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THE MADRAS CO-OPERATOR

ISSUED
EVERY MONTH IN TWO LANGUAGES
"Numbers without union are powerless
Union without knowledge is useless."

Vol. II.]

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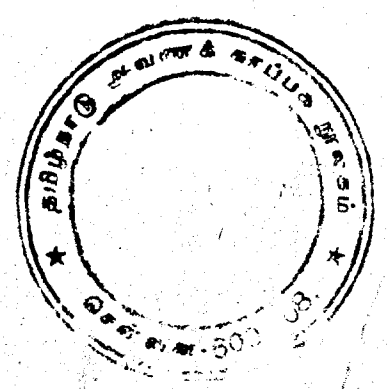
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THE
MADRAS CO-OPERATOR

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VOL. II]

JUNE 1932

No. 12.

**Opportunities for Commercial & Industrial Development in
Hyderabad.**

BY

QADIR HUSAIN KHAN, ESQ., M.A., BAR-AT-LAW,

*Director, Information Bureau, H. E. H. Nizam's Government Hyderabad,
Deccan, India.*

"The publication of the report of the Customs Commissioner for 1340 Fasl has been a great article and letters in the newspaper and the many opportunities for the development of Hyderabad and Commercial Industries in Hyderabad. These opportunities are being made more easily accessible to the public owing to the greater detail in which the figures of the imports and exports of the State have been recorded in the present year. These figures will shortly be published under still more detailed heads in the shape of trade statistics, which it is hoped will be useful to persons interested in commerce and industry.

The openings which exist for the development of industry have long been apparent to Government, and numerous steps are being taken to encourage the establishment of factories and the development of cottage industries wherever opportunities exist. The most obvious opening of all is for a Cotton Mill and as the public

are already aware, a new cotton mill is being established at Warangal.

All goods are being produced and marketed in Hyderabad entirely on the handloom, and by the establishment of the Cotton Industries Institute, Government is taking steps to train the weavers in new methods and to help them with new designs. A small plant is also being installed to demonstrate the advantages of using for the preparatory processes and working a few looms in a small. Besides this, individuals who are working Jacquard looms to be worked with power are also being assisted from the Industrial Trust Fund for assistance in establishing weaving cheap fabrics from also under consideration.

The woolen industry is also facing difficulties. Some already working one or two are

a new mill in Hyderabad is, therefore, not an easy matter, although the State produces large quantities of wool from its eight million sheep. It is hoped, however, that something may be done to assist the cottage industry of weaving blankets. A small power plant has been set up in the Cottage Industries Institute to test the possibility of supplying the village weavers with mill-spun yarn.

The hosiery trade undoubtedly provides good openings in Hyderabad, and the Commerce and Industry Department is trying to help the owners of small electrically driven plants as best it can. Hand-knitting machines of various types have been installed in the Cottage Industries Institute and young men are being trained there to use them and helped to start on their own at the end of their course.

The great opening for fruit-growing attracted the attention of the Agricultural Department some years back, and the Industrial Trust Fund has provided money for carrying out a thorough survey of the possibilities of growing more fruit in the Dominions, and the best ways of putting it on the market. This report is almost complete and the Department hopes to take upon its recommendations to do something to improve the local industry. While fruit-tree nurseries have been started at the main farms in the Dominions, and one or two of the officers of the Department have been and are being engaged in this special branch of horticulture.

Schemes for the manufacture of glass in the Dominions have been under the notice of the Commerce and Industry Department, but so far none has come to fruition.

The objects of all is for the glass to be of a white

than sixty lakhs. A scheme for the establishment of a sugar mill in the area irrigated by the Nizamnagar reservoir is under consideration, and it is possible that an opportunity will shortly be given to the public to subscribe to shares in the enterprise, if enquiries show that it is likely to prove both profitable and beneficial to the State. Every effort is also being made by the Agricultural Department to extend the cultivation of suitable types of sugar cane, and the area under the new Coimbatore canes is rapidly expanding. This should result in an increased local production of sugar.

At present practically all the cigarettes manufactured in the State are made from tobacco imported from outside. One of the objects which Government had in assisting and participating in the flotation of the Vazir Sultan Tobacco Company was to ensure that the cigarettes smoked in the State were made from tobacco grown in it. At present although some 80,000 acres are under tobacco, the quality produced is not suitable for cigarette manufacture. One of the clauses of the agreement with the New Vazir Sultan Tobacco Company provides that the company should maintain for two years a European Tobacco Factory whose main work should be to try and produce that the tobacco used by the Company is grown in the State. The expert employed by the Company has now been at work and for over a year and there seems a good prospect that the objects of Government will be secured.

A large quantity of glass, including glass bangles, is being imported into the State. Unfortunately, the Deccan Glass Works, which at one time showed great promise, has had to close down, largely owing to defective management. The Industrial Trust Fund has recently been engaged for the whole position to be investigated by independent experts.

have been published so that all may read them. It is hoped that these reports will result in the establishment of a up-to-date glass factory in the State. Paper manufacture is not an easy matter, since it cannot profitably be conducted on a small scale. As the recently published report prepared by Messrs. Maula Bakhsh and Khaja Nizamuddin shows, there appears to be a good opening for paper manufacture, but unfortunately capital to the extent of about half a crore is required, and this makes it difficult to float an enterprise for the purpose.

It has been pointed out that soap to the value of three and a half lakhs was imported into the State during 1940 Fash. Now that the Government Factory is producing Soap of the highest class for all purposes, it is hoped that these imports will be reduced. Every effort is being made to advertise the products of the factory; but although they are of a quality which cannot be surpassed, sales increase, but slowly. Unless the public are prepared to support the enterprise better, the present rate of imports is likely to continue.

There are now two match factories in the State. Four years ago, all the matches used in Hyderabad were imported from outside. By the end of 1940 F, about a quarter of the matches consumed were manufactured locally, and within a short while the proportion will have risen to well over a half. In view of the difficulties caused by competition from the Swedish combine, this result is highly satisfactory. The two existing factories are the result of private enterprise, but the department has taken every possible step to assist them.

This brief account will show that the Government are alive to the openings which exist, and are doing all they can to see that advantage is taken of them. It is impossible for Government to establish factories in every case, and in fact nobody

would desire them to do so. It is only very occasionally where special difficulties exist that pioneering enterprise by Government is justifiable. It should be avoided as far as possible. The best method is to encourage private enterprise, and every effort is made to assist persons anxious to establish factories. Hyderabad, with its splendid central position, served by railways radiating in all directions, offers special advantages to those anxious to establish new industry, and among these advantages may be mentioned freedom from income-tax and the import duty of 5 per cent *ad valorem* on manufactured articles. The old revenue tariff of 5 per cent on all articles whether imported or exported, which, owing to a treaty with the Government of India, cannot be increased, has recently been revised so as to exempt all imported raw materials and exported manufactured articles. The octroi formerly levied in Hyderabad town has also been abolished.

Government has acquired an extensive area in Hyderabad City for the erection of factories, which is being laid out with roads and will be supplied with electric power and electric lights filtered and unfiltered water supply, and a railway siding, so that nothing will be left to capitalists except to select their site and erect their buildings. The establishment of the Industrial Trust Fund with a capital of crore of rupees which can be invested in debentures and the like for industrial concerns, while its income is available for various purposes (including the promotion of smaller industries), is a practical expression of Government's interest in the development of industries. The annual report of the Director of Commerce and Industry, to which is attached a list of loans made during the year will show that any capitalist who wishes to establish or develop a new industry and is able to offer reasonable security can avail himself of these facilities. What is chiefly lacking in Hyderabad is private enterprise. If capitalists turned their attention more to industrial development and less to the profits which can be made from speculation in exchange and the like, the industrial development of Hyderabad would be greatly accelerated.

Audit of Co-operative Societies.

Points on which the views of the Central and Urban Banks are requested.

BY THE MADRAS PROVINCIAL CO-OPERATIVE BANK, LTD.

In view of the controversy that was raised over the resolution of the Central Banks' Conference regarding the constitution of a non-official central audit organisation and the scheme drafted and circulated by the Provincial Bank, the Executive Committee of the Provincial Bank has resolved to request all the Central and Urban Banks to whom the scheme was circulated to express their opinion on the following points in replying to the circular letter of the Provincial Bank.

I. (a) Is your bank in favour of the retention of the proviso in the Local Government's draft notification dated 2nd February 1932 published on page 160 of the April issue of "The Madras Co-operator" which exempts societies from payment of audit fees to Government if they get their accounts audited at their own expense by the staff of a District Federation, Audit Union, or Supervising Union or by a certified public Accountant and Auditor (authorised of co the Registrar, under 17 of the Act in all cases.)

(b) If your bank is not in favour of the proviso as it stands do you suggest any modification to it or do you want its complete omission from the notification? In other words are you in favour of any non-official audit agency at all or are you wholly against non-official audit agency in any form whatever.

II. (a) If there is to be a non-official audit agency which of the following three courses is acceptable to your bank?

(i) Leaving the appointment of the auditor to each bank, subject of course to the Registrar's approval and control

(ii) Formation of local audit unions for each district or groups of contiguous districts.

(iii) Formation of a Central audit organisation.

(b) If your bank is in favour of a central audit organisation would you agree to the Provincial Bank undertaking the work or would you suggest a separate organisation.

III. If you are in favour of audit being conducted only by departmental auditors and by no other agency, do you require any modification or improvement in the existing arrangements for audit?

IV. (a) Do you approve of the scale of audit fees prescribed by the Government, or do you want any modification thereof.

(b) Can you suggest any basis on which the scale of audit fees are to be fixed.

(c) Is the scale to be the same of Central and Urban Banks, or do you want any differentiation.

Editorial Notes

Elsewhere is published a communique from the Director of the Information Bureau to H. E. H. Nizam's Government, Deccan, India.

It will be noticed from it that many opportunities exist for the industrial and commercial development in that State and that what is now wanted is persons or institutions "to undertake the enterprise more with a view to improve industries than to derive profits from speculation in exchange and the like". We are glad to note "that the H. E. H. Nizam's Government has accorded an extensive area in the State for the erection of factories which being laid out with roads, will be supplied with electric power and lights, filtered and unfiltered water supply and railway siding so that nothing will be left to capitalists except to select the sites and erect the buildings". Facilities are also given to capitalists for the starting of new industries and it is noticed that the chief want in Hyderabad is private enterprise.

The co-operative movement which is playing a very important part on the credit side of it, if rightly guided, can also step into the field of industrial development for the economic benefit of members joining such institutions and also for the development of the State. The Co-operative agency, as you are all aware, is the only one which can attempt to improve the state without looking for mere profits which can be had from speculation. In this connection, we may state that

there are several provinces where surpluses of Provincial and central banks are now being invested in Government paper. If leaders of the movement bestow their attention for the industrial and commercial development of the country, several lakhs of rupees are immediately available for the purpose. The present depression is making the financing institutions find out new ways and means for the utilisation of their surpluses. We are quite sure that leaders of the movement will rise to the occasion and utilise the surpluses for the development of the country's industries and commerce.

We are glad to find that in the list of recipients of Honours given on His Majesty's Birth-day, 1st, on 3rd. June 1932, Messrs. A. Rajabhadhar Mudaliyar, President, Conjeevaram Co-operative Central Bank, who is taking keen interest in the development of various co-operative activities and N. Ranganadhachari, acting joint Registrar of co-operative societies, getting titles of Rao Bahadur. Mr. V. Sivasubba Rao, the special Deputy Registrar of Land Mortgage Banks, was given the title of Rao Sahab. Mr. J. E. Frolick, the Ex-president of the C. C. C. Bank Ltd, was given the "Kesiri-Hind Silver Medal". Mr. N. Sivanaj who is interesting himself in the co-operative movement in the city was also given the title of Rao Sahab as the General Secretary of the Depressed class Federation. As the work of these gentlemen is very well

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honoured.

known to public, we are not enumerating their services here. We congratulate them for the honours conferred on them.

The Madras Provincial Co-operative Bank sent a circular regarding audit scheme calling for the views of the central and urban banks on certain points about which keen controversy is going on in the press. The Circular is published elsewhere.

Under the statute, it is the Registrar "who shall audit or cause to be audited by some persons authorised by him, by general or special order in writing on this behalf, the accounts of every society once at least every year". We are at a loss to know how any Government Order can over-rule the provisions of a statute. The Government may by its orders authorise any person or persons employed by any institution or institutions, or any class of persons as duly qualified to audit the accounts of co-operative societies, but that permission by itself, will not entitle an institution or institutions or person or persons to audit the accounts of co-operative banks without being authorised by the Registrar, in writing to audit their accounts. The Registrar virtually selects the auditors. Several instances have come to our knowledge where the Registrar refused to recognise the audit by duly certified auditors and where some institutions were compelled by him to have only Government audit. The Registrar is all powerful in the matter of deciding as to who shall audit the accounts of any society or societies.

All that the Government Order now attempts to make is that no fees need be collected from Urban banks and central banks of certain magnitude if they make their own arrangements to have their accounts audited by persons employed by certain institutions or by duly certified accountants approved by the Registrar. It mainly affects Urban banks having transactions of over Rs. 20,000 or a membership of 500 and all central banks. These two kinds of institutions differ very widely. Urban Banks attract their deposits from the public residing mainly in the locality on account of the personal influence of their Directors; whereas Central Banks receive deposits also from local Boards, Municipalities and other Quasi Public institutions with the special permission of the Government. It may therefore be necessary for the latter class of institutions to consult the investing bodies before they give their opinion.

There are at present already some institutions of both classes having their accounts audited by certified auditors approved by Registrar. The audit of most of the Urban banks is now being done by the department through its inspectors by levying some fees. The audit of central banks was also done till recently free of cost by the department. As the government now proposes to levy fees on both classes of institutions, the question of audit has assumed huge proportions and is attracting the attention of all co operators. We shall be glad to know the views of central and urban banks on the points raised by the Provincial Co-operative Bank and reserve our comments to a later date.

We have published in the columns of this issue the full text of Sir K. V. Reddi's Presidential address, extracts from welcome address and also the resolutions passed at the 13th North Arcot Dt. Co-operative Conference. They deserve careful study of our readers as they deal with more than one burning topic of the day. Sir K. V. Reddi has dealt at length some of the important statements made by the Registrar in his last annual report on the working of the movement in this Presidency, refuting them with statistics.

At a meeting of some depressed class co-operators held on 27-6-'32 at Madras, Mr. V. Manicka Mudaliyar, an Urban Bank representative, on the Board of Management of the Madras District Co-operative Central Bank referred to certain matters which were given publicity in a local daily of this place. But for his connection with the District Bank and the appearance of extracts of his speech in a news paper, we would have left them unnoticed. In his address he stated that "the co-operative societies, instead of being any help to Adi-dravidas, brought much trouble and harm to members of the said community and some of the rich Adi-dravidas had become bankrupts". While we feel sorry for rare instances of the kind enumerated by him we are bold to say that the Adi-dravida community as a whole is being benefited gradually. He further stated "that even for petty mistakes liquidation of such societies was recommended." Those who know

the state of affairs in the city will not for a moment subscribe to this view. It is only when all attempts at rectification fail, the department resorts to liquidation of societies. If at all any rich person had become bankrupt or gone to jail it would have been by being misled by the advice of persons who do not for a moment imagine what they advocate but not by following the true principles of co-operation. We had to refer to these matters in the interests of societies in the city. Till the starting of the District Bank, ignorant men, being misled in all directions, allowed their loans to become totally overdue, ruined their credit and brought their societies to a standstill. It was declared by the then financing bank "that the societies in the city may be declared practically insolvent. Very strict measures are necessary to bring about their reformation and the members of the societies should submit themselves to discipline if they do not want to ruin themselves and their societies".

But with the starting of the Dt. Bank immediate steps were taken to rectify the defects and bring about thorough reformation and revival of the depressed class societies. Who is not aware in the city of the immense benefits conferred on the Adi-dravida co-operators of the place by the newly started Dt. Bank even at the risk of displeasure of representatives of some Urban banks which might have been induced by the representatives to invest large sums in the shares of the Dt. Bank for reasons best known to the representatives and for their own immediate benefit? Who is not aware of the promptness with which the Dt. Bank lowered the lending rate from 8 to 7½ per cent with a view to benefit the societies intended for poor people? Who is not aware of the Bank-aid

given by the bank to depressed class societies much against the advice of the so-called well wishers of the poor? Who is not aware of the promptness with which loans are granted to depressed class institutions and also several other schemes for the purchase of house-sites for the poor, arrangements to start co-operative pawn shops and in fine improvement of slums as a whole through the co-operation of the Corporation of Madras. If all these benefits are considered "to be schemes of the Dt. Bank for doing more harm than rendering any help to societies" We do not now what else will be taken by the speaker as schemes for rendering help to societies.

Most of the statements made by the speaker were considered at meetings of Board of management of the District Bank and found not true. The City Societies were financed by the Christian Central Co-operative Bank till their accounts were transferred to the District Bank less than two years ago. During the short period of its existence, the District Bank had to fight against odds to help the Adidravida societies and is planning to do more. An attempt to set up societies against the District Bank is the greatest disservice that one can do to the societies themselves. Any harm done to the bank will immediately react on its constituent societies. The allegations against the District Bank are simply baseless.

Mr. V. Manicka Mudaliyar in his speech of 27th June 1932, *Ourself*, while referring to the Journal, "The Madras Co-operator," stated "that he did not find any news in it regarding co-operation." We leave our readers to judge the truth of his statement. We quote below the opinion published in the May issue of "the Producer" an excellent Journal of Manchester, regarding this Journal.

"The Madras Co-operator which is issued in two languages is a distinctly useful medium for the guidance of co-operative societies in the area in which it circulates. Not only does it publish suggestive articles on the organisation of various forms of co-operative activity in Madras, but its review of the movement elsewhere is of a wide and authoritative character. . . . Madras Co-operators are to be congratulated upon their place in the co-operative press."

This is not the only instance to speak of the merits of this journal. The opinion is shared by most of the urban societies and readers.

The speaker's second charge against the Journal is that he was never consulted though he was a member of the Editorial Committee. Our answer is simple. The said committee was created in the first instance to help the Editor with information and news. It never functioned. The Editor sought its advice whenever needed and never had occasion to refuse any advice, and therefore no blame can be attached to him.

No adhoc committee can be held responsible for the editorial policy. The editor who declares himself before a magistrate for the policy of the journal shall be liable for editorial news and articles that appear in his journal. If the speaker really wanted to give his policy for the benefit of co-operators and a lead to them, he ought to have declared himself as its Editor. That he never did. We are now glad to know from him that he wishes to start another Anglo-Vernacular monthly for ventilating his views. We welcome the idea and only wish that he puts into practice what he says. We assure all co-operators once more that the columns of this journal are always open for the spread of true co-operative principles and the advancement of the interests of all urban co-operators.

The Thirteenth North Arcot Dt Co-operative Conference,

Pallikonda, on 29th and 30th May 1932.

EXTRACTS FROM THE ADDRESS

By M. R. RY. A. VENKATARAMA MUDALIYAR,
Chairman of the Reception Committee.

Mr. Mudaliyar while speaking of his district says as follows:—"In our district, during the year under review, there were one central bank, one district council of supervision, 29 local supervising unions, 2 audit unions, one co-operative training institute, 4 Land Mortgage Banks, 5 building societies, 2 wood-cutters' societies 5 agricultural credit limited societies, 789 agricultural unlimited societies and 64 other societies. In all there were 901 societies as on 30-6-31. The total transactions of our district bank as on 30-6-31 amounted to Rs. 36,22,897. Loans amounting to Rs. 474 lakhs were disbursed to societies during the year as against Rs. 9'67 lakhs during the previous year. As the Madras Provincial Co-operative Bank has stopped the issue of long term loans, the societies are not in a position to satisfy their requirements and consequently the transactions of the bank are decreasing. Further the members of primary societies do not come forward to make use of the short term loans and to derive benefits therefrom. The Reserve Fund of the bank has increased to Rs. 1,57,460. It is a matter for pride to note that the Reserve Fund has risen very near to half the paid up share capital. The deposits in the bank have increased to Rs. 21,17,038. There has since been an increase of a lakh of rupees in this respect over those held last year. This clearly indicates the amount of confidence of the co-operative movement in general and the Central Bank in particular.

Mr. Mudaliyar feels sorry for the increase in the overdrafts of the bank. Although

this deplorable state of affairs may be ascribed to some of the major causes namely, excessive rain, failure of crops and the low market price for agricultural products yet the other important causes that contribute a great deal to this crisis are not wanting. One of the reasons is the indifferent and irresponsible attitude of the Panchayatdars of many of the dormant societies. The other important factor is that the societies have accommodated people with loans on the security of their immovable properties or of sureties, without considering their earning and repaying capacity. Last but not least is the inadequate, if not lack of prompt action in taking up drastic steps to realise overdue loans locked up in fixed assets of the ryots. *Viz*, their lands and houses.

If the primary societies are to be rectified and revived to do any useful work, no other way suggests itself to me than to educate the members of the societies in their general body meetings on co-operative principles and to make them feel their duties and responsibilities and to realise that promptness in re-payment can only maintain their credit.

I am glad to remind you in this connection that our district council is the first of its kind started in our Presidency. Besides co-ordinating the work of the affiliated unions, the council has been conducting training classes for the benefit of the Panchayatdars of primary societies. The district council has also taken up the rectification and consolidation work in bad and dormant societies and it maintains

9 senior supervisors for this purpose, out of grants received from the central bank in this direction.

Mr. Mudaliyar further stated that Gray Co-operative Institute which has been very popular and which has been doing very useful work in imparting co-operative education was proposed to be abolished as a measure of retrenchment. But on representations made to the Government, the

Institute was allowed to continue its work. He further appealed to members to arrest any further growth of overdues and wipe out all other arrears by effecting good collections, and he also advised them that efforts should be made to improve transactions of the societies by accommodating the needy ryots with the short term loans by explaining to them the real benefits of the short-term credit.

RESOLUTIONS PASSED AT THE CONFERENCE

1. Resolved to request the Government to invest office bearers of Local Co-operative Unions either the Secretary or the President, with powers of executing decrees, just as they are invested with powers of passing awards under arbitration.

2. Resolved that the bye-laws relating to the maximum borrowing power of societies including societies rectified be so amended as to make provision for the payment of loans as under:—3/5 of the entire maximum borrowing power be utilised for short term loans; of the remaining 1/5 be made repayable within 3 years and the balance of 1/5 be made repayable in 6 years.

3. The Central Bank have completely stopped the issue of long term loans to societies on the plea that land mortgage banks are being organised specially to cater to the needs of the ryots in this respect. This has at present resulted in much inconvenience to the agriculturists. To remedy the situation the conference is of opinion that more number of Land Mortgage Banks be started and to request the Government to take early steps to start large number of land mortgage banks and render them adequate financial assistance so that they may provide long term credit for the benefits of the ryots.

4. Resolved to request the Government to take up adequate steps for the furtherance of the non-credit activities of the

movement by arranging to start co-operative cattle breeding societies, milk supply societies, poultry farming societies, mat-weavers societies, and coir spinning societies with a view to increase the earnings of members and thus create sufficient repaying capacity in them.

5. Government have issued a Government Order prescribing half fees for registration of documents executed by members of co-operative societies. But in practice it so happens that the whole amount of fees is being paid to Government in as much as one half of the registration fees is paid by the members executing bonds to societies and the other half by societies executing bonds to central banks. The concession of half fees being therefore more nominal than real, this conference is of opinion that the entire fees be remitted for registration of documents either by the members of the societies or by societies to the central bank.

6. In order to exercise effective supervision over co-operative societies and to centralise supervision by co-ordinating the activities of the supervising agencies through the District Federation, it has been established that the local supervising unions and the District federations are the best suited institutions for the purpose.

This conference observes that it is therefore but right that supervision should be entrusted to supervising unions and federations only and strongly of opinion that on no account the Central Banks who are exclusively financing agencies should take up or interfere with this work of supervision.

7. With a view to expose disinterestedly and impartially the defects in the working of societies and with a view to to effectively check the maladministration of societies this conference is of opinion that the function of audit should continue to be under the direct control of the Government and the questioning of transferring this power to banks is out of question. This conference therefore condemns the proposed transference of audit under the agency of the Provincial Co-operative Bank and earnestly request the Government to adopt measures immediately to check this transference of powers.

8. When immovable properties of defaulters of co-operative societies are purchased by societies themselves, the insistence of the Revenue department requiring them to not only pay the initial deposits but also the balance of the sale amount within 30 days in cash, creates much hardship to societies. This Conference therefore resolves that Government be requested to make provision for accepting receipts given by the plaintiff societies in lieu of cash deposits of the sale amount.

9. Just as rectification is of dire necessity to rectify the defects in societies, so also propaganda is of paramount necessity to educate the members of societies and to eradicate the evils that exist in co-opera-

tive institutions. The Government who have been hitherto pleased to render assistance in this direction by granting subsidies for the purpose, have since stopped the grant as a measure of retrenchment. This conference regrets that its aspect which forms a part of the Educational activities, should suffer on account of retrenchment and resolves to request the Government to continue granting a subsidy of at least Rs. 2,000 per year to the district federations.

10. Resolved to request the Government to relax the minimum of Rs. 150 prescribed for remittance to be made into Sub-Treasuries and to lower the minimum to Rs. 50.

11. Out of the six co-operative institutes now working in our Presidency the Gray Co-operative Institute of our District also usefully trains a large number of students for serving the movement. Further, Vellore, our District Head quarters has been chosen as the central place for running the Police training school, as also the Medical Training School for women for the Presidency. It is therefore necessary that the Central Co-operative Training School be established at Vellore. It is resolved to request the Government to establish the Central Institute at Vellore in the place of the present institute, and if for any reasons this is found as not feasible resolved that the Government be pleased to run this Institute as a permanent feature.

12. Resolved that in societies working satisfactorily in profit, 1/4 of the net profits be given as remuneration to the member doing the scriptory work of the society and that Government be requested to introduce provision in the by-laws of the society.

MEDALS TO CO-OPERATIVE SOCIETIES IN NORTH ARCOT DISTRICT.

In the 12th North Arcot District Co-operative Conference held at Tiruvannamalai in April 1931, it was resolved, that medals should be awarded to the best co-operative societies working in the district. It was decided that three kinds of medals should be awarded; the first gold medal worth Rs. 25 should be given to societies whose members have fully cleared their overdues and the 2nd gold medal worth Rs. 15 to societies whose arrears do not exceed 15 per cent and the third a silver medal worth Rs. 7-8-0 to societies whose arrears do not exceed 25 per cent.

In pursuance of this resolution the following 17 societies were selected for the whole district and they were awarded medals on the 30th May 1932 at the co-operative conference held at Pallikonda. The medals were presented to the representatives of societies by Sir K. V. Reddi, Kt., B.A., B.L., the distinguished president of the Conference.

Names of the Societies.

First class medals.

1. Giniapuram Co-operative Society.
2. Vanapuram Co-operative Society.
3. Muniyangudisai Co-operative Society.
4. Gudiyalam Teachers Co-operative Society.
5. Mahendravadi Co-operative Society.
6. Aliyathambattu Co-operative Society.

Second price.

7. Ananthalai.
8. Themmavandal.
9. Soundarapuram.
10. Perayambattu.
11. Valathoor.
12. Kodakkal.
13. Ayyampalayam.
14. Vadanangur.

Third price.

15. Arni Public Servants Co-operative Society.
16. Arni Palayam Co-operative Society.
17. Nathoor Co-operative Society.

City News.

COMPANY'S TAX.

Registrar's Circular No. D. Dis. F. 6876/31, dated 22nd June 1932.

On the request of several co-operative institutions in the City, I addressed Government to exempt the Co-operative Societies in the City from payment of Companies tax to the Madras Corporation. The Government consider that it would be more appropriate if the exemption is embodied in the Madras City Municipal Act, the amendment of which now under consideration. It seems inevitable that the co-operative institutions in the City should pay the tax until the amendment is effected. I have, however, urged the Corporation to confine its demands to societies that actually have profits and I hope this will be done.

CO-OPERATIVE INSURANCE APPROVED.

The Inspector of Municipal Councils and Local Boards.

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

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

The Madras District Co-operative Central Bank Ltd.

Important Resolutions.

1. Await the circulation of the Provincial Bank's scheme of Central Organisation for audit. No separate scheme for the City is necessary. Further resolved to address the Provincial Bank to provide in its scheme representation for the Urban Banks on the Central Organisation.
2. A loan of Rs. 8,000 is sanctioned to Periamet Moir Co-operative Society for purchase of house-sites repayable in 8 years at Rs. 85 per mensem and the balance at the 1st instalment. The land to be purchased in the name of the society and assigned to the Bank.
3. In the case of individuals the minimum credit balance in their accounts is fixed at Rs. 50 and the penalty is removed.
4. The Provincial Bank's Scheme is approved. But the scale of fees must be less in the case of each society than the Government scale.

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

RECEIPTS AND DISBURSEMENTS FOR THE MONTH OF
MAY 1932.

Receipts.		For May 1932.	
Head of Account.		Rs.	A. P.
Share capital (societies) ...	...	541	0 0
Current deposits—societies ...	...	88,230	13 2
Do. Individuals ...	...	47,166	3 7
Reserve Fund deposits—societies ...	...	3,016	7 0
Desertion fund ...	...	3,800	0 0
Fixed Deposits—Individuals ...	...	5,293	5 8
Recurring deposits ...	...	348	0 0
Savings deposits—Individuals ...	...	1,525	13 0
Security deposits of Jail Contractors ...	...	600	0 0
Call deposits (Withdrawn) ...	...	1,00,000	0 0
Suspense ...	...	2,609	14 0
Loans to societies—Long-term ...	...	16,260	6 0
Do. —Short-term ...	...	12,258	0 0
Loans to Individuals—Short term ...	...	100	0 0
Interest received on loans ...	...	314	2 12
Interest received on investments ...	...	511	15 9
Overdraft loans repaid by societies ...	...	1,65,714	14 1
Entrance fees ...	...	2	0 0
Commission on cheques ...	...	3	5 9
Fines ...	...	0	1 8
Sale of Loan application forms ...	...	0	5 0
Treasury Bills (matured and withdrawn) ...	...	75,000	0 0
Rent from Insurance Society ...	...	50	0 0
Electric charges from Insurance Society ...	...	14	14 0
Stationery ...	...	1	2 0
Establishment—Adjustment from No. 1 ...	...	2,626	9 0
Bills account ...	...	31,847	12 7
Provident Fund ...	...	240	11 0
Withdrawals from current account in :—			
1. Indian Bank, Ltd. ...	...	1,23,900	15 7
2. Imperial Bank of India, H. O. ...	...	2,16,404	6 10
3. Do. Mount Road Branch ...	...	3,300	0 0
4. Bombay Prov. Co-op. Bank ...	...	131	0 0
5. Madras Pro. Co-op. Bank A/c No. 3 ...	...	2,55,450	0 0
Opening Balance ...	...	98	15 4
Total ...	...	11,57,363	1 11

Disbursements.

Head of Accounts.		For May 1932.	
		Rs.	A. P.
Fixed deposits—Societies ...	...	1,500	0 0
Do. Individuals ...	...	5,000	0 0
Current deposits—societies ...	...	36,802	9 1
Do. individuals ...	...	51,436	8 2
Savings deposits—Individuals ...	...	1,664	7 3
Call deposits—(invested) ...	...	1,00,000	0 0
Suspense ...	...	2,560	0 0
Loans Disbursed to societies—Long-term ...	...	40,050	0 0
Do. Short-term ...	...	11,290	0 0
Short term loans to Individuals ...	...	44	0 0
Overdraft Loans to societies ...	...	1,52,480	15 4
Interest paid on investments ...	...	267	11 5
Rent for May 1932 ...	...	200	0 0
Electric charges for three months ...	...	39	12 0
Telephone charges ...	...	22	5 0
Establishment—Adj. from No. II to I ...	...	2,626	9 0
Do. Charges for May ...	...	727	11 0
Mis. contingencies No. I ...	...	6	0 0
Do. No. II ...	...	17	0 0
Stationery ...	...	23	7 0
Petty Cash ...	...	10	0 0
Interest paid to societies ...	...	90	0 0
Do. Individuals ...	...	229	0 0
Development Scheme ...	...	5	8 0
Advertisement charges ...	...	8	3 4
Bills account ...	...	31,873	0 7
Provident Fund No. II ...	...	169	5 0
G. P. Notes ...	...	31,656	4 0
Remittances to current account in :—			
1. Indian Bank Ltd. ...	...	1,29,286	14 6
2. Imperial Bank of India, H. O. ...	...	2,19,983	15 10
3. Do. Mount Road Br. ...	...	5,265	8 0
4. C. C. C. Bank Ltd. ...	...	1,106	9 4
5. Bombay Provincial Co-operative Bank Ltd. ...	...	268	4 0
6. Salem District Urban Bank ...	...	990	0 0
7. Kistna Dt. Co-operative Bank Ltd. ...	...	555	0 0
8. Mad. Pro. Co-op. Bank, T. Br. Act No. 3 ...	...	2,75,656	6 1
Closing Balance ...	...	450	2 0
Total ...	...	11,57,363	1 11

G. SRIRAM BABU NAIDU,

Secretary.

சென்னைக் கூட்டுறவினன்

மலர் II.]

ஜூன் 1932

[தேதி 12.

கூட்டுறவுச் சங்க வெண்பா.

மக்களிடம் சேர்க்கை மிகுமா சொற்றுமையாகல்தும்
விதனை வாழ்வைச் செய்க்கும்—ஜெயமாய்
கூட்டு வனம் பெருக்கி கக்கு வனவத்தேய்க்கும்
கூட்டுறவுச் சங்கமெனக் கூறு.

பத்திராதிபரின் குறிப்புகள்.

ஹைதராபாத்தில், தொழிற்சாலை அபிவிருத்தியைப்பற்றி இப்பதிப்பில் மட்டுக்கு பக்கத்தில் காணலாம். ஹைதராபாத்தில், தொழிற்சாலைகள், அபிவிருத்தியைப்பற்றி அநேக காரணங்கள் உள். ஹைதராபாத்தின்மேல் டார் அநேக ஸ்தலங்களை வாங்கி, ரஸ்தாக்களும், ரயின், பாறைகளும் போட்டு காந்த விளக்குகள் முதலியன ஏற்படுத்தி, அநேக செளகரியங்கள் செய்திருக்கிறார்கள். தொழிற்சாலைகள் புதிதாக ஏற்படுத்துவதற்கும், ஒரு நிதிநிலைக்குப் பண உதவி செய்யப்பட்டு வருகிறது. அதிக லாபத்திற்கு ஆசைப்பட்டால், காட்டில் மிருதவியுக்கும் செலவழிவை தொழிற்சாலைகள் ஸ்தாபனம் செய்வதில் உபயோகப்படுத்தி, சிறு தொழிலாளர்களுக்கு பிழைப்பு உண்டாக்கவேண்டும்.

உதாரணமாக, அநேக காடுகளில் ராஜதானி பாக்கிகளிலும்; செண்டால் பாங்கிலிலுமுள்ள மிருதவியைப் பணத்தை சர்க்கார் பேப்பரில், ஒருவருக்கும் உபயோகத்தில் ஷாமல் போட்டு வைக்கிறார்கள்.

கூட்டுறவு இயக்கத்தில் தேர்ச்சியுள்ள கனவான்கள், இவ்விஷயங்களைச் சிறிதகவனித்தால், நம் தேசத்திலும் தொழிற்சாலைகள் ஸ்தாபனம் செய்ய, வரலானபாண நிதியை அகப்படு.

கூட்டுறவு இயக்கத்தில் அதிக சிந்தனையுடன் வேலை பார்க்கும் காஞ்சிபுரம் ஜோஷியாவுடன் செண்டால் பாங்கி பிரசிடெண்டாகிய பூரீமான் ராஜாபாதர் முதலியவர்களுக்கும், ஹயின்ட் ரெஜிஸ்டிராராய் ஆய்வு செய்கிற பூரீமான் ரங்கநாதாச்சாரி அவர்களும், ராய் பகதூர் பட்டர் அளிக்கப்பட்டனர். லாண்ட் மார்க்கெட் பாங்கி, டிபிடி ரெஜிஸ்டிராராகிய பூரீமான் சிவசுப்பிராய் அவர்களுக்கு ராய் சாஸ்திரி பட்டர் அளிக்கப்பட்டது. கிரீஸ்ராயன் செண்டால் பாங்கி பிரசிடெண்டாகிருந்த வரலாக் துரை அவர்

சென்னைக் கூட்டுறவினன்

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களுக்கு கோரி ஹயின்ட் ரெஜிஸ்டிரார் மெட்ன் கொடுக்கப்பட்டது. இதர ராஜியார்கள் கூட்டத்திற்கு ஹைதால் செக்டிரெட்டியாகிய பூரீமான் சிவாஜி அவர்களுக்கு ராய் சாஸ்திரி பட்டரும் அளிக்கப்பட்டது.

மேற்கூறிய கனவான்கள், கூட்டுறவு இயக்கத்தில் உலகுத்து வருவது ராவரூத் குந்தெரித்த விஷயம். அவர்கள் தகுந்த பட்டங்கள் அடைந்ததில் எவ்வளவு பிச்சு சங்கேஷம்.

கூட்டுறவு தனிக்கைப்பற்றி உடத்து வருகிற வர்களுவாயும் யாருக்கும் கூட்டுறவு தெரிந்த விஷயம் இவற்றப்பற்றி, சென்னை ராஜதானி பாங்கி அனுப்பி டிஸ்சர்ஜி. புள்ள அறிக்கையும் இப்பதிப்பில் கண்டிருக்கிறது.

சங்கத்தையோ, சங்கங்களைப்போ யார் தனிக்கை செய்யக்கூடுமென்று தீர்மானிப்பது ரெஜிஸ்டிராரின் பொறுப்பு. சில சங்கங்களை பிசாவேட் ஆடிட்டர்களால் தனிக்கை செய்ய ரெஜிஸ்டிரார் அனுமதி கொடுத்திருக்கிறார். இன்னும் சில சங்கங்களை சர்க்கார் உத்தியோகஸ்தர்களை தனிக்கை செய்து வருகிறார்கள். ஆகையால், இவ்விஷயம் ரெஜிஸ்டிராரவர்களே கவனித்து வருகிறார்கள்.

இப்பொழுது, சர்க்கார் பிரகாத்தால் அறிந்துகொள்ளவேண்டியதென்னவென்றால், ஒரு வகையான அர்பன் பாங்கிகளும், செண்டால் பாங்கிகளும், ரெஜிஸ்டிரார் சம்மதிக்கிற உத்தியோகஸ்தர்களைக்கொண்டு, கணக்கு வழக்குகளை தனிக்கை செய்ய ஏற்பாடு செய்வதாயிருந்தால், தனிக்கை கட்டணம் இச்சங்கங்கள் கட்டவேண்டிய தில்லை. சர்க்கார் பிரகாம் இப்பொழுது எவ்வகையான சங்கங்களை பாதிக்கிறதென்றால், ரூ. 20,000 ஏற்பட்டு வாவு கில்லுள்ள அர்பன் பாங்கிகளையும், அல்லது 500 மெம் பர்களுள்ள பாங்கிகளையும், மற்ற செண்டால் பாங்கிகளையும். ஆனால் அர்பன் பாங்கிகளும், செண்டால் பாங்கிகளும் அநேக விதத்தில் வித்தியாசப்படுகின்றன. அர்பன் பாங்கிகளுக்கு டைரக்டர்களுள் உதவியால், சமீபத்தில் வசிக்கிற ஜனங்களிடமிருந்தே டிபாசிட்டுகள் வருகின்றன. ஆனால், செண்டால் பாங்கிகளுக்கோ, லோகல் போர்டுகளிலிருந்தும், முனிசிபாலிடிக்களிலிருந்தும் இதர சர்க்கார் சம்பந்தமுள்ள பொது சங்கங்களிலிருந்தும் டிபாசிட்டுகள் வருகின்றன. ஆகையால், செண்டால் பாங்கிகள் டிபாசிட் செய்கிற சங்கங்களை கலந்துகொண்டு தனிக்கைப்பற்றி ரோக் கங்களை வெளியிடவேண்டும்.

பிசாவேட் ஆடிட்டர்களால் தனிக்கை செய்யப்பட்டு வரும் அர்பன் பாங்கிகளும் செண்டால் பாங்கிகளும் சில மிருக்கின்றன. அநேகமாக அர்பன் பாங்கிகளை சர்க்கார் இனிஸ்பெக்டர்களை தனிக்கை செய்து வருகிறார்கள். அவைகளுக்கு, தனிக்கை கட்டணமும் விதிக்கப்பட்டு வருகின்றன. செண்டால் பாங்கிகளும், கொஞ்சகால முந்தியவரையில் இவையாகத்தான் தனிக்கை செய்யப்பட்டு வந்தன. இப்பொழுது, சர்க்காரின் கோக்கமென்னவென்றால், மேற்கூறிய இருவகை சங்கங்களுக்கும் தனிக்கை கட்டணம் விதிப்பதே. இவ்விஷயங்களைப்பற்றி செண்டால் பாங்கிகள் அர்பன் பாங்கிகளின் கோக்கங்களை அறிய விரும்புகிறோம்.

பதிலுண்டாவது வட ஆற்காடு ஜில்லா கூட்டுறவு மகாசபையில் அதன்சாரம் வந்ததை கே. வி. பொட்டியின் உபநிபாசமும், வாலேற்புப் பற்றி ஸ்ரீ கே. வி. ரத்தினசுந்தரம் எடுத்த கருத்தாரும், அப்பகாரத்தில் நிறைவேற்ற உபநிபாசம், நிர்வாகங்களுள் இப்பகுதியில் வெளிவிட்டிருக்கிறது. இவைகள் மிக்கவும் சுவைக்கத்தக்கவை. ஸ்ரீ கே. வி. பொட்டி அவர்கள் சென்ற வருஷத்திய வருஷாந்தர நிப்போர்ட்டில் ஜெஸ்திரார் கூறியுள்ள சில முக்கிய விஷயங்களைப்பற்றி விவரமாக தடுத்து பேசியுள்ளார்.

சென்னையில், 27-6-32-ல் சில, கிழ்தா ஜாதி கூட்டுறவாளர்கள் ஒரு கூட்டம் கூடினார்கள். அச்சமயம், ஒரு அர்ப்பண பாங்கி பிரதிநிதியும், சென்னை ஜில்லா கோவாபரேஷன் சென்ட்ரல் பாங்கி, டைரக்டர்களில் ஒருவருமான, ஸ்ரீமான் வி. ரான்க்க முகலியாவர்கள், சில விஷயங்களைப் பற்றி பேசினார். சென்னை நினைசரி பேப்பர் ஒன்றில் வெளியிடப்பட்டன. கூட்டுறவு சங்கங்கள், ஆதிதிராவிடர்களுக்கு உதவி புரிவதற்குப் பதிலாக, கெடுதிபே, விளைவிக்கிறதென்றும், சில, ஆதிதிராவிட தனவான்கள், பாங்கிப்பட்டாய் போய்விட்டார்களென்றும் கூறப்பட்டன. இவ்விஷயங்கள் வருத்தத்தை உண்டாக்கிய போதிலும், ஆதிதிராவிட ஜாதியர்கள், கொஞ்சம் கொஞ்சமாக உதவி அடைந்தே வருகிறார்களென்பதில் சந்தேகமில்லை. சில்லரை பிழைகளுக்குக்கூட, சங்கங்கள் உடைபட்ட, சிபார்சு செய்யப்படுகின்றன என்றும் கூறியிருந்தது. சர்க்கோடான சங்கங்களை, சீர்திருத்த முறைகள் அனைவற்றையும் தேடி அவைகளைப் பிரயோசனப்படாமல் போனால்தான், டிபார்ட்மெண்டார் சங்கங்களை உடைக்க ஏற்பாடு செய்கிறார்கள்.

இப்பாங்கி ஸ்தாபனம் செய்வதற்குமுன், ஒன்றும் தெரியாதவர்கள் கடன்களை தவணைகடக்கச்செய்து, சங்கங்களையும் வேலை செய்யவிடாமல் பாழாக்கி வந்தார்கள். அப்பொழுது பணம் தனி புரிந்த பாங்கியார் என்ன சொன்னார்களென்றால், நகரச்சங்கங்கள் அநேகமாக, இன்சால்கெண்டாய் போகிறதென்றும், சங்க மெம்பர்கள், தாங்கள் சர்க்கோடாமலிருக்கவேண்டுமென்றாலும், அவர்கள் சங்கங்கள் சர்க்கோடாமலிருக்கவேண்டுமென்றாலும், அவர்கள் ஒன்று கூடி ஒரு ஆணைமக்தப்பட்டு, சங்கங்களை முன்னுக்குக் கொண்டுவரவேண்டிய மார்க்கங்களைத் தேடிவெண்டுமென்றார் சொன்னார்கள். ஜில்லா பாங்கி ஸ்தாபனம் செய்து முடிந்ததொன்று, கிழ்தா சங்கங்களை விருத்திசெய்ய தகுந்த முயற்சி எடுத்துவரப்படுகிறது. ஜில்லா பாங்கியால், ஆதிதிராவிட கூட்டுறவாளர்கள் பல விதத்திலும் உதவி அடைந்ததன் பரவருக்கும் தெரிந்த விஷயம். ஏழை ஜனங்களுக்காக ஏற்பட்ட சங்கங்களை விருத்தி செய்ய வட்டியை 8 பெர்ஸண்டிக்கு 7 1/2 பெர்ஸண்டி குறைத்தது யாவருக்கும் தெரிந்த விஷயம். கிழ்தா சங்கங்களுக்கு பாங்கியால் எழுத்தாக கூலி முதலியவற்றிற்கு, அநேக இடையருகலிருந்தபோதிலும், பணம் தனி புரிந்ததும் எல்லாருக்கும் தெரிந்த விஷயம். கிழ்தா சங்கங்களுக்கு தகுந்தவாரும், சீக்கரத்திலும், கடன்கள் கொடுத்தவரும்தான், ஏழை ஜனங்கள் வசதிக்காக, பணிகள் வாகன ஏற்பாடுகள் செய்துவரவாரும் கூட்டுறவு அடகு மிகக்குடி கடைகள் ஸ்தாபனம் செய்வதும் உடைபட்டாக, கார்ட்பொரேஷன் உதவியால் சேல்களை செழிப்பிக்கச் செய்யும் ஏற்பாடுகளும் அகிலவருக்கும் தெரிந்த

விஷயம். மேற்கூறியவைகள், சங்கங்களுக்கு உதவிபுரிய ஏற்பட்டவைகளாக அல்லது தீமைகளை விளைவிக்கின்றனவாக.

ஏறக்குறைய இரண்டு வருஷங்களுக்கு முன்புதான், சங்கங்கள் கணக்குவதுக்கு கள், கிரிஸ்டியன் சென்ட்ரல் பாங்கியிலிருந்து, ஜில்லா பாங்கிக்கு மாற்றப்பட்டன. இந்த இரண்டு வருஷங்களுக்குள், ஆதிதிராவிட சங்கங்களுக்கு உதவிசெய்யும் பொருட்டு, ஜில்லா பாங்கி அநேக கஷ்டங்களை எதிர்க்கவேண்டியிருந்தன. பாங்கிக்கு நிக்ரு கேட்டால், சங்கங்களுக்கும் நிக்ரு கேட்கும். தனிதனும், சீமான் மானிக்க முகலியாவர்கள், சென்னை கூட்டுறவினப்பற்றி கூறிப்பொழுது, கூட்டுறவு விஷயங்களைப்பற்றி கூட்டுறவினனில் ஒன்றையும் காணாமென்று சொன்னார். இவ்விஷயத்தைப்பற்றி, கூட்டுறவினனை வாசுப்போர்தர் நான் தீர்மானிக்கவேண்டும். இந்த சென்னைக் கூட்டுறவினப்பற்றி மாண்புமிகு ஜனலாகிய பிராட்டியூனர் புகழ்ந்து எழுதியுள்ளதை கீழே காணலாம். சென்னைக் கூட்டுறவினன் பாதத்தோறும் இரண்டு பாலைகளில் வெளியாகி வருகிறது. இம்மாணத்திற்றில் சென்னையில் கடக்கிற கூட்டுறவு விஷயங்களைப்பற்றியும், அபால் ரசுட்டில் கடக்கிற விஷயங்களைப்பற்றியும் செய்திகள் காணலாம். சென்னை கூட்டுறவாளர்கள், இவ்விஷயங்களைப்பற்றி மிகவும் மெச்சுக்கத் தக்கவர்கள்.

மேலும், அவருடைய கோக்கங்களை வெளியிட ஒரு இங்கிலீஷ், தமிழ் மாதாச்சியம் வெளியாக்க விருப்பமிருப்பதாகத் தெரிகிறது. அதைப்பற்றி, எங்களுக்கு நிக்கவுச் சர்க்கோஷம். சென்னைக் கூட்டுறவினனில், கூட்டுறவு தத்துவங்களை பாவச் செய்வதென்பதற்கும், எல்லா அர்ப்பண கூட்டுறவாளர்களின் சந்தைகளை அதிகரிப்பதென்பதற்கும் விஷயங்கள் எப்பொழுதும் பிரசாரம் செய்யலாம்.

ஹைதராபாத்தில் தொழிற்சாலைகள் அபிவிருத்திப் பிரசாரம்.

ஹைதராபாத்தில் கைத்தொழிற்சாலைகள் ஏற்படுத்துவதற்கும், பாட்டிகள் ஷாபனம் செய்வதற்கும் முயற்சிகள் எடுத்துவரப்படுகின்றன. வாரங்கல் என்னும் ஊரில் ஓர் புதிய பஞ்சாயத்தும், ஏற்படுத்தியிருக்கிறது. பட்டுத்தூணிகள், ஹைதராபாத்தில் கைத்தொழிற்சாலைகளில் தயாரிக்கப்படுகின்றன. சர்க்காரில் கைத்தொழிற் பயிற்சி சாலைகள் ஏற்படுத்தி, பட்டு செவுக் காரர்களை வேலையில் பழுக்குகிறார்கள். காந்த சக்தியால் தரி வேலைகள் செய்ய ஏற்பாடுகள் நடந்து வருகின்றன.

கம்பளி வேலைகள் செய்வதற்கான அதிக சக்தித் தைக் கொடுக்கிறது. இந்தியாவிலுள்ள சில கம்பளிச்சாலைகள், சக்தித் தைகளினால் வேலைகளை நிறுத்திவிட்டன. ஹைதராபாத்திலும் கம்பளி ஆட்டுரோமங்கள் அதிகம் கிடைத்தாலும் ஓர் புதியதான சாலை ஷாபனம் செய்வது அசாத்தியமான காரியம். சமுத்தானம் செசுவை விருத்தி செய்யவும் முயற்சி அவசியம்.

கைத்தொழிற் பயிற்சிசாலையில் கைசெவு வேலை முதலியவற்றிற்கு வேண்டிய சருவிகள் தேரிக் கப்பட்டிருக்கின்றன.

மேலும், பழுத்தினூசுகளை அதிகம் உண்டாக்குவதற்காகவும், அவைகளை விற்பனை செய்யும் பொருட்டும், விசாரணை செய்வதற்காக ஒரு கித்தியிலிருந்து பண உதவி புரிக்கிறார்கள். இவைகளைக் கவனிக்க உத்தியோகஸ்தர்கள் வேலை கற்றுக்கொடுக்கிறார்கள். சர்க்கரை ஆலை ஒன்று ஹைதராபாத்தில் ஏற்படுத்த ஆலோசனை செய்யப்பட்டு வருகிறது.

ஹைதராபாத்தில் அசோமர்க வெளியுள்ளிருந்து இறக்குமதியாகிற புகையிலையைக் கொண்டுதான் சிகரெட்டுகள் தயாரிக்கப்பட்டு வருகின்றன. சுமார் 80,000-ம் ஏக்கர்களில் புகையிலை பயிரிடப்பட்டு வருகின்றன. ஆனால், சருட்டு, சிகரெட்டுகளுக்கு ஏற்றவைகளல்ல. இவ்விஷயங்களைக் கவனிக்க, சர்க்கார் டூர் டிரோப் 95 நிபுணரை நியமனம் செய்து அவரும் ஓர் வருஷ காலமாக வேலை நடத்திவருகிறார்.

கிளாக்கள், கிளாசு வண்டிகள் முதலியன வெளியூரிலிருந்துதான் வருகின்றன. கிளாசு சாமான்களை, ஹைதராபாத்திலேயே, தயாரிக்க, மேற்சொன்ன கிதியார், இவ் வேலையில், கை தேர்ச்சிகள் அனுப்பிவித்து பரிசோதனை செய்து வருகிறார்கள். பரிசோதனை முடிவானவுடன் கிளாசு பாட்டரியும் ஷாபனம் செய்தாகிவிடும்.

கைத் சாலைகள் ஷாபனம் செய்ய, வாரணாசி நிரவியம் வேண்டியிருக்கிறது. 1340-ம் பசுவியில், முன்னரை க்கும் ரூபாய்கள் பொறுமான சொப்புகள், இறக்குமதி செய்யப்பட்டன. ஆனால், இப்பொழுது, சர்க்காரால் சொப் பாட்டரியொன்று ஏற்பட்டு, சொப்புகள் அநேகவிதம் தயாரிப்பதால், இவ்விதம், இறக்குமதி குறைவலாம். பொது மனங்களும் இவ்விஷயத்தில், உதவிசெய்யவேண்டியது அவசியம்.

ஹைதராபாத்தில், இரண்டு தீப்பெட்டிச் சாலைகளிருக்கின்றன. காங்கு வருஷங்களுக்கு முன், வெளியூரிலிருந்து வந்த தீப்பெட்டிகளைத்தான், ஹைதராபாத்திலுள்ள, ஜனங்களும் வாங்கிவந்தார்கள். ஆனால் மேற்சொன்ன இரண்டு தீப்பெட்டி சாலைகள் ஷாபனம் செய்ததன் மூலம், இறக்குமதிக்கு குறைத்தது, உன்னார் சர்க்கார் அதிக விற்பனையாகி விருத்தியடைந்து வருகின்றன.

இவ்வாறு சர்க்கரை எதிர்பாராத பதையெட் கம்பெனிகளும் தொழிற்சாலைகளும் மேன் மேலும் கிளம்பவேண்டும். ஹைதராபாத்திலுள்ள தொழிற்சாலைகளெல்லாம் செளகரியமான விட்டிலேயே அமைக்கப்பட்டிருக்கின்றன. சமீபத்தில் ரயில்வண்டி தொடர்சிகள், முதலிய செளகரியங்களும், அதிகம் இருக்கின்றன. இன்சுட்டாக்ஸ் வரி முதலியதும் கிடைப்பது. மேலும் இறக்குமதியாகிற முடிவுபெறாத வஸ்துக்களுக்கும், ஹைதராபாத்திலிருந்து ஏற்றுமதி யாகிற வஸ்துக்களுக்கும் வரியை நீக்கிவிட்டார்கள்.

வியாபார அபிவிருத்தி, தொழிற்சாலைகள் அபிவிருத்தி, இவைகளுக்காக சர்க்கார் வேண்டிய நடவடிக்கைகள் செய்துவருகிறார்கள். ரஸ்தாக்களும் காந்த விளக்குகளும், ரயில் பாதைகளும், தொழிற்சாலைகள் ஷாபிக்கக் கூடுமான விடயங்களில் அமைக்கப்பட்டு வருகின்றன. இன்சுட்டாக்ஸ் ராஜ்யப்பணம் ஏற்படுத்தியது இவைகளுக்காகத்தான். இந்த நிதியிலிருந்து கைத்தொழிற் சாலைகள் முதலிய வியாபார விஷயங்களுக்கு பணம் கடன் கொடுத்து, உதவிசெய்யப்படும். ஆகையால் ஹைதராபாத்தில், வியாபார அபிவிருத்திக்கும் கைத்தொழிற்சாலைகள் அபிவிருத்திக்கும் வேண்டிய ஏராளங்கள் சர்க்காராலும், மற்ற சனவாண்டாலும், ஏற்படுத்தப்பட்டு வருகின்றன. யாவரும் முன்னுக்குவந்து, இத்தருணத்தை நிகழ்ப்பதற்கு, எல்லா சர்க்கார்களையும் உந்துகிற வேலை தயாரிக்கப் பாடுபட வேண்டும்.

SUPPLEMENT TO THIS ISSUE.

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The Thirteenth North Arcot District Co-operative Conference

held at Pallikonda on 29th May 1932.

PRESIDENTIAL ADDRESS

OR

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

BROTHER CO-OPERATORS,

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

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

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

It is said to find that the movement, which developed so wonderfully in so short a time and showed till recently signs of great promise has now fallen on evil days and begun to deteriorate. Everybody is now agreed that it is not what it should be. A perusal of the latest annual report on the working of the co-operative societies amply confirms this. The loan transactions have contracted from Rs. 328.10 lakhs to Rs. 232.59 lakhs. Out of a total amount of Rs. 13,50,90,000 due to societies in 1930-31, a sum of only Rs. 7,90,84,055 was collected, leaving the huge balance of Rs. 5,60,05,945 uncollected. This gives a percentage of balance to demand at 41.5 (see statement in Appendix No. 1, Section II at page 55). The percentage of balance to demand of loans due by members to agricultural and non-agricultural credit societies in 1930-31 is 61 on the average for all the districts, and there are at least 12 districts where the balance left uncollected is above this average. In one district, it is as high as 87.55 per cent. This great fall in the collection of dues is no

doubt due, to a large extent, to the general economic depression now prevailing throughout the whole world. But, I am afraid, there are internal causes which are also responsible for this state of affairs. In spite of the depression, in spite of the terrible fall in prices of land produce and in spite of heavy land taxation, ryots have been able to pay their taxes to Government to a very large extent. It is true that land revenue is a first charge on land. Still the causes for the inability of the agriculturists to pay are common. There must therefore be other reasons why there is so much balance left uncollected in the case of co-operative societies. To my mind, it appears there must be mis-management somewhere. Laxity in performing duties, over-tenderness of directors and the collecting authorities towards borrowers, inefficiency of supervision, want of care in ascertaining before granting loans the capacity of the borrowers to repay and quarrels and jealousies between banks and federations must have added to the difficulties created by the general depression. Very few societies were registered during the year 1930-31; while in some districts no society at all was registered. Out of 248 applications of the previous year and 884 of the year, only 320 were registered as against 534 in 1927-28, 726 in 1928-29 and 1,200 in 1929-30. This, we are told, is in accordance with the present policy of the Government, a policy of restriction of registration of fresh societies. There cannot be much complaint against this, considering the unfortunate condition in which many societies are to be found at present. But the regrettable portion of this is to be found in the cancellation of as many as 516 societies during the year as against 383 of the previous year. Liquidation of bad societies may be necessary, but whether rectification was impossible in some at least of these cases is not quite certain. We are told in the annual report for 1930-31 that "the great majority of these 516 societies were practically non-existent. They had been formed as a result of the 'Five Years Plan' adopted in 1921, had taken one loan and rested on that achievement. Others were centres of intrigue and corruption which every supervising authority had been powerless to rectify". The obvious inference is that in pursuance of that plan, societies were formed without due regard to efficiency and stability. I do not know how the phrase "Five Years Plan" came to be used. Surely, the Soviet Five Years Plan was unknown at that time as it came into existence only in the year 1927. The task of expansion no doubt fell to my lot, but, I do not claim the privilege of having originated it. It was in the year 1919-20, before the Montague-Chelmsford Reforms were instituted, that a resolution was moved in the pre-Reform Legislative Council urging the need for 'the formation of new societies on an ampler scale'. Government accordingly sanctioned a scheme of development in G. O. No. 135, Revenue (Special), dated 20th January 1920. 9 Deputy Collectors were appointed as Assistant Registrars between 3rd January 1920 and 30th March 1920 so that the organisation and the appointment of the staff for undertaking this expansion were completed nine months

before I took charge as Minister of Development. However, I do not disown the responsibility for effecting the expansion. Nor am I sorry for it. I think it is a step in the right direction. When I took the portfolio of Co-operation in December 1920, there were 5,027 societies with 3,29,856 members, and the corresponding figures when I left office were 8,443 and 5,30,291. In 1922-23, the total amount disbursed as loans to members of primary societies was 1,171.47 lakhs as against 628.30 lakhs in 1919-20. There was a corresponding increase in the year 1923-24 and 1924-25. I am proud of this much of expansion, and I feel bound to question the statement that most of the 516 liquidated societies were registered during my term of office or within the quinquennium from 1921-26. It is difficult for me to ascertain exactly when each of these liquidated societies was actually registered, but with such information as I have been able to gather I have prepared the following tables which are open to correction.

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

Year.	No. of societies registered.	No. of societies liquidated.	Of the societies started between 1-7-16 to 30-6-21 the No. liquidated upto 30-6-1921.	Of the 516 societies liquidated those registered between 1916-21.	Of the societies registered, now surviving.
1916-17	421	6			
1917-18	515	13			
1918-19	970	12			
1919-20	1365	15			
1920-21	1297	36			
Total ...	4568	81	621	130	3947

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

Year.	No. of societies registered.	No. of societies liquidated.	Of the societies started between 1-7-21 to 30-6-26 the No. liquidated upto 30-6-31.	Of the 516 societies liquidated those registered between 1921-26.	Of the societies registered, now surviving.
1921-22	1169	69			
1922-23	1123	69			
1923-24	1416	75			
1924-25	1434	78			
1925-26	877	43			
Total ...	6019	336	511	187	4066

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

Year.	No. of societies registered.	No. of societies liquidated.	Of the societies started between 1-7-26 & 30-6-31 the No. liquidated upto 30-6-31.	Of the 516 societies liquidated those registered between 1926-31.	Of the societies registered, now surviving.
1926-27	1455	71			
1927-28	1260	107			
1928-29	725	150			
1929-30	535	383			
1930-31	320	516			
Total ...	4295	1227	230	170	4366

It will be seen from the above tables that the percentage of societies liquidated in the year 1930-31 to the number of societies registered in each of these three quinquenniums is 28.4, 3.10 and 3.95. Similarly the percentage of societies now surviving to the number of societies registered in each of these periods is 86.4, 91.5 and 94.6. Under these circumstances, it is difficult to see how the societies registered under the so-called "Five Year Plan" are worse off than those registered in the quinquennium previous to it or in the quinquennium that followed it.

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

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

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

Federations and not banks can supervise Co-operative Societies.

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

During the year 1926-27, federations were given further powers. Under the bye-laws existing till then, the unions were required to obtain the approval of the Registrar for the sanction of their budgets and the appointment of supervisors and similar matters. During that year, the bye-laws were revised, and these duties of the Registrar were delegated to federations. In 1927-28 there were 19 federations, and the report for that year contains the following: "The Townsend Committee was unanimous in recommending that supervision should vest in the federation and not in central banks and was only divided in its opinion of what should happen if this supervising structure broke down. This

contingency has not yet arisen. In one or two localities there still lingers a certain amount of propaganda to support the view that central banks should take complete charge of supervision, and there are still a few persons interested in the matter anxious to reopen a question of policy which I can only regard as settled. I am unable to see how a bank executive committee with a paid secretary fully engaged in running the bank can be expected to add to its duties the large amount of additional work involved in supervising some hundreds of co-operative societies. They have several of them got their administrative section with a small field staff of inspectors as recommended by Townsend Committee. But these are intended only to supplement the information which the bank has of its clients from other sources and to put the whole of the information before the management in a convenient form. No bank has seriously attempted the task of supervising all the societies in their area either directly or through unions, and though one or two have undertaken 'rectification' work in small areas it has been apparently tacitly recognised that the task of supervision is not one which central banks can completely undertake conveniently." In the year 1928-29, there were 25 federations and the annual report for that year admitted that they had "amply justified their existence" and that they were "becoming more firmly established and making their influence felt on the supervision of primary societies." In Salem district alone owing to disputes between the federation and the bank going on for a long time before, difficulties were experienced. It was in this year also that recommendations were made to federations to appoint an executive officer, as the work of supervision required a full-time officer who had to do a lot of touring. Thus, during the last ten years not only was it found necessary to bring these federations into existence, but extensive powers were gradually assigned to them, and their value and work have been consistently appreciated. For the first time in their short history, however, their number fell from 25 to 21 in 1929-30. The Salem Federation, to which reference has already been made, did no work on account of differences between the federation and the central bank which has steadily worked for its liquidation and eventually succeeded, the registration of the federation being cancelled during that year. On the strength, evidently, of this one instance, and also because 3 or 4 other federations having "abdicated their functions in favour of the administrative sections of the local bank", it is said, in the annual report for 1929-30 "there is a general feeling among co-operators in this Presidency that federations have failed to justify their existence and an increased tendency for central banks to take the supervision of societies into their own hands." It is rather surprising that this "general feeling" should have so suddenly sprung up, for, as has already been pointed out, we found the Registrar saying in his report for the previous year (1928-29), that they had "amply justified their existence" and "were becoming more firmly

established and making their influence felt on the supervision of primary societies." The fact seems to be that the banks, as financing organisations, have secured more power and wanted to control the whole co-operative movement, and the Department seems to have fallen a victim to their pressure. The banks never took the federations kindly, were always jealous of the power they exercised in appointing supervisors and steadily and strenuously worked for their downfall. Thus, we find that in 1930-31 the registration of 4 more federations was cancelled, so that there were only 20 federations at the end of 1930-31. During the current year, it would appear, some 10 more shared the same fate, and to-day only 10 federations are existing. It is not clear how far this policy of abolishing the federations wholesale has the approval of the Government. It seems rather incredible that such an approval could have been given in view of the fact that the specific recommendation of the Townsend Committee in this particular was expressly accepted by the Government in 1929. The Registrar may have the power to cancel the registration of any society registered under the Act. But such a power can only apply to individual cases and not to wholesale abolition. This latter would be a question of policy and has got to be decided upon by the Ministry. The main ground on which the registration of these federations was cancelled, was the difference between the central banks and the federations of the locality. Of course, banks pay As. 8 for every Rs. 100 of loan given. This circumstance was made use of and the banks succeeded. We are told that these federations are being abolished, because supervision, especially that portion of it which consists of collection work, is neglected by federations, and it is proposed that the banks should undertake this task. How the objects with which the federations were formed could still be secured is a matter which cannot be comprehended under the proposed system. We have it on the high authority of the Townsend Committee that inspection "is obviously within the rights of the financing central banks." They went further, and placed it amongst the banks' responsibilities". But "supervision involves constant administrative assistance in routine work, advice on financial matters, and general guidance, both from the business and the co-operative aspects. Unions formed and controlled by the societies themselves provide the ideal organisations for this purpose.....In some provinces this function is performed by the banks, but we do not consider this to be the ideal arrangement". They also observed that evidence before them "inculding that from most of the banks themselves, was strongly in favour of vesting the duty in unions as at present" (page 70). In another place, they say "responsibilities of federations should include the exercise of general supervision over the work of unions and union supervisors, with special attention to the societies of the office bearers of unions". Special mention may also be made here to the note appended to the report by Mr. Townsend himself in which he says "that supervision

should not be entrusted to banks, I personally have no doubt whatever. In most provinces of India supervision by banks has not been successfulThe handing over of supervision to banks would, I consider, undoubtedly result in the immediate extinction of the federation and in a lapse into suspended animation, if not worse, of many unions" (pages 135-136) a prophesy which seems to be turning out to be too true and too soon.

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

District.	Balance of principal due in 1929-30.		Balance of principal due in 1930-31.	
	Per cent of L. T. loans.	Per cent of S. T. loans.	Per cent of L. T. loans.	Per cent of S. T. loans.
1. Salem	52' 60	41' 10	62' 26	50' 49
2. South Kanara	37' 00	38' 17	50' 83	44' 62
3. Malabar	67' 01	65' 12	71' 86	75' 81
4. Coimbatore	43' 58	29' 10	52' 17	39' 54

The following table gives the corresponding figures for interest.

District.	1929-30.		1930-31.	
	Arrear interest.	Current interest.	Arrear interest.	Current interest.
	per cent.	per cent.	per cent.	per cent.
1. Salem	54' 00	32' 00	66' 76	39' 39
2. South Kanara	36' 00	12' 00	57' 21	12' 95
3. Malabar	60' 00	50' 00	74' 27	66' 15
4. Coimbatore	59' 00	23' 00	67' 85	35' 40

A perusal of the tables will show that supervision by the banks did not in the least improve matters; for, in every case, there has been enormous increase in uncollected dues. I am aware that it is the case in almost all the districts owing to reasons other than supervision. If the banks showed greater collections than the federations, some evidence would have been forthcoming and some point made of it. To my mind, it appears that it is impossible for the banks to undertake this huge task of supervision in which they are not wholly interested. Their

main concern is the collection of money. But supervision involves, as the Townsend Committee has pointed out, many more important functions. It includes the duty of ascertaining whether members are all capable persons, whether all those who apply for loans are eligible to get the loans and are capable of repaying, whether the area of operations is too big, whether members know anything about co-operation, rectification work, and in fact, whether all the by-laws are followed or not. It is unreasonable to expect the banks to do all this kind of work with any degree of efficiency. This is recognised in the Co-operative Manual see page 112. We also know that almost all banks have their representatives in the federation working in the area of their operations. The Government had already committed a blunder in having handed over supervision to non-official agencies before they were ripe for taking up that responsibility. But as soon as the federations exerted themselves and were feeling their ground and making themselves felt, a further blunder is being committed by abolishing these federations without giving them a chance, and entrusting the task of supervision to the banks, which will soon find that they will be unable to undertake the task. It is somewhat surprising that such a course should have been taken in the face of the considered opinion of the Townsend Committee and of the Royal Commission on Agriculture who observed (page 456) that "the attempt to devolve supervision on central banks has proved a failure, and we consider it desirable that finance and supervision should be under separate control." The Registrar of Co-operative Societies in the United Provinces where supervision was long carried on by supervisors appointed by central banks, said, in his report for the year 1926-27, that "unfortunately they have been neglecting the educative part of their work and devoting their whole attention to collection, with the inevitable result that they are failing even as loan collectors". They devoted so much attention to collection that the Committee on Co-operation, enquiring into the working of the movement, had to observe "by the pernicious practice of making realisation from individual borrowers, it undermines the society and usurps the functions of the panchayat which is reduced to impotence. It is absolutely essential to abolish this interference in the inner working of primary societies, if the latter are to thrive and have a life of their own. Supervision is helpful, but the annexation of functions is destructive". It is exactly this annexation of functions that is being grabbed at by the banks in our province, supervision first, audit next, and finally reducing the whole co-operative movement to a banking concern. In our province as much as in the Central Provinces the hierarchy of banking administration does not regard the central bank as an agency for financing the co-operative societies, but as a unit of co-operative administration itself. They think that, if the central banks and the apex bank flourish and distribute their profits regularly, the whole co-operative movement is flourishing. This tendency was noticed in the Central Provinces 3 years ago and the

Government of that Province while reviewing the administration report of the Registrar for the year 1928-29, observed that they would welcome "any development which will counteract this tendency and focuss attention upon the primary society as the real unit of the co-operative movement." In both the United and Central Provinces, supervision by banks was tried, found wanting and given up as hopeless. In Japan "supervision" which involves both supervision and audit, is carried on by the Government or rather by various Government departments. Opinion in that country no doubt is somewhat divided on this point. But even those that want to relax Government supervision urge only that co-operative unions or federations should undertake that task and not the central banks.

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

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

I am glad to find that your federation has been doing its level best in supervising the societies. Some Rs. 42,000 were spent during the year 1930-31 on this work and arrangements were made for collection work and every nerve was strained to reduce arrears. All the 9 senior supervisors were placed on this collection work and I gather that the arrears under principal of the central bank were reduced from 6'20 lakhs to 5'45 lakhs. Overdue from members to societies under principal were reduced from 9'33 lakhs to 7'81 lakhs and overdue interest from 3'43 lakhs to 2'39 lakhs. It would also appear that in the case of unsecured debts, proper securities were obtained, and new bonds were taken for loans which were allowed to be time-barred. Unfortunately, your efforts were not crowned with the much success as you deserved on account of the economic depression now prevailing throughout the whole country and on account of the breach of a number of tanks following the heavy floods of the year. Still I think I would be justified to some extent in congratulating your Council

on the good work done and the results so far achieved. If this spirit is persisted in and if continued efforts are made, there is no reason for despair. It will be a long and tedious work in the coming years; but faith in the movement, persistence and earnestness in continued work are bound to meet with eventual success.

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

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

- (a) If the number of members of a society does not exceed 1,000 or its transactions do not exceed one lakh of rupees per year and if it is a member of an audit union or supervising union or it makes a contribution towards any scheme of supervision, such a society need not pay anything to Government towards audit.
- (b) Where a society is getting its accounts audited at its own expense by an officer of the District federation or by an approved public accountant, it need not pay anything to Government.
- (c) Further, no audit union, central bank, district federation or supervising union need pay any such contribution.

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

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

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

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

Here again, the supervising unions will have no more powers than the federations or the audit unions. In all these cases Government control is not withdrawn. The Registrar's responsibility still remains. The actual auditor will ordinarily be an officer of his department or a certified accountant approved by him. In every case, the auditor must furnish statements to the Registrar in the forms prescribed by him. As a matter of fact, no federation has ever exercised this right of appointing auditors of its own. The audit unions, no doubt, appointed auditors, but these were invariably drawn from the Government inspectors except perhaps in one case in Coimbatore. And because these auditors were all Government officers of the Co-operative Department, it was not thought necessary to do an additional and final audit by another Government auditor. The balance sheets prepared by such auditors were accordingly accepted by the Registrar.

So far, there was never any question of audit being handed over to non-official agency. The Registrar, however, recently issued a note on

this subject, perhaps in connection with the communication of the G. O. to the various co-operative bodies. In this note, which is published in the April number of the "Madras Co-operator", we find that he raised for the first time, so far as I am aware, the question "whether, assuming that the societies are required to pay even for a more thorough audit, that audit should be done direct by Government agency or by non-official agency under the supervision of higher Government officers". He added that he was himself in favour of the non-official agency, and has assigned three reasons for it. He thought there was no force in the objections raised by that veteran co-operator Mr. Ramalingam Chetty. The first reason he gave is that it is "exceedingly difficult to fix a general scale of fees such as is required by the Government notification." He considers that the levy of a uniform rate prevailing as at present is not satisfactory but does not explain clearly why. He thinks that the fees should be fixed by agreement among the societies concerned. If an agreement could be reached by the societies, it is difficult to see why such an agreement could not be arrived at with the Government itself. In the latter case there is advantage of a provision in the rules which enables the Registrar to remit the whole, or a portion of the charge payable by the particular society (see Rule VIII-D (4)). In any case, the difficulty of fixing a scale of fees cannot be taken as insuperable. His second reason is that the system of audit by Government auditors is not flexible and that in any case it is difficult to secure more Government auditors. When the cost is to be met by the societies themselves, it is impossible to conceive how the difficulty arises. There is no paucity of trained men and they are starving for want of employment. In this connection, he says that the Legislative Council may not sanction additional staff. But here again one finds it difficult to accept this; for, the Legislative Council cannot be expected to refuse sanction to additional staff so long as the cost comes from the societies themselves. The Registrar evidently considers the existing scheme of budget proposals as a block in his way to undertake this task, because proposals have to be submitted some 6 months before the time when the men are required. These things mean that he is not for allowing schemes to be rushed through and that Government may not be hurried to sanction hastily conceived schemes. But where a definite programme has been agreed upon and a scheme of expansion is planned, settled and decided upon, and where money comes from other people's pocket, it is inconceivable how any delay can be apprehended from Government or from the Legislative Council. His remarks in an earlier part of his note that the general tax-payers' money cannot be utilised to pay for increased staff and that the cost of the Co-operative Department is already too high do not arise when the whole object of G.O. No. 154 and the alteration in rule VIII-D is to secure more funds not from the general tax-payers but from the bodies concerned. The third reason that he gives is that the control of an audit staff by a non-official agency will be quite as efficient

as the existing system. All that I can say in this matter is that his opinion is contrary to our past experience in this country and elsewhere and the opinions expressed in the various public reports such as the MacLagan Committee Report, Townsend Committee Report, Report of the Royal Commission on Agriculture, Central Banking Committee Report are at variance with his view. I am not aware of any opinion expressed either by these bodies that audit by non-official agency will be as efficient as that of audit by Government agency. At the end of the note the Registrar says that he would even prefer central banks to undertake the audit of urban banks and big unlimited societies. This goes much beyond the G. O. itself. That, however, is not my objection to the Registrar's proposals. There are fundamental grounds however, which make it impossible for co-operators to accept the views suggested by him.

The climax of this scheme was reached at the Central Bank's Conference held on 9th April 1932. Resolution 3 thereof runs thus. "This conference is of opinion that all central banks and limited liability credit societies, with a working capital of Rs. 20,000 and upwards, should be brought under a scheme of audit conducted on the following lines through the agency of the Madras Provincial Co-operative Bank". Thus, while the Registrar proposed to entrust the audit to central banks only, the Provincial Bank wants it to be transferred to itself. No wonder that a tearing controversy is now raging round this subject. There, however, seems to be some confusion of thought in the objections raised. Is the objection of those who are writing to the press, to the Registrar divesting himself of his statutory obligation to audit and thus entrusting it to the non-official agency, or is the objection limited to the suggestion that central banks should undertake the audit of urban banks and big unlimited societies? Or is the objection confined to the proposal contained in the resolution of the Central Banks' conference that all central banks and big limited credit societies should be audited through the agency of the Provincial Bank? It will be observed that the above 3 objections are not mutually exclusive. The Provincial Bank and the central banks are non-official agencies as the audit unions. The problem may therefore be stated in other words as follows:—

- (1) Do we object to the transfer of audit duty to every kind of non-official agency? If the answer to this question is in the affirmative, we cannot agree to the transfer to audit unions or to the central banks or to the Provincial Bank on that account alone.
- (2) If our objection is not so far-reaching.
 - (a) Are we prepared to allow audit unions to arrange for audit, and, if so, are we going to allow it only to the extent

now carried on or do we relax the responsibility of the Registrar now undertaken by him and place it on the audit unions?

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

The point may here be noticed that whereas in the proposal of the Registrar some big unlimited liability societies will also come under his scheme of audit by central banks, such societies are not included in the resolution of the Central Banks' conference. However, the question is being discussed at conference and in the press, on the assumption that it is only a question of time when these unlimited liability or primary societies will all be brought into the scheme. The assumption is, I think, reasonable and I will place my views before you also on that assumption. As regards 2 (b), the objection seems to be invulnerable. In very few countries was the experiment tried of auditing by banks, and in those few countries the experiment has failed. In Germany, for instance, the central banks audited the societies for sometime. But it was soon felt that system was wrong. Accordingly, the Imperial German Co-operative Societies Act of 1889 was passed for the purpose of organisation of separate audit unions. "The Act expressly states that unions may not pursue any other object than the auditing of their societies and the general care of their societies' interests especially in regard to the maintenance of business relations between societies"—please see pages 249-250 of Cahill's report. "Over 60 per cent of German rural co-operative societies are audited by auditors appointed by unions; the alternative course open to a society is to apply to the district court for the appointment of an auditor on each occasion for audit.....Audits carried out by appointees of courts are apt to be perfunctory and not fruitful towards bettering unsatisfactory societies, because such auditors are not usually professional auditors or co-operators.....But union auditors are professional co-operators, whose interests and life work are linked with Co-operation, and who are concerned to raise the level of good management and promote the success of their societies" please see Cahill's report, pages XXIX-XXX and also foot-note at page 178 in "The Co-operative Movement in Japan" by Kiyoshi Ogata. It will be noticed that in Germany there was never any suggestion that banks should audit. No doubt, objections were raised and upheld against Government audit in Germany, but the MacLagan Committee has clearly pointed out that "these objections do not apply to India" (para 92). In the case of Japan, the expression 'supervision' includes both supervision and audit, as we understand the terms here and this is carried on practically by the State itself. Mr. Ogata gives the reason that "as the modern co-operative movement is inspired from above, such State supervision is a natural feature in the circumstances".

page 176. In another place, he apprehends that supervision, i. e. supervision and audit by such officials "tends to become bound up in red tape". In the future, he says, "It will be necessary for the federations or the co-operative unions to undertake the duties of auditorship" and not banks, he it noted. In our own country, I am not aware of any province where audit was entrusted to central banks or to the Provincial Bank. The question of supervision by banks was no doubt tried and given up and all the objections that were raised as regards their right and duty to supervise the unions apply to the proposed right to audit the accounts of the societies. It was only a few months ago that the Co-operative Bill was passed through the Legislative Council of Madras and it is just now awaiting the Viceroy's assent. So far as I could gather, there was never any attempt made, when the Bill was under consideration, to introduce this principle of audit by banks. On the other hand, the vesting of additional powers of supervision, surcharge and collection of arrears by a summary process in the Registrar (Sections 23, 42-a, and 48) under the new Bill seems to be a confession that the non-official agency has not hitherto proved to be a success it is sought to be represented. And the clauses referred to were not even seriously attacked in the Council.

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

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

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

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

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

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

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

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

be frustrated if audit is entrusted to banks or any other non-official agency.

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

(9) Within the short space of the last twenty years (i. e., since the passing of the Act of 1912) a number of committees and a Royal Commission sat, took evidence, and reported on the co-operative movement and its work. Some have positively declared that audit by banks was quite objectionable, while the others did not think it advisable to recommend it. Audit by a Provincial body came in for special criticism, on the ground that the auditing authority should be in the districts. Provincial audit unions are no doubt being tried in the Punjab, Burma and Bihar and Orissa. The Indian Central Banking Enquiry Committee was aware of this. All the same that Committee did not accept provincial audit as sound, but recommended provincial audit unions. They said, "after a full consideration of these points and of the efficiency of the auditing system in European 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 societies" (para 173). The objection against provincial agency is specially applicable to audit by the Provincial Bank, while the recommendation in favour of district audit unions rules out audit by banks, both central and provincial. The Townsend Committee, while recommending the formation of a central audit union, did not in the least suggest that the agency of the banks could be entrusted with audit work. No doubt they wanted the banks to be represented on the provincial audit union but that is another matter. Banks are at present represented on our federations. The committee had no objection for such association. That is all. Even this provincial audit union is to do only concurrent audit, though the Registrar "should at his discretion from time to time also entrust the organisation with the final audit" (page 79). The MacLagan Committee, after pointing out that the objections to Government audit raised in Germany did not apply to India, observed: "It seems therefore to us unobjectionable in principle that audit should be carried out under State control, and we consider that at the present stage this is the only arrangement under which the purpose of the Act can be secured" (page 50). It will be remembered that they were considering the respective advantages of audit by Government and of audit by audit unions. There was no question before them of any audit by banks at all. No one even dared to put forward any such suggestion before that Committee.

is not that, because it is not a matter of principle. It is only a matter of fact. There is yet another objection which I feel bound to mention. Writing about federations in his annual report for the year 1930-31, the Registrar observed: "it has been a most disappointing result, so many

unions unwilling to surrender what they call their 'independence'. Some union directors have behaved as if the deprivation of their power of appointing supervisors meant the end of their power to do good works—as if they sought and retained office merely for the patronage they secured—I earnestly hope that we shall have less of this seeking after power." I entirely agree with him. This seeking after power, especially of making appointments and indeed of job-hunting, is the curse of this country. But now are we sure that the central banks and the provincial bank are free from this desire for power? It is not my intention to impute any motive to these bodies. I am only enquiring, putting a plain question. Whether banks have a desire to acquire this power or not, will the audit unions, supervising unions and federations view this transfer of audit to banks dispassionately, disinterestedly and free from suspicion? Will they not, with justification or without justification, suspect that the banks are trying to get more power into their own hands? Is the creation of such a suspicion conducive to the welfare of the movement? It may be that the banks are not really "seeking after power", but it is essential that the unions and federations are kept free from the suspicion. I do not put it beyond that that the banks are attempting to get more power into their hands and more opportunities to exercise patronage.

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

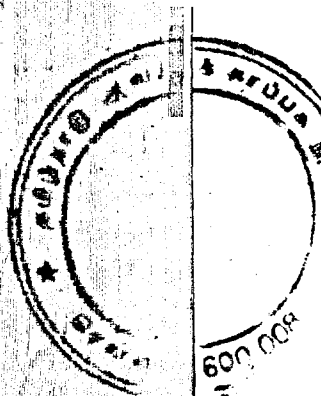
There remains the question whether audit control could be entrusted to audit unions fully. The question is not yet present immediately before the public. It only arises, because the Registrar in his note on G. O. No. 154, dated 2-2-1932, while raising the question whether audit should be done direct by Government agency or by non-official agency under supervision of higher Government officers, said "I am in favour of the non-official agency". Now audit unions are non-official. At present a few audit unions are in existence in our Province. But, as has already been pointed out, their control of audit is nominal. There can therefore be no serious objection if this practice is continued. So long as the Registrar's control is not slackened safety is ensured. If, however, it is proposed to increase the nature and extent of the control now exercised by these unions, then it may result in serious consequences. The movement is not at present in its hey day. A cloud of disaster is hanging over it. Until the cloud is dispersed, until it is past all danger it is not advisable to reduce the Government control. Otherwise, public confidence will be shaken, deposits may not be forthcoming, existing deposits may be withdrawn, and the movement may crumble. All that I said on this subject, while dealing with the proposal for audit by banks, is applicable

in this connection also. It is unnecessary to repeat the arguments. It is enough to say that it is undesirable just at present to transfer audit control fully to audit unions.

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

பா. பரமசிவம் (புகழ்) *****
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