
" Sahakari.

No. R. Dis. F. 6467/31

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES.
Madras, Dated 10th Dec. 1931.

D. N. STRATHIE Esq., I.C.S.,
Registrar.

CIRCULAR.

Encumbrance certificates—Applications for—Registrations.

In view of G. O. No. 1484 MS, Development dated 10th October 1931 levying fees at half rates for work done by the Registration Department for Co-operative Societies the Inspector-Generel of Registration considers that the restrictions in regard to applications for encumbrance certificates which were prescribed with a view to check abuses may be withdrawn since the levy of fees is a sufficient safeguard to prevent societies from abusing the concession still enjoyed by them. The Registrar agrees with the Inspector-General and cancels his previous circulars noted below which imposed the restrictions referr to above.

(By order)
K. SARVOTHAMA RAO,
Manager.

To all Deputy Registrars and Sub-Deputy Registrars in independent Charge.

Copy to Madras provincial Co-operative Union.
,, Tamil Nadu Federation, Coimbatore.
,, Andhra Sahakara Sammelanam.
,, Editor, Madras journal of Co-operation.
,, The Inspector-General of Registration, Madras with reference to his letter 356, General, dated 26th November 1931.

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No. R. Dis. 4600/31.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 14th December 1931.

D. N. Strathie Esq, I.C.S.,
Registrar,

SUB :—Training—Training classes for Panchayatdars of Primary Societies.

CIRCULAR.

The Government were till now giving subsidies to Co-operative District Federations in the Presidency to conduct training classes for panchayatdars of rural societies. With the Government grant and their own resonrces, Federations used to employ one or two propagandists who visited important villages in the districts and conducted training classes for panchayatdars. Owing to the present financial stringency, Government are not in a position to continue to grant subsidies to District Federations for this purpose. They have decided to stop the grants.

2. The Registrar considers that the education and training of panchayatdars are necessary if the primary societies are to work on sound lines. An outline of a scheme for the training of panchayatdars which was followed some years ago in some Districts is given below. Annual general meetings of local Co-operative Unions were held for two days. During the first day and the forenoon of the second, the usual routine business was gone through and in the afternoon of the second day, general instructions on co-operation and allied subjects were given. At these meetings the panchayatdars of all the primary societies were present. The Registrar considers that the revival of this practice will be at once beneficial and economical and recommends its adoption by all unions. The representatives of District Federations and in those districts where the administrative sections of Co-operative Central Banks have taken over the function of Federations, the representatives of Central Banks can attend these annual gatherings and make arrangements for the training of panchayatdars. The Registrar hopes that the Federations, Central Banks and Local Co-operative Unions will make necessary arrangements for conducting the training classes of Panchayatdars on the lines indicated above.

3. In order to have an idea of how the system works the Deputy Registrars and Sub-Deputy Registrars in independent charge are requested to add a short para in their District Administration reports on the working of this system.

(By order)
K. SARVOTHAMA RAO,
Manager.

To

All Deputy Registrars Sub-Deputy Registrars in independent charge.
All Central Banks, Federations and Unions.

Copy to the Editor, Madras Bulletin of Co-operation.
,, Andhra Sahakara Sammalanam.
,, Tamil Nadu Federation.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, dated 29th September 1931.

R. Dis. B. 4279/31.

M.R.Ry. RAO BAHADUR
K. DEIVASIKHAMANI MUDALIYAR AVL.,
Acting Registrar.

MEMORANDUM.

[SUBJECT:—Unlimitted Liability—Enforcement before liquidation—High Court's decision.]

A brief note on the history of the case relating to the Uttukkottai Co-operative Society along with a copy of the judgment of the High Court is communicated to all Deputy Registrars, Sub-Deputy Registrars and Central Banks for information and guidance.

C. NARAYANAN NAYAR,
for Registrar.

To all Deputy Registrars and Sub-Deputy Registrars in independent charge.
" Central Banks.
" Superintendents of Training Institutes.

Copy to the Editors, Madras Journal of Co-operation, Andhra Sahakari and Kooturavu.

ENCLOSURES.

NOTE.

The Uttukkottai Co-operative Society of the Ponneri taluk in the Chingleput district was registered on the Unlimited Liability basis on 17th December 1922 and it transacted business borrowing from the Conjeeveram Co-operative Central Bank, Limited. It worked well for sometime but later fell into disorder. As a result, the society was not able to realize the loans due to it from members. In consequence, it was not able to keep up its obligations to the financing bank. It fell into arrears and some of the solvent members of the society were found to be attempting to alienate their properties finding that all was not well with the society. The financing bank was in the circumstances obliged to file arbitration references against the society in respect of amounts due to it. Fifteen claims for a total sum of Rs. 21,119-8-4 were filed by the bank for decision under Rule XIV. The arbitration references were accordingly enquired into by the Sub-Deputy Registrar,

Madras, and awards were passed against the society for the above sum. After obtaining the awards, the financing bank took out execution proceedings against the solvent members of the society. The members against whom the execution proceedings were taken applied to the High Court for writs of certiorari to call for the records and quash the decrees passed by the Sub-Deputy Registrar. After hearing both sides, their Lordships have dismissed the petitions with costs for reasons detailed in their judgments of which copies are appended to this.

SUB-ENCLOSURE.

IN THE HIGH COURT OF JUDICATURE AT MADRAS.

Thursday, the thirtieth day of July one-thousand nine-hundred and thirty-one.

PRESENT.

THE HON'BLE SIR VEPA RAMESAM *Kt., Officiating Chief Justice*
AND
THE HON'BLE MR. JUSTICE CORNISH.

Civil Miscellaneous Petitions Nos. 896 and 1525 of 1931.

C. M. P. No. 896 of 1931—

Kuppu Govinda Chetty ... ... *Petitioner.*
The Co-operative Central Bank, Conjeeveram ... *Respondent.*

C. M. P. No. 1525 of 1931—

V. P. Ratnna Chetti ... ... *Petitioner.*
The Secretary of Co-operative Central Bank, Ltd., Conjeeveram ... ... *Respondent. (Plaintiff).*

C. M. P. No. 896 of 1931.—Petition under sections 106 and 107 of the Government of India Act, 1915, and Clause 7 of the Letters patent, praying that in the circumstances stated therein and in the affidavit filed wherewith, the High Court will be pleased to call for the records in and to quash the Award, dated 30th June 1930, and passed by the Sub-Deputy Registrar of Co-operative Societies, Madras, and Arbitrator in claim No. 2605 of 1929—30.

C. M. P. No. 1525 of 1931.—Petition under sections 106 and 107 of the Government of India Act, 1915 and Clause 7 of the Letters patent, High Court, Madras, praying that in the circumstances stated therein, the High Court will be pleased to call for the records in and to quash the Award, dated 12th June 1930, and passed by the Sub-Deputy Registrar of Co-operative Societies, Madras, against the Uttukkottai Co-operative Society (in claim No. 2609 of 1929—30).

These petitions coming on for hearing on Thursday and Friday, the 23rd and 24th day of July 1931, upon perusing the petitions and the affidavits filed in support thereof, the order of the High Court, dated 25th March 1931, and made in C. M. P. No. 1526 of 1931 the counter-affidavits, and the reply affidavit and other material papers and upon hearing the arguments of Mr. R. Gnana Sambandam, Advocate for the petitioner in C.M.P. No. 896 of 1931, and Mr. J. A. Pinto, Advocate for the petitioner, in C.M.P. No. 1525 of 1931, and of Mr. C. S. Venkatachariar, Advocate for the respondent, in all the petitions and the petions having stood over for consideration till this day, the Court made the following.

ORDER.

These are two applications for writs of certiorari to call for records and quash the decrees passed by the Sub-Deputy Registrar of Co-operative Societies, Madras, dated 30th June 1930, 12th June 1930 respectively. The petitioner in C.M.P. No. 896 was the President of a Co-operative Society called Uttukkottai Co-operative Society. The petitioner in C.M.P. No. 1525 is a member of the same society. The society was registered under Act II of 1912. There was also another society registered under the same Act at Conjeeveram, namely, the Central Bank, of Conjeeveram which was acting as the Central Bank for all the rural societies in the district. By 1930 certain sums of money were found due from the Uttukkottai Society to the Central Bank and the Central Bank preferred a claim for the amount before the Registrar of Co-operative Societies who transferred it to the Sub-Deputy Registrar for decision under Rule XIV 2 (*a*). The Sub-Deputy Registrar held an enquiry and passed a decision in favour of the Central Bank of Conjeeveram. The notice that was issued to the defendant was sought to be served on the President (petitioner in C.M.P. No. 896). According to the respondent a peon showed the notice to him on 3rd June but he asked the peon to come to his house on the next day. When the peon went to his house on the 4th he disappeared and on the 6th June the notice was pasted on the house of the President. The office of the society is two doors from the house of the President. The Registrar held his enquiry in the Board school in the village. He held that there was sufficient service and passed a decree. Later on there was a petition by the President to set aside the ex parte decree on the ground that the notice was not properly served. In connexion with that petition the Registrar took a statement from the peon who served the notice and from another person and he held again that there was proper service.

It will be now convenient to take the petitions separately. The first ground taken before us by Mr. Pinto is that there was no dispute within the meaning of Rule 14 of the Rules made under the Act and therefore the Sub-Deputy Registrar acted without jurisdiction. This contention cannot be upheld. There was a sum of money due from one society to another and the Central Bank of Conjeeveram claimed the

sum. This is enough to constitute a dispute. The next ground on which it is contended that the Sub-Deputy Registrar acted without jurisdiction is that he was bound to hear the parties under Clause 4 of Rule 14, but as a matter of fact he has not heard the parties. T obvious answer to this is that the rule could have intended that the parties should be heard only when they are present; it is impossible for the Registrar or any other tribunal to hear a party who is absent. In the present case the party was absent. Mr. Pinto referred to Rex. v North Ex parte Oakley (1927), I.K.B., 491. In that case the vicar was not a party to the original proceedings. There was only a citation to all the inhabitants of the Parish but no special citation to the vicar; but an order was made making him liable for damages. The vicar then applied for setting aside the original order and it was held that he was entitled to question the original order because he was not heard. But that case has nothing to do with the facts before us.

It was next argued that the notice was not issued to the proper ... of the President of the Co-operative Society: but we find that it was actually issued to the address given in the by-laws an address not mentioning any particular door number. The next point argued was that the president resigned his office on 4th June and therefore the defendant society was not properly represented on the date of the adjudication, namely, 6th June. The resignation of the president came up for consideration before the society on 30th June and was not accepted. Therefore there was no valid resignation. Anyhow the fact of the resignation was not known either to the Registrar or to the plaintiff bank. We gave an opportunity to the petitioner to file a further affidavit for purpose of showing that there really was some miscarriage of justice on the merits: but the futher affidavit does not show anything of the kind. The society of which the petitioner is a member was being grossly mismanaged for some time; and taking advantage of the mismanagement it is now alleged that there was some considerable collusion betwen the plaintiff bank and the president of the defendant society and sums were wrongly advanced to the defendant society without being authorized by the society itself. But beyond these vague and general allegations of collusion and fraud we are not satisfied that there was any real miscarriage of justice on the merits. It is of course possible that many members of the defendant society including the petitioner before us Rathna Chetti, have been considerably prejudiced by the mismanagement of the affairs of the society. It is undoubtedly hard upon them to be made liable for sums due from the society; but as the society is constituted on the basis of unlimited liability this cannot be helped. It only shows that members of the society ought to exercise a very vigilant watch on the affairs of the society and its president and secretary.

We do not find any miscarriage of justice in the passing of the decree on 6th June to justify our issuing a writ of certiorari. The petition (No. 1525) must be dismissed with costs.

In the other petition (No. 896) the President of the Uttukkottai Society himself is the petitioner. He says that the notice was not personally served upon him, that at the time the decrees were passed he was in his daughter's house in Linga Chetti Street, Madras, that afterwards he tried to set aside the ex parte decrees and the Sub-Deputy Registrar promised to give an opportunity of being heard, but all the same he did not get justice. The rules made under the Act do not provide for any specific procedure for the purpose of setting aside ex parte decrees. It may be that some kind of specific procedure should be provided for in these rules for the purpose of enabling the Registrar to set aside ex parte decrees when he is satisfied that notice was not properly served upon the defendant. As the rules now stand they are very simple, the original idea being that no elaborate machinery is necessary for proceedings under this Act before the Registrar as these societies were constantly being audited by Government officers and the amounts due from one society to another would be easibly capable of ascertainment, and in general there can be no question of notice not being properly served because the societies have got their registered offices. Unfortunately in this particular case these expectations were not realised on account of the hopeless mismanagement of the defendant society and the attempt of the president to abscond or evade summons. Probably the Registrar will see that no such societies hereafter exist; but still it may be that such instances would occur and some simple rules may be necessary for setting aside ex parte decrees. But at present we do not see that any rule has been specifically contravened by the Sub-Deputy Registrar and that he acted without jurisdiction in passing the decrees or in refusing to set them aside. Any irregularity after passing a decree can be no ground for quashing the decree itself. As I have already said there is no such procedure as setting aside of an ex parte decree provided for in the rules. If the Sub-Deputy Registrar thinks that he should give an opportunity to the president or the other members of the society to show that in respect of any particular sum the decree was obviously erroneous on the face of it there is nothing to prevent him from doing so, but we do not see how we can exercise the power of issuing the writ of certiorari in this matter.

This petition is also dismissed with costs.
(Fee Rs. 35 in each case)

Cornish, J.—I agree. The argument for the issue of a writ of certiorari has been put mainly on two grounds; firstly, that the service

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of a notice of the enquiry was a necessary preliminary to the Registrar's jurisdiction; and secondly, that the Registrar's decision was given without a proper hearing of the parties to the dispute. Under Rule XIV (2) of the regulations made in pursuance of section 43 (2), Clause 1 of the Co-operative Societies Act, the Registrar obtains jurisdiction when either of the parties to the dispute has made a reference in writing to him. That is the foundation of his jurisdiction, for the rule says that on receipt of the reference the Registrar has power either to decide the dispute himself or to transfer it to some officer invested with powers under the rule or to refer it to an arbitrator. It is not made a condition precedent to his exercising the power to decide the dispute himself that a notice should be served on the parties. It follows that the principle stated in Halsbury, Vol. X, para. 374, to which we have been referred, that the omission to serve notices required to be served before the commencement of proceedings affords a ground for certiorari has no application here because no such preliminary step is required either by the Co-operative Societies Act or by the Rules.

The second ground relates to Rule XIV (4), the contention being that inasmuch as the rule states that "after hearing the parties to the dispute . . . . . . the Registrar shall give a decision", a decision given in breach of this Rule would be without jurisdiction. In my opinion the rule means this, that the Registrar is not to give a decision without any hearing at all, or without giving both parties to the dispute an opportunity of being heard. The facts leave no doubt in my mind that the Uttukkottai Society, represented by its President was given an opportunity of appearing and being heard and that the President deliberately evaded the opportunity. The evidence shows that the Registrar's notice of the date fixed for the hearing was handed to the President. His telling the peon to come again on the following day appears to have been a device to try and escape the service of the notice. The society's by-laws provide that legal proceedings by or against the society may be in the name of the President. He was, therefore, the proper person to be served with the notice as representing the society, and he was in fact served with the notice. In these circumstances, I think there was a sufficient compliance with the requirements of Rule XIV (4) and there is no ground for a writ of certiorari.

MEMORANDUM OF COSTS.

	RS.	A.	P.
In C.M.P. No. 896 of 1931—Respondent's costs—			
Stamp for vakalatnama	3	0	0
Pleader's fee (allowed)	35	0	0
Translation and printing charges	...		
To be paid to respondent by petitioner	38	0	0
In C.M.P. No. 1525 of 1931—Respondent's costs—			
Stamp for vakalatnama	3	0	0
Pleader's fee (allowed)	35	0	0
Translation and printing charges ...	...		
To be paid to the Respondent by petitioner ...	38	0	0

(True copy).

S. ANDISUNDARACHARI,
Deputy Registrar, Appellate Side.

To the Sub-Deputy Registrar of Co-operative Societies, Madras
(with records).

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Extracts from Foreign Journals.

MEETINGS OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE HELD IN PARIS FROM 27TH SEPTEMBER TO 2ND OCTOBER 1931.

(A) *Executive Committee.*—The following subjects were considered :—

(1) Collecting arrears of subscription from constituent associations at the rate of exchange as on the 1st January last.

(2) Making a grant of £100 to the International Co-operative Women's Guild.

(3) Affiliation of institutions that applied for the same.

(4) Discussion of the problem of starting a special committee auxiliary to International Co-operative Alliance on lines similar to those of Banking and Insurance Committees to deal with questions concerning development of Workers' Co-operative Productive Societies in their international aspect.

(5) The French representatives expressed their appreciation not only at the financial help given by the Alliance, but also of the demonstration of international solidarity which the response to their appeal manifested.

(B) *Central Committee*: After some discussion the following resolution was unanimously accepted to be broadcasted to members of the Alliance and published in all co-operative journals.

"The Central Committee of the I. C. A. assembled at Paris in the presence of the unparalleled economic crisis which the failure of the competitive capitalist system has produced, declares: that the solution of the present world difficulties lies in the application and generalisation of the principles on which the co-operative organisation of commerce and industry, as represented in the organisations of the 60 million co-operators which constitute the membership of the I. C. A.; is based."

Our co-operative system offers the only effective alternative to the anarchy of competition and private profit because it is based upon service to the community and the elimination of private gain and puts an end to the inequalities between the resources of the consumer and producer.

The Central Committee, therefore, calls upon all its affiliated organisations to demonstrate the superiority of their economic system and its power to secure the highest interests of the community by all the means in their power, amongst others:

(a) By the exercise of the utmost vigilance and economy in their purchases and the accumulation of stocks.

(b) By distributing all commodities to their members at the most equitable price, since the whole of the benefits of co-operation go to the consumers.

(c) By resisting all attempts of capitalist enterprise to use the present situation for private profit.

(d) By using all the means in their power to mitigate the evils and distress attendant upon the dreadful and increasing unemployment of the world's workers, particularly by the establishment of the co-operative regime."

The great question of Disarmament was also on the agenda. The resolution adopted on that topic runs as follows:

"The Central Committee of the I. C. A., in accordance with the resolutions adopted at its Congresses held at Glasgow (1913), Basle (1921), Ghent (1924), Stockholm (1927), and Vienna (1930) on the question of Peace.

Recognising the great importance to the development of the Co-operative Movement that Peace, based on the solidarity of the peoples, should be established between all nations.

Asks all the National organisations to use every means at their disposal to encourage the work of Peace."

The Committee also was informed of the steps taken by the English Co-operators for the holding of the International Conference in London in 1933.

CO-OPERATION IN OTHER LANDS

CONGRESS OF THE CHAMPRE CONSULTATIVE.

The Congress of this Co-operative Productive Federation of France coincided with the meetings of the I. C. A. and, in fact, the latter were arranged so as to enable the International representative to participate not only in the Congress of Production, but also in its Centenary, which was being celebrated at the same time. At the opening of this Congress the greetings of the I. C. A. were presented by Mr. H. J. May, the General Secretary, accompanied amongst others by Mr. E. Piquson, Vice-President of the I. C. A. Mr. Albert Thomas, Director of the I. L. O., and Mr. J. J. Worley, Secretary of the Co-operative Productive Federation of Great Britain. At the end of the Congress, members of the Central Committee were invited to participate in a banquet of the Productive delegates, over which Mr. Paul Doumer, President of the French Republic, presided in his capacity as Honorary President of the Chambre Consultative. The final meeting in connection with the Productive Movement was held at the Monument of Charles Fourier, the founder of Co-operative Production in France, on Sunday, 4th October, when Mr. H. J. May again speaking on behalf of the International Co-operative Alliance, delivered an address of homage to the memory of this great Pioneer and Founder of Co-operative Production.

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Special Types of Societies.

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

No. H 950 FOR THE YEAR 1930-1931.

1. *Membership and Share Capital.* The number of members rose during the year from 229 to 270. The authorised share capital of the Bank is Rs. 30,000 made up of A. Class Shares of Rs. 10 each and B. Class shares of Re. 1 each. The amount of paid up share capital on the last day of the year amounted to Rs. 17,538 involving 1.751 of A. Class shares and 28 B. Class shares as against Rs. 12,820 made up of 1,282 A. Class shares in the previous year.

2. *Borrowings.* The Bank raised debenture money during the year to the extent of Rs. 10,300 Debenture were issued for the whole of this amount and also for an amount of Rs. 26,500 received during the previous year and for which no debenture bonds were issued during that year.

During the year the Bank also borrowed Rs. 39,750 from the Madras Central Land Mortgage Bank and paid off Rs. 807-15-0.

The total borrowings at the end of the year amounted to Rs. 1,40,242-1-0 as against Rs. 91,000 at the beginning of the year.

The amount is made up of :—

(1)	Debentures taken by the Government ...	Rs. 10,000
(2)	Do. the public ...	„ 91,300
(3)	Loans from the Madras Central Land Mortgage Bank	„ 38,942-1
	Total Rs.	1,40,242-1

3. *Loans to Members.* The transactions of the bank in respect of loans are detailed below :—

	1930-31		1929-30.	
	No.	Amount. Rs.	No.	Amount. Rs.
1. Outstanding at the beginning of the year	68	95,390	34	49,600
2. Issued during the year	55	62,550	34	49,900
Total	123	1,57,940	68	99,500
3. Repaid during the year	...	6,734-11	...	4,110
4. Outstanding at the end of the year	123	1,51,205-5	68	95,390
5. Amount overdue	22	1,033-5	1	100

LANTERN SLIDES*

SHOWING:

EVILS OF DRINK

:: AND ::

Benefits of Co-operation

Set No. I.
(33 SLIDES)

Coloured Rs. 50.	Uncoloured Rs. 35.

Apply to:—

The Hony. Joint Secretary,

The Madras Provincial Co-operative Union,

Royapettah, MADRAS.

* Story in brief was published on page 135 of August 1930 issue of the Madras Journal of Co-operation.

15 of the 22 overdue loans have been cleared since the close of the Co-operative year and in respect of two of the remaining seven loans arbitration references have been filed. The Directors of the bank are requested to enforce punctual repayments of instalments of loans.

4. *Profits.* The bank earned a net divisible profit of Rs. 661-10-0 during the year as against Rs. 258-13-0 in the previous year. According to by-law 64 (i) of the by-laws of the bank one-fourth of this, i.e., Rs. 496-6-6 shall be carried to reserve fund and the balance of Rs. 165-3-6 is available for distribution in accordance with and subject to the limitations laid down in clause (ii) of the same by-law. All undisbursable and indivisible profits should be carried to the reserve fund.

5. *Reserve Fund.* With this year's addition, the reserve fund of the bank will amount to Rs. 285-6-6. The bank is requested to remit to the Central Land Mortgage Bank Ltd. Madras Rs. 165-6-6 being this year's contribution to its reserve fund.

6. *Meetings.* During the year 21 meetings of the Boa Directors and 3 meetings of the general body were convened of which 5 of the former were adjourned for want of quorum.

7. According to Rule VIII-D of the rules framed by the Local Government under the Co-operative Societies Act an audit fee of Rs. 447-1-0 is payable by the bank for the audit of its accounts for the year 1930-31. The Registrar has however been pleased since to levy only Rs. 60 and remit the balance of the fees payable under the rule. The Bank is requested to remit the amount into the Treasury at an early date.

AUDIT CERTIFICATE FOR THE TAMIL NADU FEDERATION FOR 1930—31.

Members. There are at present 16 members comprising of 9 central banks, 4 district federations and 3 individuals co-opted as against 18 members comprising 8 central banks, 8 Federations and 2 individuals co-opted at the beginning.

Income and Expenditure.

Income. The total demand contribution due from member institutions for the year is Rs. 1,189 including an arrear at the beginning of the year of Rs. 374 and the whole amount was collected. There is an arrear of Rs. 596 still due as subscription for the Tamil monthly Journal after writing off V. P. returns. This year owing to the publication and sale of books in Tamil, the Federation earned a profit of Rs. 152-4-0 towards the above sale of books.

Expenditure. The total working expenses for running the Journal amounts to Rs. 2,139-2-0 mainly under printing and postages, excluding the establishment, general expense and travelling expense. An amount of Rs. 935-3-0 is still to be paid under printing charges for both journal and book accounts. The total amount spent on establishment consisting of a manager on Rs. 100 a clerk on Rs. 35 and a peon on Rs. 13 comes to Rs. 1,782-1-0.

Other main items of expenditure are :—

(1) T. A. to directors and staff	...	Rs. 333 0 0
(2) General expenses ...	...	„ 63 13 0

The working of this year shows a net deficit of Rs. 635-13-0 which set off against surplus held at the beginning of the year gives a net surplus of Rs. 554-12-0 as against previous year of Rs. 1,190-9-0.

Activities. The publication of the Tamil monthly Journal "Kooturavu" has been the main activity of the Federation. The Federation also published and sold books in Tamil relating to Rural Economics and co-operation namely (1) "Cottage Industries" and "Village" (2) Law and principles of Co-operation Part I. (3) Co-operation in Denmark (4) Co-operation in Italy (5) Co-operation in Ireland.

It has also got ready on hand complete matter for printing the following books.

(1) Co-operation in France (2) Co-operation in Germany (3) Co-operation in Sweden (4) Report of the Royal Agricultural Commission (5) Col. Maccarrison's "Food" and (6) S. F. Nickolsons Report on Land Banks (some portions).

Propaganda The Manager and one of the members of the working committee conducted propaganda by lectures, publication of notes of inspection of good societies and circulated pamphlets.

Meetings. There were one general body meeting one governing body meeting and one working committee held during the year.