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The Madras Journal of Co-operation

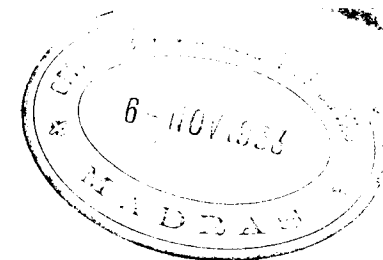


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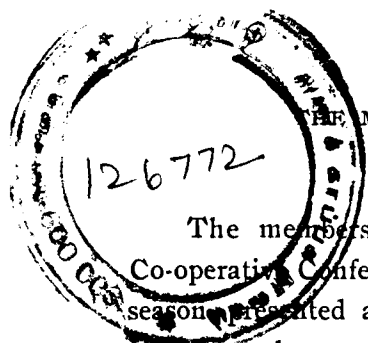
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Editorial Notes.

The Mysore Co-operative Conference.

I

We need offer no justification for devoting the main portion of this month's journal to the Co-operative Conference held recently at Mysore. The connections, economic and cultural, between the provinces and states of India, always vital, are getting more and more emphasised and the Federal Constitution of India to come will strengthen that bond. We co-operators anticipated Politicians and while the scheme of Federal India from the political stand point is yet in the womb of time, the All-India Co-operative Institutes' Association has been a realised ideal these five years and under its auspices more than one All-India Co-operative Conference have been held. To us in Madras, therefore, what happens in our neighbouring state of Mysore is of the utmost importance.



II

The members of the 20th Session of the Mysore Provincial Co-operative Conference recently held at Mysore during the Dasara season presented an address to His Highness the Yuvaraja of Mysore, who was requested to open the Conference and to present the Shields and Certificates to the winner Societies of the year. The address was a resume of the work of the Co-operative Department in the state for the past 25 years and gave expression to the hopes and aspirations of co-operators. It laid emphasis on the fact that in the days of universal economic depression, though Co-operative Societies have been hit hard, they have been holding their own and co-operative thought is permeating among the economists and statesmen of the day. In reviewing the co-operative movement, it referred to the fact that in recent times there was a shrinkage in transactions due partly to the general economic depression, partly due to the conservative and cautious policy adopted by the financing banks and partly also due to the partial withdrawal of concessions enjoyed by Co-operative Societies in the matter of stamp duty, registration charges and court fees. The address pleaded for greater encouragement by the Government for the scheme of consolidation and rectification started by financing banks. It enumerated some successful experiments in the matter of co-operative purchase and sale and pleaded for a more liberal policy towards the ryots not only in the matter of granting greater remission and suspension of revenue but also of reducing the burden of taxation upon agricultural population. It laid special emphasis upon rural re-construction work, especially, as it is carried on in the model village of Lalithadripur, which owes its existence to the gracious patronage of His Highness the Maharaja. The address also referred to the progress made by the Land Mortgage Bank and Depressed Classes Societies, house-building societies and also the revival of activities of the Mysore Propagandist Institute. It also referred to the revised regulation about co-operation and to rules framed thereunder, expressed the satisfaction that many of the recommendations of co-operators were accepted by the Government.

III

The reply of His Highness the Yuvaraja of Mysore was marked by sound common sense and practical suggestiveness based upon his wide experience gathered in various countries. He first appealed to the co-operators to recognise the need for studying the economic problems from the wider point of view. "We cannot" said His Highness "expect to carry on placidly the work that we have been doing, as if we were cut off from the rest of the world. We must all be prepared to take our part in the federal economy of India and the world economy of the nations with which India has relations."

Quoting the dictum of Cicero that 'Economy is a great revenue', he defined economy in the words of Ruskin as "spending or saving, whether money or time or anything else, to the best possible advantage" and showed New Zealanders as an instance, how by organisation they could do very successful business. He referred to the hoarding habit of our people and pleaded for intelligent investment of the savings instead of this primitive method. Referring to an aspect mentioned in the address, namely, that because of lack of opportunities of safe investment deposits at low rates had to be refused, His Highness suggested the formation of Re-construction Finance Corporations like the one in America, which could take these deposits at low rates and re-lend them to concerns engaged in economic re-construction at slightly higher percentage. He advised the Co-operators of Mysore that instead of looking up to the Government for financing their housing societies the deposits refused might be diverted if proper organisation be available. He pleaded for organised charity and appealed for help to the Red Cross Organisation which does much to alleviate the misery of poor people. Contrasting the west with our country, he said that it is painful to reflect how much need there is in this Country for the 'stitch in time that saves nine'. He concluded with the hope that in the next quarter of a century the good work now being done by Co-operation will progress and permeate every activity of the citizens of the State. His Highness' reply which is printed elsewhere forms an inspiring reading not only to the Co-operators of Mysore but also to all interested in the welfare of India.

IV

It is a happy augury of the times that M.R.Ry. Dewan Bahadur M. Ramachandra Rao Pantulu Garu, B.A., B.L., the veteran politician of our province, now President of the Central Land Mortgage Bank, of this Presidency was chosen by the Co-operators of Mysore as the President of the sessions. He forged another link in the chain that binds Provinces and States and made the valuable experience gained in one field available to the workers in the other. His address was as may be expected from a man of his wide experience, full of observations and suggestions for future guidance. He struck the right note to begin with and pitched the ideal of Co-operation high. "Co-operation" said he "looks beyond the immediate needs of the movement to a new world, to the Co-operative republic and to the Co-operative commonwealth and pleaded for a planned economy instead of the competitive economy of the last century. He instanced the Ottawa Agreement so far as the different units of the British Government are concerned, the International Wheat Agreement at London and the recent arrangement for restriction of production of tea in India and other tea producing countries of the world as instances of attempts on the part of Governments to minimise economic friction but said, that it is only when both consumers and producers are organised in Co-operation and brought into touch with each other that the regulation of out-put can be satisfactory. He pleaded for greater Co-operation between Indian States and Indian Provinces and congratulated the All India Institutes' Association for having anticipated the politicians in the matter of Federal India and was of opinion that there is much material now for an All India Co-operative Conference, especially with regard to the measures to be taken to combat the present economic depression.

The most urgent problem of to-day, said Mr. Ramachandra Rao, for the Provinces and Indian States is the necessity for affording relief to the agriculturists throughout the country. Agriculture is the main industry of our land and that is the least organised. This basic industry, not very profitable at any time, is becoming a losing

concern unless the cost of production is reduced and he appealed to the Government to do for the Indian Agriculturist what Governments of various other countries have been doing. He then instanced the substantial help given by the Australian and New Zealand Governments in the matter of enabling their farmers to market their produce by reducing the railway freight. He further instanced South Africa, United States, Italy, Portugal, Greece, Egypt, Japan, France and Germany and showed how in all these countries substantial relief has been given to the ryot; on the other hand, he complained that the steps taken by Indian Government were not quite adequate. The import duty on wheat and cotton has not been very effective, though the protection duty upon sugar has encouraged the home industry. He showed how the Indian Government in spite of its strong position financially with regard to Indian Railways turned a deaf ear to the universal request to have freight on agricultural produce reduced. He suggested that some of the proposals recently adopted in different provinces for debt conciliation and reduction of interest etc., should be thoroughly examined and it was the duty of the co-operators to put forward constructive proposals for consideration by Governments of provinces and states.

Coming to the position of the co-operative movement in Mysore, he was of opinion that it was working on sound lines and that Mysore takes a high place in co-operative matters among the Provinces and States of India. Nevertheless, he went on to point out some of the important defects in the working of the movement, for example, lack of co-ordination between various banking organisations and the increasing overdues. He suggested that one of the solutions for the reduction of the overdues was the converting of short-term loans into long-term ones wherever possible. He pleaded for the reduction of the rate of interest which both in the case of deposits and in the case of loans lent by financing banks to primaries was high.

Turning to the question of long-term credit, of which as the President of the Central Land Mortgage Bank he can speak with

authority, he was satisfied that satisfactory progress has been made by the Central Land Mortgage Bank in Mysore and hoped that the scheme would hereafter go forward with greater momentum. He also hoped there would be no difficulty in getting money for new debentures that might be floated by the Central Land Mortgage Bank seeing that these debentures form an ideal method of investment for monies of local bodies, the reserve funds of co-operative institutions and of the funds at the disposal of Insurance Companies in particular. He then went on to explain briefly but lucidly how the scheme of land mortgage bank loan could be linked to life insurance, a subject which he dealt with at greater length in an article contributed to this Journal*.

He pleaded for greater co-operation among the various departments that work for the uplift of the ryot, namely, the Departments of Agriculture, Co-operation, Industries and he recommended that the Central Banks should under-take the important duty of financing the ryot on the security of produce of his lands till he is able to dispose of it at a favourable time. He also pleaded for a survey of the growth of towns and reservation of space for building of cottages. Referring to the Reserve Bank Bill introduced in the Imperial Legislature, he hoped that the important recommendations of the Central Banking Enquiry Committee will be given effect to, namely, that of linking up the co-operative banks of the country with the Reserve Bank and for making provision for agricultural finance wherever finances of the Reserve Bank are available.

Lastly he concluded his thoughtful address by an appeal for inculcating the habit of thrift on the part of all members of the village societies and for embodying into the movement such of the indigenous social and economic structure that can be usefully embodied into it. He also warned his audience against introducing communal squabbles and party politics and hoped that the movement will continue to provide a common platform to workers of different shades of opinion. We offer our felicitations to this veteran publicist for his inspiring address.

* See page 487 of this Journal for April 1932.

V

The Conference passed as many as 24 resolutions many of them such as could have been anticipated by a perusal of the address presented to the Yuvaraja and the Presidential Address. There were resolutions about the strengthening of the Central Propaganda Institute and for subsidising the Co-operators, Home to be constructed. The Government of the Maharaja was as usual requested to give full concessions in the matter of stamp fees, court fees, registration fees and to waive their claim for income-tax and super-tax. The Government was also requested to advance sufficient amount to enable the House Building Societies to function effectively. There was a resolution about the starting of societies for collective farming and marketing. We attach great importance to the resolution for the starting of Co-operative Training Institutes and for recognising Institutes if started and run by other agencies than Government. The resolution about debt conciliation is also on progressive lines following the example of some Indian Provinces. We hope that the co-operators will not rest content with passing these resolutions but try to give effect to some at least of these many resolutions. An ounce of practice is better than a ton of preaching.

Madras Debt Conciliation Bill.

Our readers would have read with interest the draft bill on Debt Conciliation which Rao Bahadur T. A. Ramalingam Chettiar, proposes to introduce in the Local Legislative Council.* Our readers would remember that the Central Banking Enquiry Committee went into the question of Rural indebtedness and after discussing the recommendations of the various Provincial Committees, came deliberately to the conclusion that some such measure is very necessary. "In our opinion" the Committee adds, "the most effective remedy will be found in the pursuit by the Local Governments of a vigorous policy of Debt Conciliation on a voluntary basis" and then they go on to discuss the draft scheme. The

* See Supplement to the September Issue of this Journal.

Central Provinces took up the suggestion in right earnest and have got into their Statute Book an Act regarding the formation of Debt Conciliation Boards. Mr. Chettiar's bill follows the Central Provinces Act very closely and the one or two points in which he has deviated from that are explained by him in the objects and reasons prefixed to the Draft. It is hoped the Local Legislative Council will consider the seriousness of the economic situation amongst the agriculturists and lose no time in discussing this bill and passing a suitable legislation on this point. We wish Mr. Chettiar all success in his noble attempt to afford relief to the indebted average peasant in our Province.

Late Mr. K. H. Ramiah, Registrar of Co-operative Societies.

It is with great sorrow that we record the unexpected demise of Mr. Ramiah, Bar-at-Law, Registrar of Co-operative Societies, Mysore. It was only very recently that he returned from an European tour in which he had accompanied His Highness the Yuvaraja of Mysore and he began a series of lectures to his countrymen on his own impressions about his visit to the West, but this useful career was suddenly cut off. Any one who had come in contact with him would have noticed the unbounded enthusiasm he had for his work. We had the pleasure of hearing him on more than one occasion, not merely on co-operation, but on Scout Movement, Social Service, Religious Reform etc., and one who had heard him would be struck with the absolute sincerity of the speaker. He brought to bear upon his task genuine love for the ryot, and an idealistic conception of Co-operation as a potent agency for the uplift of masses. We offer our sincere condolence to the Members of the bereaved family and to Co-operators of Mysore on their irreparable loss. May his Soul rest in Peace.

The Reserve Bank Bill

By

V. RAMADAS PANTULU.

Reserve Bank—A National Problem.—The Government of India have introduced into the Legislative Assembly the long expected Bill to establish a Reserve Bank for India, and the Bill has been referred to a Joint Select Committee of both houses of the Indian Legislature. It is expected that the Bill will be passed into law in the month of November next. In the meantime, the Joint Select Committee will, it is understood, consider the representations that may be sent to it and also examine a few select expert witnesses having practical knowledge of banking, to ascertain public opinion in regard to the improvements, if any to be effected in the Bill, in order to meet the Indian view point as far as possible. The Reserve Bank that is proposed to be set up is bound to exercise considerable influence on Indian Banking, Trade, Commerce and Industry including the Agricultural Industry. At present, the control of currency is entirely in the hands of the Government of India and the control of credit is largely in the hands of the Imperial Bank. The proposed Reserve Bank will control both currency and credit by reason of the monopoly of note issue, control over banks through regulation of bank rates, control of reserves, transacting all Government banking business and other central banking functions. The bank is expected to ensure the stability of monetary value. The stability of prices depends largely on the monetary stability and the prosperity of our Industry and Commerce depends in its turn on the prices. Most of our troubles in Co-operation are attributable to violent fluctuations in prices. The burden of indebtedness of the members of Co-operative Societies has more than doubled itself, their repaying capacity has gone down in the inverse ratio to the increase in the burden of the debt and overdues have mounted up to an alarming degree, in the wake of the catastrophic fall in land values and price of products. Along with the rest of the population, the co-operators' calculations about income, expenditure, savings and investment are upset. Abnormal fluctuations in the value of money, its purchasing power and the prices are bound to result in serious dislocation of our economic life; one man's wealth is confiscated without any fault of his and another man's augmented without any effort of his; and

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production, distribution and consumption are all disorganised. So a bank which may be expected to improve the monetary system and stabilise price levels is bound to play a very important role in our economic life. There is no economic sphere in which "Co-operation" does not or cannot play a real part if it is put to its legitimate use. It is, therefore, as much the concern of co-operators as that of Joint Stock Bankers, Traders, Industrialists and those engaged in Commerce, to ensure that the Reserve Bank of India will be an institution that will subserve our true national interests. Apart from this general interest co-operators are particularly interested in problems of rural credit and agricultural finance and therefore have a special responsibility to secure adequate provision therefor in the Bill. Agricultural finance too is a National Problem, for Agriculture is the predominant occupation of the Indian Nation.

The History of the Bill.—In order to understand the frame-work of the present Bill, it is necessary to take a brief and rapid survey of its legislative history. The Royal Commission on Currency and Finance, popularly known as the Hilton Young Commission, which reported in 1926, recommended the establishment of a Reserve Bank for India. Early in 1927, Sir Basil Blackett, the then Finance Member, presented to the Legislative Assembly his Bill on "The Gold Standard and Reserve Bank Act, 1927." It was circulated to elicit public opinion and was eventually referred to a Joint Select Committee of both the Houses of the Indian Legislature. The recommendations of the Royal Commission on Currency and Finance and the Bill introduced by Sir Basil Blackett provided for a Shareholders' Bank. The Joint Select Committee, to which the Bill was referred, radically modified the scheme, by a majority report, and converted the proposed Bank into a State Bank, with a directorate partly to be nominated by the Governor-General-in-Council and partly to be elected by the Legislatures and Banking, Commercial, Industrial and Agricultural interests. The minority of the Select Committee, headed by the Finance Member himself, appended their minute of dissent. In that minute, the minority stuck to the plan of a shareholders' bank, but proposed several improvements in the Bill as introduced so as to ensure wide distribution of shares and to provide for a Governing Board which will be largely composed of Indians.

After the first 8 clauses of the Bill as modified by the Joint Select Committee, were considered by the Assembly (at its Simla

session in 1927) and passed with certain further amendments to meet the Finance Member's wishes partly, while adhering to the main plan of a State Bank, the Government eventually found itself in disagreement with the Assembly on some of the vital decisions in regard to the clauses even as amended and did not include the Bill in the agenda for the next meeting of the Assembly when it was due to come up. After the conclusion of the Simla session of 1927, Sir Basil Blackett went to London to discuss the matter with the India Office, evidently at the request of the then Secretary of State, Lord Rirkenhead. Sir Basil returned in time for the Delhi Session of 1928 and at the very opening of the session, he rose to introduce a new Reserve Bank Bill on the Shareholders' plan presumably on the lines agreed upon between him and the India Office. But, Mr. Patel, the President of the Assembly, refused to permit its introduction on the ground that the Bill of 1927 was still pending before the House and that the method proposed to be adopted by the Finance Member in bringing in a new Bill contravened legislative procedure of the House.

The question has been, however, before the public mind since then. Much time did not elapse between the rejection of the Reserve Bank Bill of 1928 by the Legislative Assembly in pursuance of the ruling of the President and the appointment in 1929 of the Indian Central Banking Enquiry Committee, which had to deal with the entire Banking Organisation of India, including the future Reserve Bank, which in the words of the Finance Member, "is essentially the crown of the whole structure of Banking in its widest sense." The terms of reference to the Indian Central Banking Enquiry Committee did not, however, specify its function in regard to the Reserve Bank, but the matter was set at rest by the Chairman who ruled out discussion by the Committee of questions bearing on the points (1) whether the Bank should be a State Bank or a Shareholders' Bank, and (2) what should be the composition of its directorate. So, the Banking Committee was unable to make any contribution to the solution of these vital matters connected with the establishment of a sound Reserve Bank. While discussion on these matters was thus shut out in India by the Committee specially set up in response to long-standing demand by this country to deal with the Indian Banking Organisation, the first Round Table Conference which was evolving a constitution for India arrived at an agreement couched in vague terms that "efforts should be made to establish on secure

foundations and free from any political influence as early as may be found possible a Reserve Bank which will be entrusted with the management of Indian currency and exchange." At the close of the third Round Table Conference, some Indian publicists, largely members of the central legislature, were called to London for consultation over the Reserve Bank which, according to the view of His Majesty's Government "will have to be provided for somehow in the new constitution." Indeed, it was discovered at a particular stage of the third Round Table deliberations that no devolution of financial responsibility on an Indian Finance Minister was possible without a Reserve Bank being first set up and put in working order. The present Bill of 1933 is thus the outcome of the London deliberations over the new constitution which is in the making.

The British section of the Round Table Conference urged that, in order to establish a Reserve Bank for India, *Indian budgetary position must be assured, short term debts of the India Government in India and England must be reduced, adequate reserves must be accumulated and India's normal export surpluses should be restored.* The insistence of the British Round Tablers on these conditions led some people in this country to doubt whether their fulfilment was practicable in the present world conditions and whether the scheme of a Reserve Bank for India would at all materialise in the near future. From the fact that legislation has actually been taken on hand to set up the Bank almost immediately we may presume that in the opinion of the Government those conditions are either fulfilled or that their fulfilment is not an essential preliminary for the establishment of the Bank. So it is not necessary to pursue the matter further.

The present Bill and the Indian monetary system.—Coming to the actual provisions of the present Bill, it may at once be stated that it practically reproduces, except in regard to the monetary system the essential features of Sir Basil Blackett's Bill of 1928 with some changes in the composition of the directorate and certain other details. The most outstanding event in the monetary conditions of the world since the drafting of the Bill of 1928 was Britain's going off the Gold Standard. This event has necessitated the making of consequential changes in the new Bill. The Bills of 1927 and 1928 were called "The Gold Standard and Reserve Bank Act." Their preambles declared that the purpose of establishing the Reserve Bank was to control the *working*

of the Gold Standard and to regulate the issue of Bank notes and the keeping of the reserves with a view to secure stability of the monetary system of British India. In the present Bill, the reference to the working of the Gold Standard is naturally dropped and the following preamble is substituted :—

"Whereas it is expedient to constitute a Reserve Bank for India to regulate the issue of bank notes and the keeping of reserves with a view to securing monetary stability in British India, and generally to make provisions for matters incidental thereto;

and whereas in the present disorganisation of the monetary systems of the world it is not possible to determine what will be suitable as a permanent basis for the Indian monetary system;

but whereas it is expedient to make temporary provision on the basis of the existing monetary system, and to leave the question of the monetary standard best suited to India to be considered when the international monetary position has become sufficiently clear and stable to make it possible to frame permanent measures. It is hereby enacted as follows":

Consequential changes are made in the body of the Bill. All references to the obligations of the Reserve Bank to buy and sell *gold* are replaced by provisions to buy and sell *sterling*. The Reserve Bank is required by the Bill to sell paper sterling for immediate delivery in London at a rate not below 1s. 5 $\frac{19}{64}$ d. and to buy sterling similarly at a rate not higher than 1s. 6 $\frac{3}{16}$ d. The rupee is valued at 8·47512 grains of fine gold (3/40 of the gold contents of a sovereign) as under the Bill of 1928, that is to say, the exchange is fixed at 1s. 6d.* As Britain is not now on the gold standard and India has to follow her, the rupee is linked to paper sterling at this rate of exchange (1s. 6d.) This is the main difference between the Bill of 1928 and the present Bill of 1933.

The adverse effects on our agriculture and commerce of linking up the rupee to sterling and fixing the ratio at 1s. 6d. are now too well-known to require reiteration here. Ever since the ratio was fixed

* If the rupee is valued at 7·533 grains of fine gold or 1/15 of the gold contents of a sovereign, the exchange will be 1s. 4d.

at 1s. 6d. gold by the Legislative Assembly in 1927 by a majority of 2 votes notwithstanding the indefatigable efforts of our distinguished countryman Sir Purushottamdas Thakurdas and his collaborators, the agriculturists of India have been badly hit and sustained enormous losses annually. It is a matter for regret that that ratio is perpetuated by the Bill. Every country in the world is trying to raise the level of prices of commodities and agricultural products by suitable adjustments of the values of their currencies. The inelasticity introduced into the Indian Monetary System by linking the rupee to the sterling and fixing the ratio at 1s. 6d. is a great handicap to India. The rupee at this ratio is now much overvalued with the result that our export trade has suffered, our attempt to raise prices has failed and our indigenous industries are handicapped. Foreign countries with their devaluated and depreciated currencies are dumping their imports on us.

The London Committee say that the exchange obligations of the Bank incorporated in the Bill on the basis of the rupee-sterling at 18d. ratio should not be taken to imply any expression of opinion on the merits or demerits of the ratio. If so, is the matter open to examination by the Select Committee of the Indian Legislature? If it is not so open and the provision in the Act to be now passed continues till the new Constitution is set up, it will not be open to the Federal Legislature to reconsider it, except with the consent of the Secretary of State for India given through the Governor General.

The Constitution of the Bank:—Like the Bank proposed by the Bill of 1928, the present Bank is also a Shareholders' Bank. It is now perhaps unprofitable to revive the controversy over the relative merits of a Shareholders' Bank and a State Bank. Even if Legislative Assembly is able to so modify the Bill as to replace the Shareholders' Bank by a State Bank the Government will be no more agreeable to the change now than they were in 1927-28 and the Bill so modified will not become law. Though the arguments in favour of a State Bank and against a Shareholders' Bank with special reference to Indian conditions and needs, which were advanced in 1927 and 1928, are as valid and real to-day as they were then, it must be admitted that Indian public opinion has to some extent become somehow reconciled to a Shareholders' Bank, on a plan of wide distribution of shares among small holders who will be largely Indians and who in theory at least

may elect a directorate preponderatingly composed of Indians, who may be expected to run the Bank in national interests. Some of the old leading advocates of State Bank now assume an indifferent attitude in the matter and argue that the success or failure of a Reserve Bank depends more on the manner in which it is worked than on its being a State Bank or a Shareholders' Bank. Instances of Shareholders' Banks which are successful and of State Banks which are a failure, are cited. There are 32 Reserve Banks in the world (14 pre-war and 18 post-war) of which 17 are Shareholders' Banks while only 7 are State Banks and the other 8 of a mixed type. If there is anything inherently wrong in a Shareholders' Bank, it is asked why should the large majority of countries have set up such a Bank? But the special conditions of India, on which the advocates of a State Bank rested their case in 1927 and 1928 are not given due weight by this class of critics. Again, the untenability of the main argument of the advocates of the Shareholders' Bank, namely, that it will eliminate political influences has been so often and to my mind so conclusively refuted that it is needless for me now to cover the same ground. How shareholders have in actual practice been unable to influence the policy of Reserve Banks elsewhere was lucidly described by Mr. Vidyasgara Pandya in the Legislative Assembly.

I therefore still adhere to the view that for India a State Bank is far more advantageous than a Shareholders' Bank. But if a State Bank cannot be had I am not for rejecting a Shareholders' Bank altogether. If the vested interests in England do not interfere with the working of the Reserve Bank of India and the foreigner vested interests in India do not dominate it, even a Shareholders' Bank can function in India's interests. If the British Treasury and the London City interests dominate the Bank, it cannot serve India well even if it is a State Bank. So, it will be now unwise to wreck the Bill on the issue of State vs. Shareholders' control. I must also admit that if we have to accept a Shareholders' Bank, the provisions of the present bill to divide India into five circles, Bombay, Calcutta, Delhi, Madras and Rangoon, each with its own Register of Shareholders' and to allot shares to small holders on a wide scale, are fairly satisfactory and remove as far as possible the danger of shares being monopolised by a few rich or influential persons or corporations. But accredited Indian opinion will not be satisfied unless at least 75 per cent. of the shares are

reserved for nationals. We in South India are not satisfied with the position assigned to Madras in the scheme. Out of a total share capital of Rs. 5 crores a sum of only Rs. 50 lakhs or 1/10 is allotted to Madras and of the 8 elected Directors to the Central Board only one is allotted to Madras. I hope the banking and the commercial interests of Madras will lodge their protest to the Select Committee effectively to get suitable alterations made in this respect.

The Co-operative Societies are allowed by the Bill to subscribe for shares in the Reserve Bank. But as the Co-operative Societies Act itself does not permit the investment of the funds of a co-operative society in the shares of institutions other than co-operative, the Government will have to remove such restriction in so far as shares of the Reserve Bank are concerned.

(To be Continued)

Representation to Co-operative Banks:—In the scheme of election of shareholders' representatives to the Central Board, there is a marked divergence between the provisions of the 1928 Bill and the present Bill. Under the 1928 Bill, the share-holders' representatives are elected by the electoral colleges attached to the five registers of shareholders at Bombay, Calcutta, Delhi, Madras and Rangoon. Under the present Bill, local boards are constituted partly by direct election by the shareholders and partly by nomination by the Central Board. Five members are so elected and not more than three nominated by the Central Board to each of the five local boards for the five areas mentioned above. The five elected members of each of the local boards elect from among themselves one or two directors to the Central Board. As already stated, the local boards at Bombay, Calcutta and Delhi elect two each and those at Madras and Rangoon one each.

While the directors of Joint Stock Companies and Banks are disqualified from becoming directors of the Central Board and members of the local boards of the Reserve Bank, directors of Co-operative Banks are exempted from the disqualification clause. So, directors of Co-operative Banks, either in their capacity as individual shareholders of the Reserve Bank or as representatives of the shareholding Co-operative Banks, may stand for election to the local boards and from the elected members of the local boards to the Central Board. They may also be nominated to the Central Board by the Governor-General and to the local boards by the Central Board.

But the representation by election by special interests including Provincial Co-operative Banks as such on the Central Board, which is to be found in the Bill of 1927 as modified by the Select Committee and the 1928 Bill, is dropped in the present Bill. Having regard to the fact that the composition and outlook of the Central Board and the local boards will be essentially capitalistic, it is absolutely necessary to provide for representation of Co-operative Banks on them either by election or nomination to the Central Board by the Governor-General and by the Central Board to the local boards of at least one representative, I hope the Select Committee will give its earnest consideration to this matter. Problems of rural credit and agricultural finance will receive the attention they deserve from the Bank only when there is a special representative of Co-operative Banks on the Central and local boards.

Central Banking Functions and the Co-operative Banks.

Of the central banking functions of the Reserve Bank, such as the note issue, maintaining the currency and banking reserves, transacting Government business and conducting open market transactions, the last mentioned function is the one in which co-operators are immediately interested. The Bill puts the Provincial Co-operative Banks on the same footing as the member commercial banks of the Reserve Bank (entered in the schedule to the Bill) in regard to purchase, sale and rediscounting of bills of exchange and promissory notes drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops. The advantage which the Provincial Banks have over the commercial banks in this respect is that the Provincial Co-operative Banks (unlike the commercial banks) are not required to deposit with the Reserve Bank certain cash reserves free of interest under clause 42 of the Bill, namely, $7\frac{1}{2}$ per cent. of the demand liabilities and $2\frac{1}{2}$ per cent. of the time liabilities.

In this connection, I desire to point out that the definition of a "Provincial Co-operative Bank" in the Bill requires an important drafting amendment. "Provincial Co-operative Bank" is defined as a "society registered under the Co-operative Societies' Act" and the sole business and object of which is "the financing of other Co-operative Societies." It is well-known that, while financing of other Co-operative Societies is the "main" business and object of Provincial Co-operative Banks, these banks in all provinces do some small business in other directions as well. For instance, they give loans and cash credits to their own depositors on the cover of the deposits; they lend to their members and constituents on the cover of Government Promissory Notes or Debentures of Land Mortgage Banks; they buy for and sell on account of their members gilt-edged securities; they do a certain amount of Hundi business and transfer funds for the benefit of their members and so on. So, the word "sole" must be replaced by "main."

The conduct of open market transactions is one of the most difficult and delicate tasks which a Reserve Bank has to perform. While a Reserve Bank with its vast resources and cash balances on which it pays no interest, ought not to compete with the commercial banks, lest it might crush them altogether if it embarks on such competition for profit, a Reserve Bank must at the same time have a certain

amount of latitude to enter the open market and compete with commercial banks, if necessary, in order to make its credit policy felt by them and to regulate the level of interest rates. In other words, a Reserve Bank must enter the open market to regulate the credit necessary for industry, trade and commerce and the price for such credit, solely in national interests and not for profit. The idea of vesting it with power to enter into open market transaction is that the very existence of such power even without its frequent use will enable it to make its credit policy felt. Viewed in this aspect, any demand for the widening of the powers to compete with commercial banks may seem *prima facie* unjustifiable.

But, those who are interested in the expansion of rural credit for seasonal agricultural operations and for the movement and marketing of crops must, in the present condition of the Indian money market, ask for such extension of open market transactions in some directions. In India, the bill market is very little developed and the financing of industry and the movement and marketing of crops is mostly done by cash credit. So, the Reserve Bank's influence on the credit policy of the member banks, specially in regard to agricultural finance, may not be adequately felt for a fairly long time to come. The Bank is permitted by the Bill to give a limited accommodation on promissory notes of scheduled banks and Provincial Co-operative Banks, supported by documents evidencing title to goods, transferred, assigned or pledged to such banks as security for cash credit granted for financing seasonal agricultural operations and the movement and marketing of crops.* This is clearly inadequate.

Even this type of limited accommodation is to be given only for five years and is to cease thereafter. The idea evidently is that the function of advancing such loans is not ordinarily a proper function

* *Vide* Clause 17, sub-clause (4) (e) which permits the Bank to make loans and advances against the security of "Promissory notes of any scheduled bank or a Provincial Co-operative Bank, supported by documents evidencing title to goods which have been transferred, assigned, hypothecated or pledged to any such bank as security for a cash credit granted for *bona fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops: provided that no loan or advance shall be made on the security of any promissory note such as is referred to in this sub-clause after the expiry of five years from the date on which this section comes into force;"

of a Reserve Bank and that the Reserve Bank should give a limited amount of accommodation of the kind mentioned and that too only for a short time, that is, till the Bill Market proper is developed. The idea may be a sound one in abstract but in the present Indian money market conditions, the expectation that an agricultural bill market will develop adequately in five years is not likely to be fulfilled. Of the 60 and odd banks in the schedule to the Bill, 18 are exchange banks which are mostly not concerned with agriculture and inland trade. The other commercial banks who do this class of business employ cash credit system largely for financing agricultural operations and movement and marketing of crops. So the pace at which these member banks will develop the Agricultural Bill market will be very slow. The need for such accommodation may really arise 5 years hence when the section lapses for at present all banks, commercial and co-operative, are surplussing on account of abnormal economic conditions.

If accommodation for seasonal agricultural operations and movement and marketing of crops is to be given adequately even for a limited period, the provisions of the Bill must be amplified so as to permit the Bank also "to make loans and advances on the security of movable goods, wares, merchandise as well as against the warehouse warrants or warehouse receipts representing such goods" as recommended by the Indian Central Banking Enquiry Committee. (*Vide* paragraph 607 of their Report.)

The London Committee on the Reserve Bank Legislation seem to have turned down this recommendation of the Banking Committee on the ground that it would render the Bank's resources less liquid and might involve it in undesirable competition with commercial banks. The Committee do not seem to have given due consideration to the peculiar conditions of India in this matter. The foreign banking experts who assisted the Indian Banking Committee fully supported this recommendation and it also finds considerable support in the central banking policy and practice of many European Reserve Banks. The Indian Reserve Bank can surely be relied on to regulate the volume and period of such loans to provide against loss of liquidity and also not to abuse the power of such open market transactions to the prejudice of the commercial banks. In any case, placing a maximum limit on such accommodation and giving a longer time than five years would have met the London Commit-

tee's apprehension. I hope the Select Committee will rectify this matter.

There is yet another provision relating to agricultural finance in the Bill, to which attention may be drawn. The present Bill, like the Bill of 1928, restricts the total holdings by the Reserve Bank, at any time, of *agricultural bills* of a longer maturity than 3 months (but not more than 6 months) to *one fourth* of the face value of all the bills including promissory notes purchased or rediscounted by the Bank up to that date.* Having regard to the small volume of trade bills in the Indian money market under the present conditions, as already pointed out, the total volume of commercial bills held by the Bank may not immediately after the starting of the Bank amount to very much, and it may take a long time for the Bank's trade bill Portfolio to assume a respectable size. In the mean time the accommodation on agricultural bills, restricted to one fourth of the total bills held, will be too small to meet the requirements of seasonal agricultural operations and the movement and marketing of crops. Again having regard to the fact that agricultural operations are carried on for more than six months in various parts, the period of maturity of agricultural bills eligible for purchase or re-discount will have to be enhanced somewhat. To meet both these demands of the agricultural interests, the Indian Central Banking Enquiry Committee recommended that, in regard to the volume of agricultural bills, a second over-riding limit for the value of agricultural bills may be fixed at a figure not exceeding the share capital of the Bank and that the period of their maturity may be extended

* *Vide* Clause 17, sub-clause (2) (b) which permits "The purchase, sale and rediscount of bills of exchange and promissory notes drawn and payable in India and bearing two or more good signatures, one of which will be that of a scheduled bank, or a provincial co-operative bank, and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within six months from the date of such purchase or re-discount, exclusive of days of grace: provided that the total face value of bills or notes so purchased or rediscounted shall not at any time exceed one fourth of the total face value of all bills and notes purchased or re-discounted by the Bank up to that time."

to 9 months. In other words, even when the total value of commercial bills held by the Bank is less than Rs. 20 crores, agricultural bills may be purchased or re-discounted up to 5 crores and these bills may be of 9 months' maturity instead of 6 months. *

Long Term Rural Credit.

Coming to long term rural credit, the Bill makes no provision whatever for it. In many countries, including almost all parts of the British Commonwealth, arrangements are made for providing long term rural credit either through the Central Banking institutions or through special State Banks set up for the purpose. A brief account of the facilities for rural credit through such institutions, obtaining in England, Ireland, Australia, South Africa, New Zealand and the United States of America, is given by the Indian Central Banking Enquiry Committee, at pages 186 to 188 of their Report, and attention is invited to it. The total omission of a provision for long term rural credit in the Indian Reserve Bank Act is, I consider, a very serious defect and must be rectified.

I wish to draw attention to one recommendation of the Indian Central Banking Enquiry Committee which, if accepted and embodied in the Bill, might help long term rural credit to a certain extent. It runs as follows :—

“We recommend that, if any securities were issued on the guarantee of the Government both for principal and interest, the question of including them in the list of securities eligible for purchase or sale by the Reserve Bank should be considered.” †

The existing provision in the Bill enables the Reserve Bank to purchase and sell only securities of the Government of India, or of

* The recommendations of the Indian Central Banking Enquiry Committee are as follows :—

“If the limit prescribed by the Reserve Bank Bill for the holding of agricultural bills of maturity longer than three months is at any time less than the share capital of the Bank, the total face value of such bills may, at the discretion of the Bank, go up to the amount of the share capital.

“The period of six months for agricultural bills in the Reserve Bank Bill may be extended to nine months.” (Vide page 515 of the Report.)

† Vide page 423 of the Report of the Committee.

a Local Government or a Local Authority. The debentures issued by land mortgage banks, for instance, even with a Local Government's guarantee of the principal and interest, will not come within the purview of the Bank's powers of purchase and sale of securities. The Reserve Bank may merely advance loans on such debentures when they are made trustee securities. That will not do. Unless the Reserve Bank can purchase and sell them, their negotiability and marketability will not be assured to the desired extent. In Madras, the question is one of practical and immediate importance, as it is in contemplation to guarantee the principal as well as the interest of the debentures issued by the Madras Co-operative Central Land Mortgage Bank. When that is done, I fail to see why the Reserve Bank should not purchase and sell them. The other Provincial Governments in India may follow the example of Madras in this matter in the future. The land mortgage banking organisation is one with immense potentialities for expansion, for it has to deal with a rural debt extending to Rs. 1000 crores and improvement of agricultural land of over 250 millions of acres in British India alone. I hope and trust that the Select Committee will accept this recommendation of the Indian Central Banking Enquiry Committee so that the Provincial Governments may make use of that provision to establish and encourage Provincial Land Mortgage Banks in all the Provinces.

The Reserve Bank and the Indigenous Bankers.

It is admitted on all hands that the Indigenous Bankers still play a large part in financing agriculture, internal trade and small industries in India. The External Capital Committee, who enquired into the available capital resources of the country, say that the indigenous banking system “fulfills valuable functions in affording credit facilities and it will be required to fulfil them for a long time to come. Every endeavour should be made to utilise it and to fit it into the modern banking system which is being developed in rural areas.” It is further admitted that the system of banking pursued by the better class of these bankers is suited to the genius of the people, their local requirements, habits, customs and tradition. Some of them are now on the approved list of the Imperial Bank and other joint stock banks and get accommodation within certain limits and on certain conditions. The necessity to link up this class of bankers with the Reserve Bank was strongly urged on the Indian Central Banking

Enquiry Committee and the Committee, after a careful consideration of the question, recommended that, subject to certain limitations and conditions those indigenous bankers who satisfy the prescribed standards may be put on the Reserve Bank's list of banks eligible for discounting and re-discounting facilities and that the Imperial Bank may use them as agents for collection of bills and cheques and to discount their bills more freely.

The agriculturists, petty traders and small industrialists are vitally interested in this recommendation for they still derive their finances mostly from these indigenous bankers. The linking up of these bankers with the Reserve Bank will bring these banks under the influence of the credit policy of the Reserve Bank, will bring down the rates of interest in rural areas and will also help to develop the bill market. The indigenous bankers' knowledge of local conditions will be a valuable asset for creating good trade bills and good agricultural bills too.

I, therefore, trust that the Select Committee will pay attention to this question of linking up the indigenous bankers with the Reserve Bank.

The Benefits of the Reserve Bank.

I do not propose to dwell on the provisions of the Bill which do not specially concern agricultural finance such as the composition of the currency reserves, the relation of the Reserve Bank with the Commercial Banks and the terms of the agreement with the Imperial Bank. The task is best left to the hands of those who are specially concerned and more competent to deal with those provisions. My main object in examining the provisions of the Bill with special reference to agricultural finance is to indicate in what directions they should be improved to better serve the agricultural interests of the country.

While a Reserve Bank, which will control the currency and credit policy of the country and strive to secure the stability of our monetary system, will be an institution which will mark a distinct advance over the present unsatisfactory system of control of currency and credit by different agencies, the proposed Bank may not after all do much in the near future to stimulate our economic advancement or to tangibly improve the existing

economic condition of the masses. In the present undeveloped condition of the Bill market in India, the Bank's ability to effectively control the credit policy and interest level is problematical. If 'securing the stability of the monetary system' means the keeping of the currency of the country at par with gold, many central banks are now unable to do so, including the Bank of England and the Federal Reserve Banks of the U. S. A. If the expression 'securing stability of the monetary system' also means the securing of the stability of the prices, it merely means an attempt to keep the prices in the country in terms of gold at the same level as prices in terms of gold in other countries. This result can be brought about even when there is no central bank by any agency competent to deal with currency. No Reserve Bank can maintain internal prices at a *particular level*. The existing monetary system incorporated in the Bill, namely, linking up the rupee with sterling at 1s. 6d. ratio will at present operate to the detriment of our export trade and agriculture and prevent prices from rising. So, it serves no useful purpose to raise extravagant expectations and to credit the would-be Reserve Bank with all possible and impossible things. It is nevertheless our hope that the Bank will eventually help the development of India's trade, industry and commerce, promote Indian banking enterprise and create adequate facilities for rural credit, so as to help the agriculturist to buy his finance cheap and sell his produce dear.

The Future of the Reserve Bank.

A remarkable feature of the contemplated Federal Constitution for India is that the Federal Legislature cannot embark on any "legislation which affects the coinage and currency of the Federation or the powers and duties of the Federal Reserve Bank in relation to management of currency or exchange" without the consent of the Governor-General "given at his discretion". The words "given at his discretion", whenever they are used in the White Paper in connection with the Governor-General's consent have a technical sense of a far reaching character. The consent of the Governor-General means that he will be acting on the advice of the Federal Executive and Federal Legislature. But the addition of the words "given at his discretion" means in the White Paper that the Governor-General shall act in accordance with the mandate of the British Parliament and the British Cabinet whose mouth-piece will be the Secretary of State. The plain and simple meaning

of all this technical language is that the Reserve Bank Act as passed by the present Legislative Assembly cannot be modified by the future Federal Legislature of India except with the approval of the British Treasury and the London City interests. Sir Samuel Hoare does not hide this fact. He says in his evidence, almost in so many words, that as India must depend for a long time to come on the London money market for her capital and as the stability of her credit can be assured in the London market only so long as her monetary system has the approval of the British Treasury and the London City interests, no discussion of matters relating to Indian coinage, currency and exchange by the Federal Legislature can be permitted except to the extent that the Secretary of State may think fit to allow. Indeed, Sir Samuel Hoare says that notwithstanding the large volume of Indian opinion to the contrary, this particular safeguard was considered by British opinion to be absolutely necessary to maintain the stability of India's credit. It remains to be seen how far this safeguard will be used in practice to promote the interests of India and without detriment to our National Advancement.

Co-operation in Mysore.

Speech delivered by H. H. The Yuvaraja of Mysore, at the opening of the Twentieth Mysore Provincial Co-operative Conference at Mysore on the 26th September 1933.

MR. VENKATAKRISHNAYYA, DIWAN BAHADUR MR. M. RAMACHANDRA RAO, LADIES AND GENTLEMEN,

It is a very great pleasure to me, on my return from a tour through some of the puzzled and perplexed countries of the West, to receive a report upon the state of co-operation in Mysore as satisfactory as that which Mr. Venkatakrishnayya has just read to us. I have watched the development of this movement in the State now for something like twenty years, and am very glad to note that it is reaching or has already reached a number of satisfactory landmarks. Its membership is nearly a lakh and a half, its working capital well over two crores, its deposits nearly a crore, its share capital half a crore and its profits very nearly five lakhs. These are very comforting figures to ponder over when we compare with them the condition of banking in some other countries of the world; and we have a very good reason to be thankful for the factors that have made such progress possible, especially our steadily progressive Government; the absence of the troubles that arise from variations in the value of the currency; and above all, the wise and cautious direction of the movement by Mr. Venkatakrishnayya and his fellow co-operators.

We have come together to-day to take counsel in a very critical period of the affairs of the world, and it is a circumstance upon which we may congratulate ourselves that we have secured the services of so wise and experienced a co-operator and publicist as Diwan Bahadur M. Ramachandra Rao to advise us on the problems before us.

You remind me that it is six years now since I last presided over your Conference, and when I look back over that period, I think I may claim with some justice that the advice that I have tendered to you from time to time has been on the right lines. In 1927, in the joyous days of the Silver Jubilee of His Highness the Maharaja,

when we seemed to be entering on a new era of progress, I urged you to devote yourselves to a programme of rural reconstruction and to take steps to ensure that the spirit of co-operation should permeate every activity of the people. When after that the slump came upon us, I was among the first to urge you to pursue a policy of caution in your dealings and to take steps to consolidate your position and reconsider the adequacy of your standards of reserves. Last year, when the clouds were beginning to lift a little, I urged you to consider especially the question of a general reduction in your rates of interest, and at the same time to examine again the question of helping your constituents to sell their goods through the use of such processes as standardisation and grading.

What is the policy we ought to pursue in the present year when the sun seems to be shining faintly through the clouds, when trade is beginning to revive, and when we are told on all hands that all that is wanted to give the world a fresh impetus is the restoration of mutual trust and confidence? I put it to you that the first thing we need to-day is to apply ourselves to the study of world economics, in respect of which there has recently been a very vast change of thought. I may describe this in the words of Professor Kale as follows:—
 “The old style world economy was founded on the relations of business men and their groups, left to carry on economic activities for their own profit, irrespective of the consideration of their effects on other members and sections of the community to which they were politically subject. This has been found to be detrimental to the best interests of large sections of communities, and of nations taken as political communities; the experience of the post-War years has emphasised the disadvantages of the old system; hence the powerful reaction against the individualism and the internationalism of the Liberal and Socialistic Schools, and the growth of the organic conception of the national State, co-ordinating, regulating, and controlling, economic activities of individuals and social groups.”

Meanwhile, the extensive measures that are being taken in India for transferring the responsibility for the decision on questions of high policy from officials to the representatives of the people involve, on the part of all who are interested in the welfare of their country and in a position to influence public affairs, a much closer study of the facts and figures bearing on important measures than was necessary before.

In view of this urgent need for greater knowledge and for a wider dispersion of it, I welcome the news that the Co-operative Propagandist Institute has appointed a strong working committee and an influential editorial board under whose guidance the Mysore Co-operative Journal is to be revived. I feel very strongly that, in times like the present, we cannot expect to carry on placidly the work that we have been doing as if we were cut off from the rest of the world. We must all be prepared to take our part in the federal economy of India and in the world economy of the nations with which India has relations. And in order to fit ourselves to take our part, we need to make a very wide and careful study of the economics at least of the parts of the world with which we are concerned.

I would like you in such a study to take to heart the pregnant words of the old Roman orator, Cicero, that “economy is a great revenue,” and to see if you cannot, by studying the reactions of this principle both abroad and at home, find means of bettering the condition of the people of the State. The phrase that economy is a great revenue sounds like a paradox, but if you study some of the trade and national movements that have been most successful in these distressful years, you will, I think, find that much of the secret of their success lies in economy. It is, as we all know, not prosperity, but necessity that is the mother of invention. In prosperous years, when profits are easy to make, we go on piling up charges and adding to establishments, and are comparatively speaking, careless as to the rates of interest we pay. When the lean years come and it is a case of cutting our costs or doing no trade at all, we set all our brains to work to invent cheaper methods, and when we succeed in doing so, economy becomes a great revenue.

Of course, in many of these cases economy means, as Ruskin put it, “spending or saving, whether money or time, or anything else, to the best possible advantage”; and that again means, ninety-nine cases out of a hundred, co-operation. Take as an instance the New Zealand butter trade, in which hundreds of farmers used to compete against one another and sell their produce through middlemen, and few of them made any profit worth speaking of. By the economies of centralising their plant, standardising their product, and eliminating the middleman, they have now built up such a trade that, in the last year, that small country, with less than a quarter of the population of Mysore, exported no less than 120,000 tons of

butter, and now it is competing at an advantage with the local product in our own City of Bangalore. You have no doubt seen in the newspapers that in Great Britain similar action is being taken as regards both milk and butter, and that an enormous trust has been formed, with the full consent of a huge majority of the farmers concerned, which is expected, not only to yield profits to them, but to give the consumer a better and a purer article at a lower price. Economy in interest charges again has proved a great revenue to one after another of the governments of the world. Another economy which was carried to extremes that were almost laughable in England was the economy resulting from dispensing with gold ornaments and trinkets. Those who are readers of *Punch* will remember the picture of the seaman going into a goldsmith's shop and pointing to a large gold tooth in his mouth and asking how much he would give him for the tooth on account of the gold in it.

This latter economy is one that has already been followed in India with the most astounding results. I should like to remind you of something written by Mahadev Govind Ranade fifty years ago: "Every year we import in treasure bullion, gold and silver of the value of twelve crores worth, i.e., three crores of gold and nine crores of silver. The whole of the gold disappears, and is absorbed by the soil and of the silver seven crores are sent by us to the Mint every year, and the rest is absorbed like the gold. Since 1834 this absorbing process has secured the virtual destruction of nearly four hundred and fifty crores of wealth, which might have been turned to better account. The saving of four hundred and fifty crores in fifty years by twenty-five crores of people is not a sign of great prosperity, but we have made our position worse by burying it or using it unproductively. This hoarding, at least, proves that nearly eight crores of rupees may be each year turned to capital account, if we were only resolved so to use it."

That statement was made nearly fifty years ago, and from 1884 onwards, the process of hoarding of gold has continued and largely increased. In the last year or two, however, our people have followed the example of the European nations in turning this economy into a revenue, and a speaker in the Legislative Assembly recently gave 150 crores as the value of the gold that has left the country. Different views are held as to the real causes and effects of these extensive sales of gold, but I think there can be no question as to

one point, namely, that much of the currency received in exchange is seeking investment, with the result that there has been a very large reduction in the rates of interest.

This is a position of affairs that has affected the Co-operative Societies among others, and your address refers to the fact that you have had to turn away deposits because you cannot use the money. I should like to put it to you that it has opened up for you a magnificent opportunity for the reconstruction, both rural and industrial, of the State. We read in the papers that in the United States of America, the Reconstruction Finance Corporation are offering loans at 3 per cent to banks, trusts and mortgage companies and asking them to re-lend them to industries at a rate of 4 per cent. Is it not possible for you, who are experts in the wise employment of money, to take advantage of this plethora of cheap credit, to accept deposits at a low rate of interest and lend them out again on good security for the foundation of new businesses? You have referred, Mr. Venkatakrishnayya, to the Reserve Bank. Is it not a worthy ambition to endeavour to invest some of your reserves in the share capital of that institution and so secure representation of the interests of the State upon one of the regional boards, which are to be appointed? Again you have referred to housing societies, but curiously enough have asked for the assistance of the Government in supporting them. Is not this a matter which the co-operators of the State are fully qualified to undertake for themselves? There are few societies in England which are so sound and so steady in their interest payments as the housing societies. It is obvious that the building of a number of houses on a sound and uniform plan by a company is much cheaper than for each man to build his own, and while the houses cannot run away, there is also little difficulty in securing a return on the capital invested, if care is taken in building them only in places where there is a demand. I put it to you that you have great opportunities of aiding in the clearance of slums by developing housing societies of the best kind.

Another matter which I should like to see made a subject of study is that of Investment Trusts. When the boom comes, as we all hope it will come soon, all sorts of enterprises will be started by all sorts of people, and the private investor will be invited to venture his money by tempting prospectuses. He has no one to advise him, and if he is left to do his investing for himself, he is very liable to

lose his all. Here is another service that can be performed by all expert business men who are the leaders of your movement, the forming Investment Trusts, and while giving a helping hand to by sound and promising developments, at the same time taking great care to see that the money entrusted to them is well distributed over different interests which are backed by sufficient security. In this way, it should be possible for them to make for the investor who entrusts his money to them, a rate of interest much better than he would realise on Government paper without running the risks that he is liable to incur if he trusts to his own judgment. These are instances of the ways in which I hope you will be able to take advantage of the falling rate of interest instead of finding it, as you appear to be finding it at present, as a matter of embarrassment.

I should like to mention one or two other cases in which economy is a great revenue. A missionary gentleman in the United Provinces wrote a book, some time ago, in which he made the challenging statement that, if India were to save all the money which it spends on maintaining useless cattle, beggars and monkeys, it would be one of the richest countries in the world. And he purported to establish his proposition by taking the number, for instance, of the cattle which yield nothing multiplying them by a small figure for the cost of their annual maintenance, and stating that this was the tax which the country imposed upon itself by this form of charity. I am not suggesting for a moment that you should take drastic steps to reduce the numbers of cattle, beggars or monkeys, but I do suggest to you that you should organise your charities. It is possible, for instance, to stop the reproduction of useless cattle at the source, and if you do so, you will find that a very much smaller number of really good ones would be of far more value to the country. Take again the charity which you give to beggars. Could not you get far better value if you organised this also? There are numerous organisations for relieving human misery in ways that do far more good than the casual feeding of a group of beggars. I am myself associated with a number. I should like to mention one namely, the Red Cross. There are no pangs more terrible than those of neglected labour among women. There is no economic loss more distressful than the loss of life among children in the first two years of age. These are among the things that the Red Cross is organised to alleviate. I should like to see you divert to them some of the charity that now goes to support able-bodied men in

idleness. One simple scheme that the Society has at heart is the providing of a place in every village at which women in labour can be cared for and at least given antiseptic treatment. I put it to you that this is a pure matter of co-operation and economy. It would be for the good of the State if you would divert some of your charities now going to other sources into an organised charity of this kind. I should like to see a subscription to that Society, if only of one rupee apiece, from each of the societies that is represented here to-day.

I could easily continue the list of cases in which economy is a great revenue. I am very glad, for instance, to see numerous resolutions of local associations to economise in expenditure on marriages and litigation, and I sincerely hope that these resolutions will be fulfilled, and that in course of time they will prove a great revenue to the communities concerned. Again, a brief study of the statistical tables coupled with a tour of the Dasara Exhibition would, I am sure, indicate to any study centre which took up the question, a number of imported articles which we could very well do without or replace by articles made in our own State.

Lastly, I would ask you to examine the question whether we could not make economy a great revenue by making things last longer. I am referring, not so much to clothes as to things like motor cars, tools, machinery and even houses and roads. To one returning from Europe, it is painful to reflect how much need there is in this country for the stitch in time which saves nine. Almost every item of machinery here lasts far less long than it does in European countries. Houses are not painted and kept up and decay far sooner than they need. A road is often washed out in a storm of torrential rain when five minutes' work with a mamooty would divert the torrent that carries the surface away.

To conclude, Ladies and Gentlemen, I congratulate you all most heartily on the splendid advance that has been achieved in the last quarter of a century, and I hope that in the next quarter this good work will be carried on to such an extent that it will, as I suggested in 1927, permeate every activity of the citizens of the State; that co-operation will become as much a recognized law of life as Government; and that the co-operative spirit will be in all things the spirit of Mysore.

Extracts.

THE VALUE OF UNIVERSITY STANDARD OF TRAINING FOR CO-OPERATIVE SERVICE.

BY DR. E. GRUNFELD OF HALLE UNIVERSITY.*

Technicians may be disregarded in this connection. We are only concerned with those University men and women who find permanent positions in the service of Co-operatives or their central organisations. Only large Co-operatives and especially their central organisations are able to offer such appointments. University graduates may be engaged as business managers and advisers, secretaries, journalists and teachers at Co-operative schools or as general auditors. But a glance round the Co-operative world reveals little inclination to appoint University men, one reason being that leading positions, even in the educational and publicity departments are mostly occupied by people who have worked themselves up from small posts and have acquired the necessary knowledge in the process, and another that the Co-operatives and their unions are not very well disposed towards the appointment of university men. The middle classes and the proletariat, the mainstay of the Co-operatives, admire University Education from afar and recoil from University men the more they flaunt their own self-confidence. A stray University man who has by chance or design entered the employ of a Co-operative is easily pushed out again. And one must admit that the Co-operative Movement owes its great achievements to personalities without University education.

However conditions are not as they were. As long as Co-operative Societies and the Co-operative movement were of small or moderate size, their best functionaries rising with them, were able to pick up all knowledge required. And special abilities, even to-day, can do without a University education, because they are able to educate themselves. But affairs to-day have become much too complicated for the self-taught man and the number of the naturally gifted is smaller than we may think. In any case, natural endowment alone cannot supply acquired knowledge. Thus, we notice everywhere that exceptions are readily made for activities recognized as expert's tasks even by the uneducated; for legal matters Solicitors and barristers are engaged. Even highly qualified

* In the course of a paper at the Paris Meeting (1932) of the International Institute for the study of Co-operation published in Co-operation and Charles Gide reviewed in the September issue.*

EXTRACTS

businessmen are accepted by the Co-operatives, and frequently no stress is laid on a Co-operative attitude. Economic experts are less sought for, since the man in the street does not believe that economics or sociology can or indeed must be 'learned' in schools. It is qualification enough to have written a number of leading articles or to have read or, better still, to have written one or two books. Admittedly convictions suffer through critical analysis and consequently scientists are objects of suspicion to all practical men (not only to those connected with Co-operative Societies); one never knows when they may change their opinion; in a word, they cannot be trusted.

Who should be in charge of courses on the Co-operative Movement? The regular professor of economics, etc., a special professor of Co-operation or a practical man engaged by the University who might be appointed as lecturer or professor? In my own opinion, one should, if possible, choose professional teachers and endeavour to find among the professors of economics, law, etc., such specialists as will give expert attention to the Co-operative Movement in their capacities as teachers and research workers. Especial chairs for the Co-operatives should not be established as the subject is no self-contained branch of learning. A professor asked to specialise all his life solely in Co-operation may easily lose contact with the wider aspects of economics, and in time his teaching will cease to be scientific in spirit. Where funds permit, a professor of economics can be put in charge of the courses on Co-operation; he should be given the opportunity of devoting himself to other economic subjects as well.

In some cases it will be desirable or inevitable to engage practical men as University teachers. But they are apt to be pre-occupied with the interests of their societies to be able to devote all their energies to scientific work. They should be asked to give extension courses, occasional lectures and special lecture courses. But, in the interest of scientific objectivity and thoroughness, the training of the student on the whole be in charge of professional teachers.

The art of applying knowledge to actual life can never be taught or learned; no graduate without a feeling for the adaption of theory to practice will ever succeed in life. Therefore the Universities must lay greatest stress on teaching the student to think and not only give him factual information. The student must bring practical sense with him when entering a career, otherwise he will be no more than a disastrous doctrinaire.

* * * *

THE MADRAS JOURNAL OF CO-OPERATION
ECONOMIES OF CO-OPERATIVE MASS PRODUCTION.

THE REAL WAY TO THE COMMONWEALTH.

BY H. STANLEY JEVONS, M.A., B.SC. (LONDON), F.G.S., F.S.S.
(*One-time Professor in University of Cardiff.*)

The interesting and important question which forms the subject of this article was suggested to me by a balanced and sympathetic account of my recent book, "Economic Equality in the Co-operative Commonwealth," which appeared in the May number of the CO-OPERATIVE REVIEW; and especially by the following passage:—

Jevons' "Commonwealth" and Poisson's "Republic" are vastly different affairs. In the former the Co-operative Movement becomes a subsidiary economic organisation; in the latter it dominates the whole field of economic activity. In the former the Co-operative Movement deepens its roots into the economic structure; in the latter it absorbs the state.

The place which the Consumers' Co-operative Movement ought to take in the ultimate Co-operative Commonwealth of Great Britain, and the part it is actually likely to play, are indeed subjects about which a fair-sized book could be written. Many views are possible; and one cannot help feeling that Poisson made no serious investigation of what is likely to happen, but was swayed by the wish which was father to the thought when he depicted the Co-operative Movement absorbing all economic functions and ultimately constituting the State itself.

Every enthusiastic co-operator—and I count myself one—must hope that the Co-operative Movement will take a prominent part in the realisation of the Co-operative Commonwealth—whatever that means exactly. My book, however, was intended to be, on the one hand, a study of an ideal state of society based on universal co-operation, and on the other hand of survey of present movements and social tendencies in relation to the ideal State. It was no part of my task in that book to advocate one movement rather than another. My aim was to be objective; to be an impartial observer of present social institutions; and, if there were any basis of judgment, to give some idea of the part which each seemed likely to play in actually realising a co-operative commonwealth or socialised state.

EXTRACTS

DEFECTS OF DEMOCRACY.

Frankly, I must say, after some considerable study of the Co-operative Movement, from the inside as well as from its literature, that I do not think the Movement is destined to play a leading part in the establishment of the Co-operative Commonwealth. I wish it would, and I think that it might; but certainly it will not do so, if its policy continues as at present in the distributive societies and in production. Local feeling and interests, and a determination to assert their independence and their rights, predominate in trade matters over actions for the good of the Movement as a whole; *i.e.*, the good of members of all other Societies. Until the ordinary member acquires a consciousness of the Movement as a whole and becomes possessed of a keen desire to extend it in all parts of the country and have it take a leading part in realising a new social order, he will not be ready to back up the committees and officers in adopting a forward policy, nor to make the slight personal sacrifices which are essential.

The Movement is fundamentally democratic; and, whilst a democratic basis is to some extent a source of strength, the Co-operative Movement in this country suffers from all the defects inherent in a crude form of democracy. Until the members become conscious of these weaknesses they are hardly likely to seek a remedy. When they do begin seriously to seek it, they will find the remedy; and the Movement, having adopted administrative changes and a planning of production, will progress rapidly to a nearly complete absorption of the business of supplying consumers' daily needs.

To make my meaning clearer it will be best to state concretely the general lines along which progress could be achieved with rapidity and certainty. I do not think the Co-operative Movement will gain in numbers through political action. In that sphere it would seem that its main concern must be self-protection, and legislative provision of all necessary facilities for co-operative enterprise. In national policy it cannot do better than collaborate with the Labour-Socialist Party.

BETTER SERVICE—LOWER PRICES.

A direction of activities which would bring a far greater advantage than diversion of energies to politics is to organise a forward policy in trade facilities and in production upon carefully planned

lines. I pointed out in an article two years ago* that the key to obtaining Co-operative membership up to 100 per cent. of the families resident in a district is efficiency of service, understanding the term in its widest sense. This includes not merely the availability of all kinds of goods in various qualities to meet individual needs or tastes, and prompt shop attention and deliveries, but prices also, and relative quality per price. Efficient service involves, in my opinion—and I am sure I am right in this—reduction of prices to something below the usual market rate, and certainly below P.A.T.A. minimum prices, when comparison is made on the basis of equal quality and equivalence in packing, so far as that has real utility.

The main road to increase of membership is unquestionably substantial reduction of prices without sacrifice of quality or of the rate of dividend which has become customary in any society. Am I suggesting the impossible? Not in the least; as anyone who clearly appreciates the possibilities of mass production will agree. The key to the rapid growth of the Co-operative Movement is the manufacture of a much larger range of articles at lower costs and in vast quantities.

LARGE SCALE PRODUCTION, THE KEY TO SUCCESS.

The 6½ million numbers of co-operative societies probably represent about 5 million families. That number of families will almost certainly spend a total of £500,000 a year on saucepans, £250,000 on kettles, £150,000 each year on scissors, and at least £30,000 on such an item as men's cloth caps. We shall not be far wrong if we put the annual purchases of five million families of soap at £5,000,000, of cigarettes and tobacco at well over £10,000,000. Their total purchases of food, clothing, personal and household effects must amount to about £450,000,000, of which the Movement actually handles nearly half; but it only produces goods to the value of about £35,000,000 (at retail prices), or less than one-twelfth of the total purchases of the five million families, and probably only about one fifth of the manufactured goods included in the £450,000,000. If the Movement were to take advantage of the fact that it could organise demand in a way far more efficient than the expensive sales methods of its rivals, all kinds of hardware, cutlery, pottery, brushes, etc., and most kinds of clothing, could be produced as cheaply as anywhere in the world (except Japan) and of high quality.

* See "Co-operative Official" for April, 1931.

A GREAT PRODUCTIVE EXPERIMENT.

Seeing that there is this tremendous opening for the Movement, and that it could quite easily find £20,000,000 capital within a year to build new factories, we may well ask: Why does not the Movement undertake mass production on a vast scale? Is not the C.W.S. to blame for hanging back? One is inclined at first to say—Yes. But on further inquiry the problem becomes less simple than it seemed. The C.W.S. has in fact made tentative experiments in mass production, of which perhaps the most interesting and successful is the cabinetmaking plant at Ponders End, in North London, which turns out, with a fine mechanical equipment, modern style furniture, without attempting much variety of design. But why does not the C.W.S. go in for continuous mass production on a really large scale? I think it has missed some splendid opportunities during the last few years; e.g., the manufacture of wireless sets, of bicycles (on a large scale), of safety razor blades, of table knives and scissors, all of which have been brought under mass production in this country only within the last four or five years, and the last two by companies in Sheffield one of which is German.

But in most cases the reason the C.W.S. has not gone in for mass production is the same as that which has deterred British manufacturers in general—it has feared to risk not being able to dispose of the greatly increased quantities which would be necessary to justify mass production, for which new and expensively equipped plants must be set up. It is obvious therefore that the adoption of mass production on an adequate scale by the Movement depends in the first instance on the retail distributive societies mainly rather than on the C.W.S. At present the buyer of each society has his own ideas about style, fit etc., and knows what his members like or are accustomed to, and naturally plays for safety and maintaining the dividend. It is for the managing committee to decide, of course, what risk they can take in order to join with other societies to secure lower prices and, in the long run, greater certainty of the dividend.

To commence the new policy, it should be quite possible to find a group of large societies which would make up their minds to adopt a forward policy in production by supporting the C.W.S. in establishing new mass production factories. They would have to agree with the latter upon certain standards of design and quality; and then each society must definitely accept an agreed quota of the goods—or, at

least, each must accept a minimum, if called upon by the C.W.S. to take up its minimum. Most of the risk having thus been placed where it should lie—on the retail societies, who alone can push the sale of goods and convert members to support such an experiment—the C.W.S. will be found ready enough, I am sure, to go ahead.

This is but one example of the innovations required in the Movement before it can pride itself on the part it is going to play in establishing the Co-operative Commonwealth. Something like 95 per cent of the ordinary members in the Movement are conservative in their habits of thought and outlook; and they are ignorant of the vast possibilities in modern methods of large-scale marketing and manufacture. It would be folly, however, to allow them to remain ignorant, whilst trade rivals are one after another learning to make the utmost use of modern improvements in industrial organisation and sales technique. How, then, are they to be interested? How are they to be taught?

EDUCATION AS A BUSINESS CONCERN.

My reply would be that it is the education committees and education secretaries of retail societies who should make themselves responsible. They would have to study these questions deeply themselves, and then take steps to interest and widely instruct their members. Of course the guild organisations could do a good deal on this direction; but I regard such instruction in the policy, and possible policies, of the Movement as part of the actual business of a society. In the early days of the Movement the members were frequently gathered together in general meeting, and took part in, or at least listened to, lengthy discussions on the general principles of co-operation, as well as immediate business affairs. Cannot we do something of the sort now; or in the big societies find a good substitute for general discussion meetings?

The management of a society—committee and officials—seem to me often to look upon the Education Department with a good deal of contempt. Since the members at large are willing, the education-ists are granted some money to “play with”; but education is treated by many societies as something rather like summer excursions, or subscriptions to charities—quite apart from the regular business of the society. This appears to me entirely wrong; for the Movement can only maintain its turnover and increase its membership by following

consistently a carefully planned policy. The collaboration of the ordinary member is necessary to secure the success of any new policy; and a new policy is essential to meet new conditions.

It would seem, therefore, the wisest course for managing committees and the executive officers to take a keen interest in the educational activities of their society and arrange that their policy is explained fully in lectures, classes, the society's magazine, and special circulars. Every grocery branch might have its “education section” or “corner” where there would be shown literature of the Movement and the society's own notices, circulars, etc., and guild notices; and branch managers might well be expected to take more interest in the educational activities, and to regard it as part of their work to get members interested in them. Mere appeals to loyalty are played out. Indeed I think some members resent them; but a carefully and clearly reasoned statement of a new policy would, I believe, command very wide support, after adoption at a general meeting.

It will be realised from the present article that when in writing “Economic Equality in the Co-operative Commonwealth,” I did not assign the Co-operative Movement an important role in establishing the Co-operative Commonwealth, it was a deliberate opinion; but I am only too anxious to see my opinion on that subject beginning to be falsified, and shall do everything in my power to that end.

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Reviews.

THE WORKING OF THE BENGAL CO-OPERATIVE SOCIETIES.

Annual Report on for the Year Ending 30th June 1932.

This annual report for Bengal is like reports of other provinces a record of arrested growth. The following extract will reveal the effective check put upon fresh registration and growth. "In consequence of the restriction placed on fresh registration, the number of Societies of all classes increased from 23,676 to 23,777 or by '4 per cent. only as against an increase of 5'8 per cent. in the preceding year. The total membership, however increased from 806,567 to 817,760 or 1'3 per cent. as against 7'5 per cent. in the preceding year. The total working capital rose from Rs. 15,79 lakhs to Rs. 16,33 lakhs or by 3'4 per cent. as against 6'4 per cent. in the preceding year. The actual cash employed in the movement rose from Rs. 10,59 crores to Rs. 11,22 crores."

The Registrar points out how owing to unprecedented economic depression many defects which were hitherto latent became more pronounced. "In the first place, money which was obtained mainly as deposits for a period extending from one to three years was invested as loans for long term purposes. Secondly, most of these loans were advanced in years when owing to the high prices of agricultural produce, particularly of jute, the credit of the agriculturists was high. Thirdly, owing to the ease with which deposits were obtained, loans were readily granted relying on the security of unlimited liability and the assets of the members without due regard to their repaying capacity. Fourthly, much attention was not paid to the fundamental principle that loans should be utilised only for the purpose for which they were granted. And lastly there was a certain amount of leniency in the matter of recovery, such leniency being mistaken for kindness to the borrower-members."

It is gratifying however to be assured by the Registrar that if the economic crisis has brought the defects into prominence, "it has also demonstrated the strength of the movement. While many of the joint stock companies, which were to be found in large numbers in almost all the towns and big villages, have had practically to suspend their work, the Co-operative Banks still continue to function."

The Central Co-operative Anti Malarial Society did useful work as usual and the Milk Supply Unions of which Calcutta Milk Union is the

most important, also did good work. The same could not be said of some of the Industrial Unions. Urban Banks have been doing well in other provinces, but the three dangers associated with the Urban Banks mentioned by the Registrar are not peculiar to Bengal and hence we would like to warn Urban workers against them. "Several of these Societies' says the Registrar show a tendency to grant extension of kist on insufficient grounds. In their desire for more dividend these societies some times do not realise the necessity for building up adequate reserve as a cover for bad debts. Another factor which sometimes paralyses the working of these Societies is serious party faction among members."

Fishermen Societies, Weavers Societies Silk Societies, etc., got on with indifferent success. The Co-operative Provident Insurance Society had to be pulled up and it has been reconstituted on a new basis with actuarial help. The year was an abnormal one from many points of view and Co-operators of Bengal are to be congratulated that things are not worse than they are. Though the Movement has been able to secure the valuable services of eminent persons like Dr. Pramatha Nath Bauerjea, Minto, Professor of Economics, Calcutta University and Mr. S.K. Lahiri, who has been for many years Honorary Secretary of the Bengal Co-operative Organisation Society, yet it is sad to read from the Registrar's report that in the case of many Societies "workers of the proper type have not always been available to carry on the work started." We hope, Bengal Co-operators will see to it that such a remark is not repeated.

S.K.Y.

REPORT ON THE ADMINISTRATION OF THE

Co-operative Department in the Cochin State for the year '31-'32.

The State of Cochin though small in size is one of the most advanced in point of education and it is gratifying to note that Co-operation is making satisfactory progress in spite of heavy economic depression as the following statement will show.

Malabar Year.	No. of Socie- ties.	No. of Mem- bers.	Working Capital.	Total Transactions.	Reserve Fund.
			Rs.	Rs.	Rs.
1105	214	21,474	19,98,855	70,40,474	2,44,745
1106	235	24,580	21,22,935	72,35,383	2,82,827
1107	254	25,290	22,26,336	73,22,445	3,23,051

Overdues are increasing as in other parts of India, but it is gratifying to be assured by the Registrar that the persistency in overdues need not, however, cause much anxiety as most of the loans are covered by adequate securities." We hope every case has been individually examined and the security found adequate. The department and the non-official workers will do well to remember that one of the mistakes committed in other parts of India has been laying emphasis only upon the net property of the Member instead of his repaying capacity. It is hoped that at least in the case of newly organised societies this important aspect will be borne in mind.

We are glad to note that the two Apex Institutions, the Central Bank and the Central Propaganda Institute, have been doing good work during the year. The Institute publishes a Quarterly, holds conferences, gets lectures delivered, conducts training classes, runs a Reading Room and Library and celebrates the International Co-operators Day. This brings the Co-operators of Cochin into living contact with the Co-operators elsewhere. Supervising Unions recently formed are still in an amorphous condition and their conduct will, be watched with interest by Co-operators in Madras because it is our sad experience that this institution has not been much of a success. We hope the enlightened citizens of Cochin State will not give room for the repetition of the remark made by the Registrar in his report. "Although the attitude of the public in general and the increasing number of the educated section of the various communities in the State in particular continued to be cordial towards the movement, it should be admitted that the amount of Co-operative zeal, energy and enthusiasm on their part was not up to the mark as to satisfy the growing needs of the movement."

We are glad to be assured by the Registrar that in spite of some defects detected in the working of the Movement there is no reason for despondency or pessimism with regard to the progress of co-operation in the state even in this abnormal period of economic depression.

We have to add, however, that the movement has hitherto been running in the narrow groove of credit and it is time it expands along other lines of useful work. The formation of a Land Mortgage Bank for disbursing long-term credit to the agriculturists in the state is long overdue. The state commands a good deal of public confidence as is evidenced by the phenomenal success of a recent loan floated by the Durbar. It can very easily, therefore, wipe out the existing agricultural indebtedness by advancing necessary amount which it can easily borrow in the open market. At least steps should be taken in order to achieve this ideal. One also notices the absence of House Building Societies which in a

progressive state like that would be found very useful by the people, and for this branch of co-operation as well, in India at least, people have been accustomed to look to the state for advancing the necessary funds. The Durbar of the State will do well, as the sister state of Travancore has done, to appoint a committee of Enquiry and to invite expert opinion to suggest lines of future work and methods of rectifying the mistakes in the existing machinery.

S.K.V.

FEDERATED MALAY STATES.

Annual Report on the working of Co-operative Societies for the Period 1st July 1931 to 31st December 1932.

The Movement showed as much of general progress as could be expected in a period of unprecedented economic depression. Among the borrowers' societies those for Indian Estate Labourers' showed progress as the following table will show:—

Year.	No. of Societies.	No. of Members.	Paid-up share capital.	Reserve Fund.	Total Working Capital.	
			Rs.	Rs.	Rs.	
1928	...	123	17,750	1,838,214	68,038	1,940,232
1929	...	138	23,762	2,291,749	107,557	2,490,292
1930	...	158	28,303	2,726,339	166,616	2,938,241
1931	...	165	25,879	2,926,754	203,757	3,151,267
1932	...	190	23,192	2,553,167	256,770	2,844,599

The Rural Credit Societies languished because "the Malay peasant has realised the futility of encumbering himself and his property with the burden of loan repayments in times when he has little or indeed no surplus income over and above his daily needs." Some attempts have been made at starting societies for Co-operative marketing and satisfactory work was done by such of the thrift and loan societies that continued to function.

The Rural Caravan and Film Propaganda mentioned in previous reports did useful work by doing ten tours in various parts of the country and it is estimated that more than 55,000 Malays, 9,000 Tamils and

about 2,000 Chinese saw the films during the year. A departmental conference was convened and a paper entitled "Co-operation as a basic problem of Administration in Malaya" was compiled under instructions of the Government, which describe the origin and development of the Co-operative movement in the country and endeavours to portray the very complex economic problems and difficulties which confronted the department in its early days. The department also drew up a paper called "Programme of Activities" indicating the lines on which it has proposed to work in the coming year. This is the last report of Mr. A. Cavendish, who has been Director of Co-operation for some years and it is refreshing to read the hopeful remarks of the retiring Director. "In reviewing the situation, it is interesting to observe the way in which the various Co-operative ships are weathering the present storms and stresses, and actually in many cases forging strongly ahead. There are no leaks and cracks which cannot be fairly easily repaired and which will impede their progress."

S.K.V.

STRAITS SETTLEMENTS.

Annual Report on the Co-operative Societies for the year 31-32.

The report follows very closely the lines on which the report of Malay States is written and we find the same features repeated. Salary Earners' Societies and Indian Estate Labourers' Societies work satisfactorily and so also Rural Lecture Caravan and Film Propaganda. The departmental publication of a paper called "Co-operation as a basic problem of administration in Malaya" and the preparation of another paper called "Programme of Activities" indicating the lines of future work are all to be found in this report as well. Mr. Cavendish, the retiring Director of Co-operation feels confident that his successor being specially trained would be able to carry on the work well.

YEAR-BOOK OF AGRICULTURAL CO-OPERATION, 1933.

Edited by the Horace Plunkett Foundation, P.S. King & Son, 12/6.

The year-book for 1933 was received by us only a few days back, and we hasten to acknowledge our gratitude to the Foundation for this very useful and up-to-date annual guide to Co-operators. This is the first publication after the death of its famous founder, Sir Horace Plunkett, to whose life work in the cause of Co-operation a brief but very handsome and touching tribute is paid by Sir A.D. Hall, the Chairman of Trustees.

The record of Co-operation in the period of economic depression through which the world is passing is the subject of the introductory

chapter. It is claimed to be a "silver lining if not yet an actual break in the clouds." The movement is quite vigorous in most parts of Europe and even in rural Britain, it is enormously expanding, particularly on the side of marketing, in all countries having large exportable surplus, while in Japan a five-year plan of co-operative development is worked up by the Co-operative Union with the help of the Government. Co-operation is wooed alike by Bolshevism and Facism and we are told that "the economic hope of the Indian people is more firmly set than ever in Co-operation" which is not without a touch of irony for closer spectators. But facts and figures so far as the whole world is concerned warrant the statements that "Co-operation is standing firm in the midst of the debacle; confidence has not been undermined; there is no process of disintegration; no attempt to liquidate Co-operative fortunes; no sign of paralysis, no threat of bankruptcy or of collapse." How we wish all this were true of our country.

The earlier half of the book is devoted to short and succinct accounts of the movement in about 25 countries in the world. Some of them are indeed far too bald and short and perhaps justifiably so, since in the previous issues more elaborate and descriptive accounts were given and the aim in later volumes should be only to bring them up-to-date and treat of any new developments.

India is, for instance, disposed of in three pages, though the handling is sympathetic and the interpretation generous to a fault. If loans to individuals and to institutions fell by 33 per cent. and 40 per cent. respectively, it is set down as a favourable sign and it is assumed that it is due to the tightening of control and greater prudence in granting credit. There is no such obvious explanation for the miserable turnover of our non-credit societies, though in the rest of the world, the depression has driven people to increase the volume of Co-operative trade. An interesting comparison is made of "Co-operative density" in different provinces and States in India; the palm goes to the Panjab, while the neighbouring United Provinces is at the bottom. Reference is made to the policy of rectification and the difficulty of it is explained by the disparity between agricultural costings and prices. The brief note is concluded with the optimistic remark of one of the Registrars: "Progress may not be commensurate with the efforts put forward owing to adverse economic conditions but is none the less genuine and...will appear more clearly when normal times are restored."

It is not flattering to us to note only a few lines below, in the account of Co-operation in Ceylon, that "the adventurous progress of 33 per cent. in the number of Societies (in Ceylon) was a matter of some apprehension for those who do not want to see the Ceylon movement go the way it has gone in some of the Indian Provinces"!

The Co-operative movement in Japan which was inaugurated but a few years earlier than in India has not received any set back in spite of the prevailing depression. There are about 14,000 Societies more or less as in the Madras Presidency but nearly 60 per cent. of the farm families are in the Co-operative fold. Credit societies have gained greater confidence by the failures of small private banks in the country side. It is noteworthy that the amount of savings deposits in societies exceeds the loans granted. A great fillip was given to Co-operative sale of produce, particularly of rice and raw silk, of which more details would have been welcome. Co-operative purchase societies for the supply of manures, fuel and fodder are making greater progress than consumers' stores in towns, thanks to the organisation of the Japan Co-operative Wholesale Society. Co-operative Utility societies hiring out to small farmers implements and machinery, which they cannot and need not buy, number more than 5,000. Help is rendered in storing, processing, grading and preserving of produce and in bargaining too to enable the members to sell their goods in the best conditions. What a contrast to the cry in the wilderness of our ryots!

In the space allotted for review it is impossible to dwell at any length on the movement elsewhere, but we may be permitted to draw the attention of our readers to the very striking and stupendous efforts made in almost every other country in the world new or old, big or small for the organisation of orderly marketing, on a scale not dreamt of a few years back and with the active assistance of, and in several cases rigorous control by, the State. Canons of *Laissez Faire* and of indirect aid to voluntary associations have been thrown to the winds even in conservative Britain.

This year's survey is largely a story of attempts made in several countries by Governments to help exports or check imports of agricultural produce by means of Marketing Acts, bounties, subsidies, tariffs, import quotas, etc. The thing has been indeed overdone and there is a terrible reaction in some countries. The achievement has in most cases been not commensurate with efforts. Big countries like Canada and U.S.A. have found the limitations of these artificial aids just as much as small countries like Switzerland and the Balkan States depending upon foreign markets for their very maintenance. They have all begun to feel, as in England the agriculturists who cried for State aid feel, that their welfare lies as much in the strengthening of their 'economic backbone' (co-operation) as of their political organisation.

The working of the American Federal Farm Board, the most gigantic organization set up for marketing with the big affiliated national corporations, created for the sale of each product, has been subjected to very severe criticism recently not only for its failure to stabilise prices,

for which it is excused by discerning critics, but for its extreme centralisation and the neglect of local co-operative selling associations. This has in the words of Dr. E. G. Nourse, an accepted master of co-operative research, led to the "weakening of specialised effort for a distinctive produce or specialised knowledge of distinctive consumer needs." A very able presentation of the two sides of this controversy raging in the United States is presented by Robin Hood in his note on 'The American Situation'.

Though the situation so far as International trade is concerned has become far too complex for even the most efficient co-operative organisations like the U. S. A. Federal Farm Board, the Canadian Pools or the Danish Federations to deal with except in respect of trade between consumers' and producers' societies, considerable success has been achieved within national limits by co-operative endeavour. This is a great educative force whose value is bound to increase in the international sphere, with the passing of the crisis. The Year-book contains ample evidence to show that "the crisis is strengthening rather than weakening co-operative loyalty" in countries as far flung as the Scandinavian (where Co-operation flourishes with least State aid and legislation), Palestine (where the Jewish societies though young are almost perfect) and Jamaica where the Banana Association continues "to increase in scope and prosperity in spite of adverse economic and natural winds."

The special feature of this Year-book is the devotion of more than half the number of its pages to the Digest of Co-operative Law in several countries prepared by that very able Research Assistant of the Foundation, Miss Margarat Digby. She has performed a task which to ordinary students must appear colossal; it has involved the study of Laws in 129 States with their Amendments numbering more than 2200. Not merely the Laws but the Rules and Decrees which in several countries, as in ours, have the force of Law have been consulted and the pertinent points incorporated. There is a very scholarly introduction revealing rare powers of analysis, in which the types of legislation are classified, the salient features delineated and the main trends of development traced. It is however a bare digest we have, there is no attempt at annotation, or interpretation on the lines of Calverts' Law and Principles. Such work may follow, for which an excellent foundation has been laid. It is a happy idea that this Digest of Law is made available also in a separate volume for the use of Co-operative administrators and students.

The Year-book contains the usual helpful short reviews and notices of the latest books and other publications on Co-operation and allied subjects, and the Bibliography is brought up-to-date, which should lighten the work of those in charge of Co-operative libraries.

K.C.R.

'WHAT IS CO-OPERATION'

By Mr. P. G. Ketkar, M.A., Senior Inspector, The Bombay Provincial Co-operative Bank, Ltd., P.P. 28, Price annas four.

This is a learned dissertation on the deeper implications of Co-operation. Any Indian if he is true to his salt would not fail construing Co-operation as a moral and humanistic endeavour directed towards the consummation of a comprehensive life. The author had adverted to the controversy which obtains between the idealistic and the materialistic schools of thought and rightly avers that it is wrong to place Co-operation on all fours with Economics which with its theory of "Struggle for Existence" might bank upon the fissiparous tendency of man to win his objective at the expense of the well-being of others. He successfully pursued his argument that economics and ethics wedded to each other would cover up the demesne of Co-operation even as the conflicting forces of egotism and altruism are reconciled in "Eudemonism." Man in essence is not the beast that he is taken to be. His being is made up of God-stuff. The writings of Plato and Aristotle proclaim in trumpet tones this truth to the world, and co-operation depending as it does on the conception of cosmic principle which unifies divergent forces in the Universe, as also on the realistic manifestation of its working in human life is bound to succeed, suffering the pugnacious proclivity which lifts its head and then to find its speedy way in oblivion. The author has successfully proved that man is not man if he can safely be amputated from the society in which he moves and that the great ideal of "Each for all and all for Each" is sure to thrive if only he has a will to work in unison with others for its fructification. The pamphlet we believe is a prelude to a legion of useful thoughts on the great subject of Co-operation.

J.S.M.

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Secretary, B. & O. Provincial Co-operative Bank, Ltd.

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Book-sellers, BANKIPUR.

ECONOMICS OF CO-OPERATION

By Mr. P. G. Ketkar, M. A. Senior Inspector, The Bombay Provincial Co-operative Bank, Ltd.

As in his first pamphlet, the author has, as a profound metaphysician anxious to read idealism in the rugged realities of the world, pursued his dialectics with ardour and alacrity. We say 'Bravo' to the endeavour. The discourse is a bouquet of perfumed thought and not a museum of business detail which passes for Co-operation in *toto* in several quarters. The author so far has not uttered a word on the technique of Co-operation, the meaningful psychology that streams through the technique engaging his attention all the while. He has shown the evils fathered by Capitalism and Communism this jettisoning individual uplift as a mischievous growth, that putting premium on Individualism and demonstrated that Co-operation is the only panacea for the injustice and disharmony born of litigious spirit and insensate hunt after selfish aims, that while ensuring general weal, it does not suffer individual genius to invite incrustation for want of special opportunities being given for the play of its brilliance and that the psyche and physique of man and Society are quite congenial for the fructification of the great ideals of Co-operation. The author is emphatic in his observation that he has no love for the principle of Heredity and the Law of Primogeniture which feed aristocracy with power and pelf and engender unbridled greed and wholesale disruption of economic order. While basking in the moral splendour of Platonic teachings, he bade adieu to the extremes of communism propounded by the great Guru of Aristotle and in the last chapter he took the string of his philosophical thought to weave out a disquisition on the inborn faculty of man. Kant's categories of understanding, Green's Resolution of the whole Universe into an eternal intelligent conscious cosmos, Humes Reductio-Ad-Absurdum, the author has veered round himself to meet the theory that "Mind is a *Tabularasa*" and to pull down the swift careering impatience of Locke's followers. He has admirably visualised the Co-operatively ordered state where in everything would be quite cosy and comfortable. Once more we cry 'Hurra' to the Metaphysical flights of Mr. Ketkar and feel tempted, to aver that, conditioned as the world is, his Idealisation might be an unwelcome pill to its constitution and that his philosophical ebullition might be taken as but an echo of the blithesome musings of Moore who flourished the reign of Henry VIII.

J.S.M.

Correspondence.

We have received a lengthy reply from Mr. V. Alagappan, B.A., B.L., Secretary of the Madura-Ramnad District Co-operative Federation, Ltd., Madura, to the extracts we published on page 82 of our Journal on the views of Mr. G. Srinivasaraghavachariar, Retired Deputy Collector and Deputy Registrar of Co-operative Societies.

As the full text of the original letter was not published but only an abstract thereof was given, we take the same liberty with regard to the reply.

The following are the important points touched upon in the reply.

(1) The Good work done by the Federation for which it was praised by the Registrar on previous occasions continues to be done and the Registrar has made the following remarks in the visitors book on 22-6-33.

"This is the second time I am inspecting the work of the Federation. It is still very good. The Supervisors' diaries are being well scrutinised, reports of collections are being checked and audit defects rectified. I think its rectification work good too. The Secretary Mr. Alagappan deserves great credit for all he is doing."

(Sd.) D.N. STRATHIE.

(2) It is wrong to state that defaulters rule in the Central Bank and in the Federation. The personnel has not changed much in both these institutions except for the replacement of Mr. Achariar and of the President of the Bank and the Federation.

(3) Though the work of the Federation has increased, expenditure is economically managed. No one thinks of the luxury of a car for the Federation contemplated in the previous regime.

(4) Officers of the department having much experience may with advantage be posted as Managers of Federations.

The reply also contains a statement which is reproduced in extenso below with a view to enable our readers to judge for themselves.

CORRESPONDENCE

1.—Property Statements Received.—A Comparison.

Year.	No. of bad Societies.	Property Statements Received.				Total.	Percentage.
		Ist Qr.	IIInd Qr.	IIIrd Qr.	IVth Qr.		
1931-32	138	20	9	18	1	48	34.7
1932-33	123	22	13	19	2	56	45.5

2.—Individual Examination of Loans.—A Comparison.

Nature of Defective Loans.	1931-32		1932-33	
	Discovered.	Cured.	Discovered.	Cured.
Time-barred cases ...	292	52	300	118
Benami ...	64	1	85	22
Missing Documents ...	94	22	60	37
Irregular and Forged ...	11	1	11	3

3.—Loans of Insufficient Security.—Discovered and Cured.

—	At the beginning of 2nd Qr.	Discovered in.				Cured in.				At the end of 4th Qr.
		2nd Qr.	3rd Qr.	4th Qr.	Total.	2nd Qr.	3rd Qr.	4th Qr.	Total.	
Mortgage ...	215	45	9	17	71	14	26	78	118	168
Surety ...	101	36	3	9	48	14	25	29	68	81
Others ...	3	1	...	...	1	...	...	1	1	3
Total ...	319	82	12	26	120	28	51	108	187	252

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4.—The stage of loans which are still found to be of inadequate security.

I. Decrees	Total	162
(a) Under active Execution	Properties sold & purchased by Societies	12
	Pending Sales	31
(b) Pending Execution		73
(c) Time-barred Decrees		46
II. Arbitration References Pending Decree		2
III. Other cases ... No action of definite nature taken :—		
Time-barred loans		35
Benami		23
No Documents		7
In the process of taking additional security		23
		88
Grand Total (162 plus 2 plus 88)...		252

5.—Expenditure on Rectification.

1931-32	Rs.	6,493	14	6
1932-33	"	5,749	9	3 (Rs. 744 5 3 less.)

N.B.—1931-32 The Secretary was Mr. G. S. Achariyar.
1932-33 " " Mr. V. Alagappan.

District News.

I.—City of Madras.

(a) We are glad to inform our readers that the Library maintained by the Government Telegraph Employees' Co-operative Society, Ltd., Madras, has been popular and during August 1933 nearly 700 volumes were loaned out for home reading and over 1200 persons made use of the Library.

(b) Mr. V. Sivaprakasa Mudaliar, B.A., B.L., President of the Chintadripet Co-operative Bank has been elected as a member of the Corporation of Madras by the Citizens of Chintadripet by an overwhelming majority defeating the sitting Councillor.

II.—Tanjore.

Karuntattangudi Dravidian Co-operative Credit Society, Ltd., Tanjore had its new building opened by Hon'ble Mr. P. T. Rajan, Minister in charge of Co-operation. Rao Bahadur A. T. Pannirselvam, Bar-at-Law, M.L.C. presided. Rao Bahadur K. Deivasikamani Mudaliar Avl., Registrar of Co-operative Societies was also present. There was a Tea Party prior to the function. The Minister, the Registrar and the President of the day were presented with addresses and they all made suitable replies. It is interesting to note that the Registrar in his reply advised the Co-operators to stand on their own legs and not to appeal to Government for concessions. The minister unveiled the portraits of prominent workers Rao Bahadur V.A. Vandyar, Mr. I. Kumaraswami Pillai and Mr. T.V. Umamaheswaram Pillai. The function was altogether a great success.

III.—Periyakulam, Madura.

We are glad to note that Prof. H.L. Kaji of Bombay has consented to preside over the deliberations of the 3rd Urban Banks' Conference to be held at Periyakulam in the Madura District on the 26th and 27th of December 1933.

Registrar's Circulars.

R. Dis. B. 4870/33. OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 6th September 1933.

M.R.Ry. RAO BAHADUR K. DEIVASIKHAMANI MUDALIYAR AVI.,
Registrar.

CIRCULAR.

[Honoraria—Payment to office-bearers in societies with unlimited liability—Provision in by-laws].

It is observed from several references received in this office that in most societies with unlimited liability by-laws Nos. 30 and 55 regarding the payment of remuneration to office-bearers have not been amended suitably to the provision in section 35 of the Madras Act VI of 1932. The following instructions are therefore issued for the guidance of officers.

2. Hitherto remuneration to office-bearers of societies with unlimited liability was sanctioned by the Deputy Registrars as required in Rule IX-C of the rules under Act II of 1912 (India) and model by-law No. 30 of these societies. Section 35 of the new Act (VI of 1932) has, however, removed the prohibition in section 33 of Act II of 1912 (India) and permits payment to a member for work done by him as Secretary or as clerk on such scale as may be prescribed by the by-laws. The restriction in rule IX (c) of the Rules under Act II of 1912 (India), (viz.) that payment of honoraria to office-bearers of societies should have the sanction of the Registrar has been deleted in the corresponding new rule XII. Under section 35 of the new Act there are two kinds of remuneration to office-bearers, one for *clerical work* done and the other for any *specific service* rendered. The section provides for

(i) 'payment' to a member for work done by him as Secretary or as clerk on such scale as may be prescribed in the by-laws and

(ii) 'bonus' to a member for 'any specific service rendered by him to the society including work done as Secretary or as clerk.' The 'payment' in the former case should be debited to the general funds of the society and is independent of profits, while the 'bonus' in the second case is an appropriation from out of the net profits that

REGISTRAR'S CIRCULARS

remain after at least one-half of them in any year have been carried to a reserve fund. In either case the remuneration to the office-bearers of societies is subject only to the sanction of the general body in accordance with the by-laws. The sanction of the Registrar is no longer necessary either under the Act or the rules framed under it.

3. As regards the scale of remuneration, it does not seem necessary to prescribe a uniform scale for all societies. Each society may fix a reasonable scale with due regard to its working, transactions and profits. For 'payment' for clerical work done which is independent of profits, the scale fixed need not generally exceed 8 annas per Rs. 100 of the loans outstanding against members on the last date of the Co-operative year. In exceptional cases this limit may be exceeded but in any case a maximum remuneration should be fixed in the by-laws. In the case of remuneration for any 'specific' work done, it is dependent on profits and the scale shall not ordinarily exceed 15 per cent. of the net profits. In exceptional cases it may go up to 25 per cent. of the net profits. All Deputy Registrars and Sub-Deputy Registrars and supervising agencies are therefore requested to advise societies with unlimited liability to make suitable amendments to the by-laws Nos. 30 and 55 making provision for remuneration to office bearers. They should scrutinise the scales of remuneration fixed by societies with reference to the transactions and profits before registration of the by-laws. The by-laws after amendment should read as follows:—

By-law 30.—“The panchayat shall work gratuitously. The general body, however, may sanction to any panchayatdar for work done as clerk remuneration at.....The panchayat may debit, etc.

By-law 55.—“One-half of the net profits as declared by the Registrar year after year shall be set apart as reserve fund. Out of the balance the general body may sanction to any member for any specific service rendered by him to the society including work done as Secretary or clerk a sum.....Out of the remainder $7\frac{1}{2}$ per cent. of the net profits may be carried to the credit of the Common Good Fund to be utilized, etc.

K. DEIVASIKHAMANI,
Registrar.

To all Deputy Registrars and Sub-Deputy Registrars in independent charge.
„ District Federations, Central Banks and Supervising Unions.
„ Superintendents, Co-operative Training Institutes.
Copy to the Editor, Madras Journal of Co-operation.

PUBLICATIONS RECEIVED.

From Industrial Credits and Services, Ltd., London.

1. Modern Russia ; The land of planning by *Louis Segal, M.A. P. K. D.*
2. What is Co-operation ?
3. Economics of Co-operation } *by Mr. P. G. Ketkar.*
4. Proceedings of the 5th Meeting of the General Body of the United Provinces Co-operative Union held at Lucknow on March 5, 1933.
5. Proceedings of the 10th Meeting of the Provincial Committee of the United Provinces Co-operative Union, Ltd., held at Lucknow, on March 5, 1933.
6. The 12th Annual Report of the Tirupurankunram Local Co-operative Union—(1932-33.)
7. The South Indian National Association and Ranade Library Report for 1929-32.
8. Puvalur Co-operative Union Report for 1932-33.

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THE TWENTIETH SESSION
OF
The Mysore Provincial Co-operative Conference.

PRESIDENTIAL ADDRESS

BY DEWAN BAHADUR M. RAMACHANDRA RAO PANTULU.

YOUR HIGHNESS, LADIES AND GENTLEMEN,

I am much indebted to the members of Mysore Co-operative Propagandist Institute for extending to me through their President Mr. S. Venkatakrishnaiya an invitation to preside at this 20th Session of the Mysore Provincial Co-operative Conference. I have no working knowledge of the progress of the Co-operative Movement in this state and cannot speak on the subject with the same authority and knowledge as some of my distinguished predecessors who presided over the previous sessions of this Conference. I had, therefore, some amount of hesitation in accepting your kind invitation. On a further consideration of the subject, however, it appeared to me that the aims and ideals of the co-operative movement in any part of British India or Indian India are the same and that a knowledge and experience of the movement gained in a British Indian province may be useful on an occasion like this and that it may be to our mutual advantage to exchange our views on the many sided aspects of the movement. I decided, therefore, to accept your kind invitation and must thank you for the opportunity you have given me of coming into contact with the large body of co-operators who are working the movement here. The principle of co-operation is not limited in its range by geographical boundaries or differences in the administrative systems in this country or elsewhere. The functions and potentialities of the co-operative principles are indeed far wider. As has been well put by a writer on the subject "the ultimate aims of Co-operation are concerned as much with Social Economy as with commerce. It seeks to expand till it has transformed the whole of society to its own ideal, economical and ethical form. In this social

character the movement can admit no irreparable division in the interests of man kind nor any economic problem which co-operative principles and co-operative technique cannot solve." The movement is, therefore, all embracing, comprehensive and world wide. I think it was Professor Marshall, the great economist who said that "the world to-day is just beginning to be ready for the higher work of the co-operative movement and its many different forms may therefore be reasonably expected to attain a larger success in the future than in the past." This prediction is being fulfilled in a large measure. The co-operative movement looks far beyond the immediate needs of the movement to a new world, to the co-operative republic and to the co-operative commonweal. The projects of rationalisation of some of the leaders of the movement embrace the social and political reconstruction of the whole human community. The high water-mark of competition was reached in the last century and we are now witnessing the greatest evils brought about by competitive economy and leaders in all countries are now engaged in discussing the methods and potentialities of "planned economy."

HIGHER CO-OPERATIVE IDEALS.

The present economic and agricultural crisis throughout the world has, therefore, brought to the fore-front the need of broad policies and mutual understanding between producers and consumers throughout the world. We have recently witnessed the most remarkable application of the principles of Co-operation in the sphere of agricultural production. The Conference at Ottawa was intended to bring about, on the principle of reciprocity, some amount of agreement between all the countries in the British Empire in regard to production and distribution. The International Wheat Agreement recently concluded in London to limit the production of wheat in the principal exporting countries and to fix the level of prices is a great achievement in the sphere of International Co-operation and has been undertaken to protect the Interests of the consumers and producers alike. The scheme for the restriction of the production of tea and of the area under cultivation in this country is the subject matter of an agreement between the producers in India and the other tea producing countries in the world and is another example of the same kind. No arrangements between the Governments of the countries will, by themselves, solve the fundamental problem of regulation of production and consumption. For that we must resort to the willing co-operation between the people of the producing and the importing

countries. It is only when both producers and consumers are organised by co-operation and brought into touch with each other that the regulation of output can be satisfactory. Even in the sphere of agricultural finance you are aware that the League of Nations has been at work for the establishment of an International Mortgage Credit Company for the extension of mortgage credit to the agriculturists in all countries in Europe. The idea underlying this project is that if the people in the East of Europe who produce cereals are helped to cut down their cost of production by the supply of cheaper capital and thus diminish their working expenses they will not only have a better margin of profit and perhaps they may be able to supply the produce at a cheaper price than hitherto to the consumers in the West.

THE NEED FOR CLOSER ASSOCIATION.

The alleviation of the burdens which weigh on agricultural production in the various countries of Europe with a view to diminish their working expenses and increasing their purchasing power is the main object of the whole scheme and this can only be achieved by a collective effort on the part of the European states for supplying capital at a cheaper rate to all those who need it whether they are their own nationals or not. It is one of the most interesting examples of International Economic Co-operation in recent years inaugurated at Geneva and is worthy of study by the co-operators in this country. Co-operators in the West are now inspired by these large ideals of international action and we must rejoice at this effort for considering these large questions affecting the agriculturists irrespective of territorial or national boundaries. We, in India should endeavour to look at these questions in a similar spirit. It may be that the emergence of an All Indian Federation may give us this broader outlook. The point which I wish to emphasise is that looking at the identity of our aims and interests and the fact that India is one economic unit the co-operators in British Indian Provinces and in the Indian States ought to be able to exchange their views more often than they have done hitherto on the many vital problems that have arisen not only in connection with the present economic and agricultural depression but also for the attainment of the true ideals of the movement. An All Indian Co-operative Institutes Association has been established a few years ago for the identical purpose of bringing the co-operators in British India and the Indian States together. We are thankful to the organisers of the Association for their fore-sight in establishing it and I think the time is now ripe for the development of general

co-operative policies applicable to the country as a whole. There is much material now for an All India Conference especially in regard to the measures relating to the present economic and agricultural depression so vitally affecting the agricultural communities throughout the country.

THE AGRARIAN SITUATION.

This brings me to a consideration of the agrarian situation. At the outset of our proceedings I should like to express my deep sympathy with the agriculturists of the Mysore State in their present plight. I have no reasons to suppose that they are better off than their brothers in British India and I believe that their economic position at the present time is more or less the same. The economic and agricultural depression now prevailing for over three or four years has reduced the tillers of the soil everywhere to the verge of insolvency. The prices of agricultural produce have fallen by about 50 per cent. In addition to the fall in prices, production on the agricultural side has also exceeded effective demand. It is true that the agricultural crisis is international in character and that there are various international factors effecting it which it will not be necessary for me to discuss here. The most urgent problem to-day however, for the Provincial Governments and the Indian states is, in my opinion, the necessity for affording relief to the agriculturists throughout the country. The problem is much broader than the mere organisation of rural credit, or any other relief that can be provided by the normal activities of the co-operative movement. Any remedial policies that may be adopted at this juncture should be wholly directed for making the position of the agriculturists easy during this period of crisis. Agriculture in this country has been the least organised of the Indian occupations. The Royal Commission on Agriculture has dwelt with the many features of agricultural inefficiency in this country with which we are familiar and it is unnecessary to dilate on them. Uneconomic holdings and exhausted soils are bad enough and a crop of archaic customs and superstitions, faulty land systems, continuous, and fragmentation of holdings have made agriculture an unprofitable occupation. An illiterate and inefficient peasantry which has been carrying on agricultural operations according to time honoured methods and practices has been suddenly caught by an economic crisis, the most acute and far reaching in the recent economic history of the world. With the catastrophic fall of the prices both internal

and external, how can agricultural industry continue to be a profitable one, unless the cost of production is proportionately reduced? Agriculture is our basic industry and it is a matter for regret that in comparison with the measures taken by the Governments of the other British Dominions and in the United States of America to afford relief to the agricultural communities, those taken in India have been very slight.

MEASURES OF RELIEF IN OTHER COUNTRIES.

For example the Australian Government realised the imperative necessity of keeping the freights down in order to assist the farmer and large rebates of railway freights on agricultural produce were allowed in spite of the fact that the total Australian Railway losses for two years amounted to more than 20 million pounds (27 crores of rupees). They have also arranged for rebates of shipping freights in Commonwealth ships. In New Zealand also it was recognised that the essence of the problem in this crisis was to effect a reduction of the farmer's costs and this has been done by the Government of New Zealand on the same lines as in Australia. In strong contrast with this action the Government of India have systematically refused to give any such assistance and have turned a deaf ear to the insistent demands made throughout the country for the reduction of railway freights on agricultural produce, although the actual financial position of the Indian railways in comparison, with the Australian railways is very much better. In presenting the Railway Budget in February last, the Member for Railways and Commerce said that the Indian railways were still earning more than 3 per cent. which few other railways in the world are to-day in a position to do, and that this figure of net traffic receipts included a sum allocated to the depreciation fund—a sum so large that if the actual cost of renewals and repairs during the year had been taken, the net traffic receipts would have been amounted to Rs. 32 crores. There can be no doubt that these results have been obtained at the cost of the cultivator and the largely increased cost of Railway transport has proportionately cut down his profits. In addition to the reduction of freights some countries have also adopted the plan of subsidising the export of agricultural commodities to enable the farmers to keep their heads above water. For example, in South Africa the Government heavily subsidised the agricultural export of 84 important commodities of South African Produce. This step has enabled the South African farmers to continue their operations during this crisis without loss. In the matter of providing credit for the agriculturists in this hour of crisis, attention may be invited to the action taken in the United

States where the Government have made advances to farmers at very nominal rates of interest and have taken over and refinanced farm mortgages. The plan adopted involved the surrender of mortgages of all agricultural land to Government in exchange for Government bonds with a guarantee of 4 per cent. and the execution of mortgages to Government at reduced rates of interest. This step has relieved the agriculturists from a load of debt, and has reduced their cost of production. The Government's recent action in depreciating the currency has caused agricultural prices in the United States to increase by 50 per cent. in a few weeks. In Italy the Government have facilitated the redemption of debt contracted by agriculturists at excessive rates of interest. These debts have been converted into 25 years mortgages with annual payment for interest and redemption which may not exceed $7\frac{1}{2}$ per cent. in all, the difference being borne by the State. In Portugal the agricultural crisis was met by the Government by the extension of the period of loans in addition to considerable credit facilities given to them. Every country including Greece, Egypt, Japan, France and Germany have done all that they could in supporting their agriculturists in various ways during the crisis and I do not wish to weary you by referring in detail to the methods adopted by them.

INADEQUACY OF STEPS TAKEN IN INDIA.

I must not omit to make a brief reference in this connection to the steps taken by the Government of India since the beginning of the crisis. In the first place the Government of India imposed an import duty on wheat which became ineffective. I understand that Punjab which is the chief wheat growing Province is unable to compete with Australian wheat in the largest consuming centres of India and, on account of the rupee exchange, also in the foreign markets. The import duty on raw cotton is so small that it had no effect whatever. On the other hand, since the duty was imposed, the Indian mills have increased their imports of foreign grown cotton. It must be admitted that the import duty on sugar has had a very salutary effect and is likely to lead to the establishment of a sugar industry on a satisfactory and permanent basis. It is true that some of the provincial Governments and States have granted some remissions of land revenue and water-rates. These remissions are insignificant by themselves and will not go very far in helping the agriculturists to tide over the present crisis.

I have invited your attention to the steps taken in this great crisis elsewhere to save the agriculturists from collapse with a view to show that what our duty in India should be at this juncture. I

venture to say the Governments in India including those of the Indian States, have not done enough in support of our basic industry and the whole problem has still to be thought out in all its bearings. Until effective steps are taken to cut down the cost of production and also to relieve the pressure of debt the situation cannot be eased, and it is our earnest hope the needful will be done without delay. Various remedies such as Conciliation Boards for bringing about the voluntary reduction of debt, the reduction of the rates of interest by statute on debts contracted before the depression and a statutory fixation of the rates of interest are now being thought of in British India. Some of these proposals have been embodied in the recent Legislation in the Punjab, Central Provinces and the United Provinces and I feel that co-operative organisations, economists and public men in the country have to thoroughly examine the suggested remedies and put forward their proposals in a constructive spirit for consideration by the Provincial Governments and the Governments of the Indian States.

THE CO-OPERATIVE MOVEMENT IN MYSORE.

I do not intend to take up your time by undertaking a survey of the co-operative movement in Mysore with which you are more familiar than myself; but I am in entire agreement with my esteemed friend Mr. S. P. Rajagopalachari who presided over your deliberations last year, that the movement is working on sound lines in this State. I am also of opinion that Mysore takes a high place in co-operative matters among the States and Provinces of India. You have a total turnover of over six crores of rupees and your Central Institutions are well-organised and notwithstanding a temporary set-back due to the present economic and trade depression, the movement is making progress in the districts. Nevertheless there are serious defects in the working of the movement which have formed the subject of comment in the annual conferences and in the departmental reports issued from time to time. As nothing is gained by a recapitulation of these various defects, I shall refrain from covering the same ground once again and shall confine myself to a few salient points. I venture to think that your financial organisation may perhaps be in need of greater co-ordination with a view to eliminate the overlapping of jurisdiction and the consequent competition between the central financing agencies. For example, the Mysore Apex Bank and the Bangalore Central Co-operative Bank carry on their operations throughout the State. The system of central financing institutions lending to individuals in addition to lending to affiliated

societies may be justified at the outset but will have to be eliminated at the earliest opportunity so as to have a co-ordinated system of central finance. The position in regard to the overdues is unsatisfactory. Both over-dues and idle balances are at once a violation of both banking as well as co-operative principles and every effort should be made by the financing agencies to avoid both the evils. The over-dues in regard to agricultural societies have risen from 59.1 per cent of the demand in 1930-31 to 65.1 in 1931-32. In the case of the Bangalore Central Co-operative Bank the overdues are still higher and amount to 67.4 per cent. The economic depression during the last three or four years has hit the agriculturists severely and has reduced their incomes by one-half and till there is an economic recovery in the country, the realisation of over dues is bound to be slow. We cannot shut our eyes to the fact that even in ordinary times the borrower member sometimes borrows from the village money lender to pay the societies and sometimes borrows from the society to pay the money lender.

THE PROBLEM OF OVER-DUES.

When agriculture is not sufficiently remunerative, short term credit advances have a tendency to be transformed into long term advances and the long term advances into arrears. Apart from this arrears also mount up when the economic implications of the difference between short and long term loans is not systematically kept in view. I am not quite sure whether the co-operative organisations in this State have hitherto laid any stress on the need for distinguishing between short term and long term needs of the agriculturalists; but in Madras these organisations were considerably embarrassed for some time by the use of funds ostensibly borrowed for short term purposes being utilised by the borrowers for what have been classified as long term needs such as the redemption of debt, purchase of lands, etc. This practice has now been given up and there is a clear demarcation between short and intermediate and long term credit which has brought about some improvement. While coercive action in these abnormal days should be resorted to with caution, we cannot overlook other serious difficulties caused by the reduction in land values and a serious crippling of repaying capacity of the borrowers and societies have been obliged to purchase properties for which there were no bidders. I feel that one of the remedies for this state of things is a patient examination of each case with a view to convert the debt into a long term loan wherever the conditions for the grant of such loans are fulfilled. The Central

Mortgage Bank in Madras is now easing the situation by granting loans for 20 years and redeeming the debts due to the agricultural Co-operative Societies. If the Land Mortgage Bank takes over these debts the debtor can pay the dues by easier instalments and in longer periods. An action on these lines may relieve the agriculturists from the constant pressure from Co-operative Societies for overdue loans. This would, however, involve a more rapid expansion of the scheme for the establishment of Land Mortgage Societies throughout the State.

UNCERTAINTY OF THE ECONOMIC OUT LOOK.

The difficulties of organising any system of credit for agriculture are already great; but another serious and fundamental difficulty has appeared in the horizon, and that is the uncertainty of the economic out-look. As I have already stated, the market prices of many agricultural products in this State and in British India have fallen, some times even below the cost of production, and production continued under such conditions, spells losses and ultimate bankruptcy. The problem before the ryot to-day is how debts contracted in past years either from Co-operative Societies or from other agencies when the prices of agricultural products were 50 per cent more than they are now, are to be redeemed, and how they can obtain credit for carrying on their industry. Another important factor is that while the prices of agricultural produce have fallen by 50 per cent, the prices of the articles the ryot has to purchase for consumption have not gone down proportionately. Writing of the difficulties of agriculture in America just before his election Mr. Roosevelt dwelt on the lack of equality for agriculture at the present time. He said "The necessities that our farmers buy, cost nine per cent. more than they did before 1914. The things they sell bring them 43 per cent less than they did then. These figures as of August 1932 authenticated by the Department of Agriculture mean that the farm dollar of that date was worth less than half of what it represented before the world war. Farming has not had an even break in our economic system." The position is exactly the same in this country. In terms of produce the ryot's rupee costs him now twice as much as it did before the depression and a study of the price levels of the different articles purchased by the ryot will lead to the same conclusions as those drawn by Mr. Roosevelt. For the payment of land revenue and interest charged on his debt, the ryot has now to sell double the quantity of paddy or other agricultural produce for the purpose of keeping to his engagements. The outturn from his lands has not admittedly doubled

with the result that even the very small margin of profit that he had has now disappeared. We are all awaiting with great interest the results of the inquiry now being made under the auspices of Imperial Council of Agricultural Research about the cost of agricultural production in this country. It will be of great value in furnishing the necessary data in this matter. It seems to me, therefore, that the whole problem of enabling the agriculturists to discharge his existing obligations and also to provide himself with funds to carry on his operations deserves most sympathetic and careful consideration by the Government and the Co-operative organisations throughout the State.

RATES OF INTEREST.

Whatever may be the future remedies devised for the collection of overdues and the relief of the ryots it seems to me that there is room for a reduction in the rates of lending and borrowing by the Co-operative organisations throughout the State. There has been a contraction in the loan transactions of societies mainly due to the present depression, but there is no justification in view of the present easy monetary conditions to keep up the high rates of interest now prevailing amounting in some cases to $11\frac{1}{2}$ per cent and it is hoped that the suggestion made by the Registrar in the last report for the reduction of the rates of interest on deposits and on the loans to borrowers has received consideration from the financing Banks.

LONG TERM CREDIT.

I must now refer to the other aspect of the credit movement which is even more important than seasonal credit. The load of debt from which the average ryot in this country is perpetually suffering is notorious and the reports of the Provincial Banking Enquiry Committees and of the Central Banking Enquiry Committee have dwelt on the problem of debt in British India at considerable length. As pointed out by the Central Banking Enquiry Committee "the problem is one of supreme importance from the point of view of the economic prosperity of the country as well as stemming the growth of discontent among a large section of the population. The worst policy towards debt is to ignore it and do nothing." I understand that no official estimate of the total indebtedness of the agriculturists in Mysore has ever been made; but I believe the position is the same more or less as in British India. It is, therefore, a matter of great satisfaction that a beginning has been made in this State for

affording facilities for long-term credit to the agriculturists. So far as I know Mysore seems to be the only State where a Central Land Mortgage Bank has been established with affiliated Land Mortgage Associations through which long term loans are distributed to them. I know the keen interest which my esteemed friend Rajasabha-bhushana Mr. K. R. Srinivasa Iyengar, the President of the bank and his colleagues are taking to secure a rapid expansion of the work of the bank and if the progress has been slow it is due to the difficulties inherent in the system. The initial difficulties in the establishment of a new system of Banking had been got over and sufficient experience has now been gained and I have no doubt that the whole scheme will now go forward with a greater momentum. I understand that the Bank has nearly exhausted the funds that it has raised by the first issue of debentures. Doubts have been expressed last year as to whether the necessary funds will be forthcoming for financing the future operations of the bank. I am glad, however, to learn that in the present easy conditions of the money market there is no reason for any anxiety on the score. The principal and interest payable on the debentures are guaranteed by the Government and an attractive rate of interest has been adopted by the bank and with due publicity their merits will be appreciated by the public. With the State's guarantee and the backing of the collective responsibility of the lands mortgaged to the mortgage banks, the standing of the debentures in the money market must be as good as that of the Government securities. In America and in the continental countries Land Mortgage debentures have some times commanded even better prices than gilt-edged securities. Moreover Land Mortgage Banks have always received considerable financial assistance from the Governments in Western countries till they are firmly established in public estimation, and have enjoyed many privileges. I may perhaps invite your attention to the provisions of the Agricultural credits Act, 1928, when the Land Mortgage Credit Company for granting long-term loans was recently established in Great Britain. By the Act of Incorporation the Government undertook to pay to the Company at its inception a total sum of one million two hundred and fifty thousand pounds free of interest for a period of 60 years to begin its operations. The Government also undertook to subscribe to the debentures of the Company to an amount not exceeding one-fourth of each issue and not exceeding in the aggregate one million two hundred and fifty thousand pounds. In addition to these facilities the Government undertook to procure the under-writing of debentures to be issued by the Company up to a sum not exceeding five million pounds.

This magnificent help immediately established the bank in public estimation in Great Britain and if the necessity arises, I beg to express the hope that the Government of Mysore will not hesitate to take similar steps.

AVAILABILITY OF FUNDS.

I venture to think, however, that there are already in existence funds of various kinds in the State which may be usefully invested in the debentures of the Land Mortgage Bank. In Madras the Government have accorded permission to all Local Bodies to invest a portion of their provident funds in the debentures of the bank, and Religious Endowment Boards in the province have also been permitted to invest their surplus funds in the Central Bank's debentures. The Provincial Co-operative Bank and the Co-operative Central Banks have also been permitted to invest their reserve funds up to 1/3 in the Land Mortgage Bank debentures, and the Provincial Co-operative Bank and the Co-operative Central Banks are also allowed to grant loans on the security of these debentures up to 80 per cent. of their face value. We have, therefore, no difficulty whatever in securing from private individuals, co-operative and other institutions, insurance companies and Local Boards, the requisite funds and perhaps similar action on the part of the Government here may be necessary in financing the Land Mortgage Bank. I find that your Apex Bank, the Central Banks and the Agricultural Societies had a total reserve fund of Rs. 24,40,164 in 1931-32. Of these amounts only a sum of Rs. 9,700 have been invested in the debentures of the Land Mortgage Bank. The Co-operative Societies in the State have invested a sum of Rs. 6½ lakhs of their reserve fund in fixed deposits of the Apex Bank and in the Savings Banks and in Government Loan Bonds. There is no reason why these funds should not be invested in the debentures of the Land Mortgage Bank. Apart from all these sources, Insurance Companies in the West have always taken a great part in financing Land Credit Institutions. For example, more than 25 per cent of the funds of these institutions in the United States have been contributing by Insurance Societies to whom Land Mortgage debentures from an ideal form of investment. The Insurance Companies working in Mysore must be able to invest a portion of their premium in the debentures of the Land Mortgage Bank and thus help the agriculturists in the State. There is also in this State an excellent scheme of State Insurance already in operation. I do not know how these funds are now invested but the debentures of the Land Mortgage Bank will be the most suitable form of investment of these funds. I regret, however, to notice that the Bank has

not been able to declare a dividend as yet and I understand that the Government have taken the view that so long as the Bank is dependent on a Government grant for its working expenses it should not declare a dividend. A similar view was taken by the Government of Madras in regard to the Madras Central Land Mortgage Bank but they withdrew their objections afterwards. It would be a great strain on the generosity of share-holders to ask them to forego dividends for a series of years. As I have stated already Land Mortgage Banks in any country cannot be self-supporting in their initial stages and State help is inevitable at the outset. For example provisions for the payment of ten thousand pounds per annum from the Treasury for a period of ten years was made for administrative charges in the Statute in 1928 when the Land Mortgage Credit Company was established in Great Britain. I hope the Government of Mysore will take a long view in this matter.

DEMORTGAGING AND LIFE INSURANCE.

This brings me to another interesting topic, namely, the part which Life Insurance is playing in the Western countries as a means of extinguishing Mortgage debt. One of the methods adopted there is that where the borrower can afford to take out a policy from an Insurance Company for the amount borrowed from the Land Mortgage Bank he should be asked to do so, the policy being assigned to the Bank as an additional security for the debt. The borrower will be paying the annual instalments to the Bank and also a premium to the Insurance Company. The benefits of this system are obvious. For example, a man may borrow Rs. 5,000 from a Mortgage Bank. Assuming that he dies in the third year after the loan is taken, the Insurance Company will pay the whole amount of the loan to the Bank and thus the debt is discharged. If, on the other hand, he continues to live during the whole period for which the loan is taken, he will have the insurance policy at his disposal at the end of the period. In either case, he benefits by it, provided there is no default on his part in paying the premium to the Insurance Company and the instalment to the Bank. Such a system will also enable the Land Mortgage Bank to grant loans with greater freedom from risk. Attention may also be invited to the system of dismortgaging by means of life insurance which has met with favour with the public in Germany. This method of mortgage-debt redemption is now very popular. The insurance is effected for the amount of the debt to be extinguished and since this becomes less every year in consequence of the payment of the annual amortisation charges,

this means affecting it for the sum that remains to be paid. Thus what is insured is the remainder of the debt, the amount of which is always diminishing and consequently the premiums are gradually reduced. In the event of the death of the insured person, the residue of the capital debt not yet repaid is covered by this insurance and thus complete dismortgaging is rendered possible. Life Insurance is not thus regarded as an end in itself, but was introduced into the system of dismortgaging as an essential factor. The Savings Banks, the Raiffeisen organisations for East Prussia and the Federation of Co-operative Societies, all these take an active part in the propaganda of popular insurance. The Life Insurance as arranged by the Landchaft of East Prussia is not concurrent with amortisation but acts in its stead to effect dismortgaging and consequently the annual payments made by land owners are not in any way increased. On the understanding that the premiums are not allowed to lapse, the Life Insurance carries with it the certainty of the extinction of the debt. This problem of combining life insurance with mortgaging credit deserves very careful consideration both from the Insurance Companies and such of the land credit institutions as now exist in India.

THE NEED FOR DEPARTMENTAL CO-ORDINATION.

I have so far dwelt with the problem of short and long term credit. It is of the utmost importance, however, that the country as a whole and the agricultural interests in particular should not be led to believe that in easily obtainable credit lies a panacea for the ills from which the ryot suffers to-day. Credit alone cannot convert an unprofitable industry into a profitable one. Credit may enable an individual to make a certain operation pay which might not otherwise pay, or might not otherwise be undertaken at all, and the price which the producer has to pay for credit may just turn the scale towards profit or loss in his own case. Viewed in this way, credit is an important factor in the cost of production in individual cases, but it is mainly in other directions that a solution must be sought of the difficult problem of how agriculture generally can be made to pay. This depends on various other factors which have been discussed at very great length by the Royal Commission on Agriculture. Unless the ryot produces more from his land than he does to-day and adopts better methods of farming, agriculture cannot be made to pay. The creation of a scientific bias in agriculture among the villages is a matter of the utmost difficulty and cannot be brought about without an intensive propaganda. The provision of cottage

industries in the villages as a supplementary occupation for the agriculturists is of the utmost importance, and the establishment of co-operative cottage industries has been talked of for a long time. The need for a certain amount of co-ordination of the work between the departments of agriculture, co-operation and industries has been felt in Madras and attempts are now being made to bring them together more closely. I do not know what the situation here is, but it seems to me that such a co-ordination will produce far better results than the work done by these departments in isolation from each other.

GRAIN BANKS AND SALE SOCIETIES.

The co-operative movement in India at the present time is more or less a credit movement. Producers' and consumers' Co-operative movement is still in its initial stages in this country. The movement as it has manifested itself in the West through such organisations as the English and the Scottish whole sale Co-operative Societies and their associated propaganda is entirely absent in this country. The cause for it lies very deep in the social and economic structure of society and I do not like to go into these factors in any detail on the present occasion. I am not surprised that your grain banks have not been a success. The difficulties of storage in granaries owned by the banks are insuperable. The problem of finding temporary accommodation for the ryot till he is able to dispose of his produce on favourable terms is a very serious one and deserves consideration. The bulk of the funds borrowed by village societies are devoted to meet the cultivation expenses, taxes, on the lands and other expenditure incidental to the raising of the crops. I do not know to what extent at the present time agricultural societies and Central Banks in the State advance funds on the security of agricultural produce, and what facilities are now available for the purpose. I presume that the money-lender and the Joint Stock Banks are now meeting the requirements of the ryot in this respect, to a very great extent. There is no reason whatever why the Co-operative Societies and the Central Banks should not undertake this essential function of financing the ryot on the security of the produce of his lands till he is able to dispose of it at the favourable time. I admit the difficulties of evolving a sound system of produce loans. This class of work requires trust-worthy agents. The Directors of the village societies should be dependable men and the inspecting staff of the District Banks should also be equally reliable men. Perhaps a paid staff may also be required for the purpose. The problem of

making advances on produce loans has not hitherto been tackled seriously. The Bankers' Conference in Madras recently resolved that the Madras Provincial Bank and the Central Banks should grant loans on agricultural produce and the matter is now before the Government of Madras. I am drawing attention to this matter as I feel that everywhere the village money lenders have been refusing to grant temporary accommodation on account of want of confidence created by the prevailing depression. Mysore has always been in the forefront in the matter of its beautiful co-operative town extensions and I am glad to notice that the activities of the movement in this respect are extending. I entirely agree with the Registrar, that with a view to give an impetus to the movement, it is necessary that small cottage sites should first be formed on a large scale in all growing towns and cities. Several years ago I made a similar suggestion in the Madras Legislative Council that the Government should acquire from public funds lands in the process of development in the vicinity of all growing towns with a view to divert the unearned increment from the pockets of private speculators and thus enable those who require house sites to purchase them at reasonable prices. This suggestion was not then needed with the result that later on Municipalities and Town Extension Committees had to pay enormous sums for the acquisition of these sites. Sites which could have been acquired at the rate of 1 anna a yard subsequently rose in value to Rs. 2 or 3 a yard. I think the Government should take the matter in hand and survey all possible requirements and acquire sites at once. Rural reconstruction is now merely an ideal, but I hope the Co-operators in this State will devote themselves to evolve a practical scheme. We cannot have spectacular results and the process of improvement must be slow. I was glad to read an account of the civic and social activities promoted by co-operative organisations including those for the amelioration of the depressed classes and I sincerely hope that this work will grow in volume and intensity.

THE RESERVE BANK BILL.

We are on the eve of great constitutional changes and the establishment of the Reserve Bank is now in sight. Nearly one-half of the report of the Indian Banking Enquiry Committee was devoted to an examination of the financial needs of the agriculturists and yet most of the recommendations made by that Committee have been allowed to remain a dead letter. Numerous complaints were made to the Committee by Co-operative Banks about their relations with the Imperial Bank, the inadequacy of help received from it and the

way in which difficulties were created by the latter for rendering financial help to them. The foreign banking experts associated with the Committee have stated "That the co-operative movement in spite of imperfections and of unavoidable set backs deserves every possible assistance from all quarters, because there is no better instrument for raising the level of the agriculturists of this country than the co-operative effort, and a strong appeal to the banking interests of the country to assist this movement seems not at all out of place." It remains to be seen whether the new bank would meet adequately the financial needs of agriculturists in this country not only for carrying on their seasonal agricultural operations but also for the marketing of crops. I do not desire to refer in any detail to the provisions of the Bill but it is trusted that effect will be given to the important recommendations of the Indian Banking Enquiry Committee "for linking up the co-operative banks of the country with the Reserve Bank and for making the provision for agricultural finance one of the functions of the Reserve Bank," and also to the other recommendations relating to the rediscount of agricultural bills, advances and loans on the security of agricultural paper and other forms of security.

CONCLUSION.

I have detained you long but I must now bring my remarks to a conclusion. I have always had a feeling that many of our present difficulties in the co-operative movement throughout the country are traceable to over-looking in the past some of the fundamental conditions for the success of the movement. One of the most important of these conditions is the inculcation of thrift on the part of the members of the village Societies. We have lost our ancient moorings which gave us perpetual discipline in human and social sympathies and in living well ordered lives and we have to rebuild our social and economic life after the co-operative pattern. Our spiritual ideals cannot, by themselves, bring comfort to the poor despairing and illiterate peasant who is perennially in debt and our hope, therefore lies, in the spread of co-operative ideals with its principles of comradeship in work and with its ideals of better farming, better business and better living. An intensive propaganda is needed in spreading this gospel throughout the State. The Members of the Mysore Propagandist Institute are doing this most meritorious work and I offer my felicitations to them. The Co-operators in the State have also a very favourable environment for their work. It has afforded me very great pleasure to read in the last annual report that the movement continues to enjoy the gracious patronage of His Highness

the Maharaja and of Your Highness and that the Dewan Saheb and members of Council have evinced solicitous interest in the movement. These manifestations of good-will auger well for the continued success of the movement. Mr. Ramaiya the Registrar of Co-operative Societies has unbounded enthusiasm for the cause of Co-operation and for the well-being of the agriculturists and the future of the movement is safe in his hands. We must nationalise the co-operative movement. We need not slavishly copy all the forms, rules and by-laws of the Co-operative Societies as they have developed in the West but should endeavour to incorporate into the movement such of the indigenous social and economic structure that can be usefully embodied into it. Such an attempt is worth making but it would require investigation from an entirely different stand point. There are, however, significant developments in Europe to which Mr. H. G. Wells has drawn attention which may defeat and overtake the Co-operative Movement. He refers to Russia and Italy where the movement has been overtaken by bolder and wider enterprises with a more explicit plan and a deeper emotional drive. I believe there is no such danger for the movement in this country.

We cannot however shut our eyes to other undesirable developments in some parts of the country. The introduction of communal squabbles and of party politics prevailing in the local Boards and other organisations into the Co-operative Movement are dangers which must be guarded against. I presume there is no manifestation of these tendencies here, and I am glad to note that the movement "continues to provide a common platform to workers of different shades of opinion interested in the material and moral advancement of the people and, by mobilising the best elements among the people and providing opportunities which engender a spirit of brotherhood and service, it is gradually providing leaders imbued with a missionary zeal so urgently required for the service of the country." This is very heartening. The future of Co-operation depends very much on a sane and discreet extension of membership and activities. Whether the movement can lead a stubborn world decisively along this Co-operative road, probably will depend more and more, not only on its numbers but also on its power to enlist intelligence, and develop in all ranks a leadership capable both of creating enthusiasm and producing everyday conviction amongst the masses that it is intended for their social economic and political salvation.

Resolutions passed at the 20th Mysore Provincial Co-operative Conference.

1. ABOLITION OF SUBSIDY.

That this Conference is emphatically of opinion that in view of the many and ever growing indirect contributions of the Mysore State to the Government of India, the further levy of the subsidy is an unjust and crushing burden upon the people of the State whose limit of taxation has been reached and is adversely affecting the nation building activities and finances of the Government. It, therefore, respectfully prays that His Excellency the Viceroy of India and His Majesty's Government may be graciously pleased to direct the immediate and total abolition of the Mysore Subsidy which is humiliating to the national self-respect of a progressive and constitutional state."

This Conference further expresses its deep sense of gratitude to Sir Mirza Ismail for the great services he has rendered to Mysore and the Mother-land and hopes that his untiring and persistent efforts for the abolition of the subsidy will be crowned with complete success at no distant date.

2. RECOVERY OF COMMISSION FROM JUDGMENT DEBTORS.

(a) This Conference resolves that the Government be pleased to discontinue the present practice of levying 2½ per cent. Commission on the execution of Co-operative decrees by Special Revenue Inspectors.

3. HEARING DECREE-HOLDER SOCIETIES BEFORE GRANTING TIME, ETC., TO JUDGMENT DEBTORS.

This Conference resolves that during the execution of the decrees of Societies the wishes of decree-holder Societies in the matter of giving time or other concessions to Judgment debtors be taken into consideration by the Revenue authorities.

4. AFFILIATION OF SOCIETIES TO THE MYSORE CO-OPERATIVE PROPAGANDIST INSTITUTE.

This Conference resolves that all Co-operative Societies do affiliate themselves to the Mysore Co-operative Propagandist Institute within the next 6 months.

5. DONATION TO THE INSTITUTE.

This Conference resolves that all Co-operative Societies in the State do set apart every year out of their net profits any sum from three to twenty-five rupees at least for the expenses of the Propagandist Institute whether the Society is a Member of the Institute or not.

6. - UNIFORM ACCOUNTS IN SOCIETIES.

(a) That it is highly desirable to have a uniform system of accounts for the various classes of Societies.

(b) That the Mysore Co-operative Propagandist Institute do take necessary action in this behalf.

7. APPOINTMENT OF AN ASSISTANT REGISTRAR.

That as the Societies located in districts within—which the Assistant Registrars are not residing have been put to great hardship and expense in the disposal of their suits, this Conference prays that the Government be pleased to appoint at least one Assistant Registrar, for each district in the State.

8. PENALISING USURY.

That as Usury has not abated in Mysore despite the enactment of the Mysore Usurious Loans Regulation 1923 and the Mysore Agriculturists Relief Regulation 1928 this Conference urges upon the Government the necessity for legislation to penalise usury i.e., the taking of interest beyond a certain percentage of the Imperial Bank of India rate.

9. CONCESSIONS TO ADIKARNATAKA SOCIETIES.

That the members of Adikarnataka Co-operative Societies be granted by Government (a) building lands free of cost, (b) free license to collect building materials from forests, and (c) necessary financial help.

10. CONTRIBUTION TO CO-OPERATORS' HOME.

That all the Co-operative Societies in the State be requested to contribute liberally towards the cost of the Co-operators' Home and remit their donations as early as possible.

11. ESTABLISHING RURAL RECONSTRUCTION CENTRES.

That the Government in consultation with the Apex Bank and Co-operative Institute be pleased to establish Rural Reconstruction Centres and Co-operative Settlements at suitable places.

12. PROMOTING STUDIES IN CO-OPERATION.

That the Central Financing Banks and other Co-operative Societies be requested to institute Co-operative Fellowships and Essay Contests for the purpose of encouraging and promoting studies in Co-operation and other allied subjects.

13. FINANCES TO HOUSE-BUILDING SOCIETIES.

That in view of the fact that Co-operative House-building Societies in the State have been very much handicapped owing to their inability to get the required finance at reasonable rates of interest this Conference urges that the Government be pleased to provide them with the necessary finance on rate of interest not exceeding 4 per cent. per annum and for a period of not less than 25 years.

14. DEBT REDEMPTION AND DEBT CONCILIATION SCHEMES.

That in view of the growth of overdues it is desirable and necessary that every Co-operative Society which deals in long term loans for debt redemption should, before advancing such loans, prepare schemes of debt redemption and debt conciliation for all the members of the society with special reference to the economic conditions of its area of operations.

15. ASSESSING THE CREDIT POWER OF A SOCIETY.

That as the present system of basing the credit power of a Co-operative Society merely on limited liability without a background of absolute and ascertained assets not subject to the risks of alienation has failed to ensure confidence and safety and to attract capital from men of substance and owners of a large landed estates in villages this Conference is of opinion that the credit power of a Society should be based on the ascertained unencumbered assets of its members which should be pledged to the Society in the form of a continuation mortgage as security for the credit power allowed to each member subject to a fixed proportion of his mortgaged assets.

16. DEFAULTER DIRECTORS TO VACATE SEATS.

That it is desirable that the bye-laws of every Society be so amended as to make Directors who become defaulters 3 months vacate automatically their offices.

17. INTRODUCTION OF LEGISLATION ON DEBT CONCILIATION.

That this Conference considers that the mere starting of Land Mortgage Societies without the adoption at the same time of a vigorous policy of debt conciliation and debt settlement both on a voluntary and on a compulsory basis will not solve the problem of agricultural indebtedness and therefore urges upon the Government the immediate necessity for introducing suitable legislation on the subject in the State.

18. CO-OPERATIVE SOCIETIES FOR COLLECTIVE FARMING AND MARKETING.

That with a view to facilitate the marketing of agricultural produce Co-operative Societies for collective marketing be started in selected areas.

19. AMENDMENT OF CO-OPERATIVE SOCIETIES REGULATION.

Whereas the new Co-operative Societies (Amendment) Regulation 1933 invests the Registrar with very large powers but makes no provision for Co-operative education and training

This Conference considers it necessary to incorporate the following provision in the Co-operative Societies Regulation:—

A. 1. Training Institute:—

(i) Government may establish and maintain Co-operative Training Institutes at such places as they may think fit,

(ii) recognise as Co-operative Training Institutes kept by persons or Societies willing to act in conformity with rules as Government may prescribe in this behalf.

2. Every Co-operative Training Institute so established or recognised shall provide for the teaching of such subjects as may be prescribed by rules in this behalf.

20. THE RESERVE BANK BILL.

This Conference while welcoming the proposed scheme of a Central Reserve Bank for India as a step forward in the Direction of transference of powers over Indian finance from White Hall and the City of London to the people of India is of opinion that the proposed Bank should be a real national institution serving national interests under complete national control and that the Reserve Bank Bill should make suitable provisions for fully meeting the financial needs of Agriculturists throughout India.

21. REMISSION OF FULL STAMP, REGISTRATION AND COURT FEES.

That as the partial withdrawal of the concession relating to Stamp Duty, Registration charges and Court fees had led to the contraction of the transactions of Co-operative Societies the increase of the members loan charges and the retradation of the building up for reserves, this Conference requests that the Government be pleased to restore immediately the old concessions of full exemption from stamp duty, Registration charges and court fees.

22. REMISSION OF INCOME AND SUPER TAX.

Whereas the levy of Income-tax Super-tax and Professional-tax on the income derived from the investments of Co-operative Societies has caused great injustice to the societies and their members the majority of whom are drawn from the poorer section of the community.

This Conference impresses upon the Government the injustice of the levy and requests them to exempt Co-operative Societies from payment of Income-tax Super-tax and Professional-tax on their earnings from investments.

23. CO-ORDINATION OF DEVELOPMENT WORK.

That as it is necessary that the activities of the various Departments of Government engaged in advancing the rural community to a fuller life such as Agricultural, Veterinary, Forest, Irrigation, Co-operative, Public Health, Education and Industries should be co-ordinated and carried on according to a definite comprehensive plan, this conference urges that Taluk Development Association or Boards, consisting of official and non-official members be started for purposes of consultation propaganda and formulation of development programmes according to regional needs.

24. RELIEF TO AGRICULTURISTS.

That as agricultural production is declining, coercive processes for recovery of land revenue have been on the increase the grants of takavi and land improvement loans have been very much circumscribed and the remission of land revenue has been few and far between this conference requests the Government to adopt a more liberal policy towards the raiyats by granting greater remission and suspension of land revenue and by reducing the heavy burden of taxation upon the agricultural population.

SUPPLEMENT TO THIS ISSUE.

Co-operative Societies Registered during the year 1932-33.

Name of District.	Name of the Society.	Postal Address.
1 Anantapur	... The Veligonda Co-operative Society, D. 637 ...	Uravakonda
2 "	... Karakamukkala Co-operative Society, D. 638.	Do.
3 "	... Mamadur Co-operative Society, D. 636 ...	Gooty.
4 Arcot (North)	... Christianpet Co-operative Society, C. 1208 ...	Katpadi.
5 "	... The Arkonam Taluq Board Teachers' Co-operative Society, C. 1207.	Arkonam.
6 "	... The Cheyyar Taluq Co-operative Land Mortgage Bank Ltd.,	Anakavur.
7 "	... The North Arcot District Registration Department Public Servants Co-operative Society, C. 1206.	Vellore.
8 "	... Kaveripank Public Servants' Co-operative Society Ltd., C. 1205.	Kaveripank.
9 Bellary,	... The Adoni Swakula Salay Co-operative Purchase & Sale Co-operative Society, Y. 269.	Adoni.
10 "	... The Hospet C. L. M. Bank, Ltd., Y. 268 ...	Hospet.
11 "	... The Hagari Agricultural Improvement Co-operative Society, Y. 270.	Bellary.
12 Chittoor	... Nagarimadugu Co-operative Society, U. 322.	Vayulpud.
13 "	... Renigunta Co-operative Society Ltd., U. 321.	Renigunta.
14 Coimbatore	... Sinnanegumam Co-operative Credit Society, K. 672.	Negamam.
15 "	... Periapodu Co-operative Credit Society, K. 673.	Anamalai.
16 "	... Kurumbapalayam Co-operative Credit Society, K. 675.	Pollachi.
17 "	... Slaternagar Settlement Co-operative Credit Society, K. 663.	Thudupatti.
18 "	... Narasingapuram Co-operative Credit Society, K. 664.	Ramapatnam.
19 "	... Kanuvakkarai Co-operative Credit Society, K. 665.	Punjaipuliam-patti.
20 "	... The Pollachi Co-operative Sale Society, Ltd., K. 666.	Pollachi.
21 "	... Thottiyakottampatti Co-operative Credit Society, K. 667.	Do.
22 "	... Subbakavundanpudur Co-operative Credit Society, K. 668.	Avanashi.
23 "	... Kaliyapuram Co-operative Credit Society, K. 669.	Pollachi.
24 "	... Vadugapalayam Co-operative Society, K. 670.	Do.
25 "	... Karumapuram Co-operative Credit Society, K. 671.	Do.
26 "	... The Erode Co-operative Land Mortgage Bank, Ltd., K. 662.	Erode.
27 "	... Tiruppur Cotton Grower's Co-operative Society, K. 660.	Tiruppur.

Name of District.	Name of the Society.	Postal Address.
28 Coimbatore	... Ayappirappu Co-operative Credit Society, K. 659.	Sivagiri.
29 "	... Ganapathy Co-operative Society, K. 657	Ganapathy.

REGISTERED ON 6-6-32.

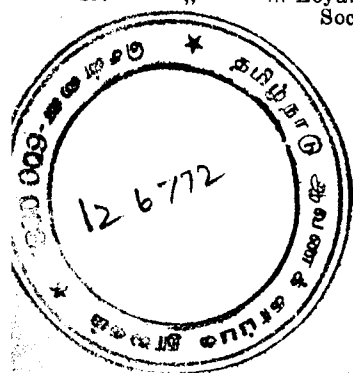
30 Cuddapah	... Kodur Co-operative Credit Society, Ltd., W. 222.	Kodur.
31 "	... Devamandrupalli Co-operative Credit Society, W. 223.	Chitnal.
32 "	... Masupalli Co-operative Society, Ltd., W. 221.	Siddhont.
33 "	... Nagavaram Co-operative Society, W. 224	Kodur.
34 Godavari (East).	The Razola C. L. M. Bank, Ltd. B. 230	Razola.
35 "	Kothavuru Co-operative Credit Society B. 229	Yedida.
36 Godavari (West).	Nidadavole Local Fund Employee's Co-operative Society, Ltd. W. G. 104.	Nidadavole.
37 "	Narasapur C. L. M. Bank Ltd. W. G. 103.	Narasapur.
38 "	Kovvur C. L. M. Bank, Ltd. W. G. 105	Kovvur.
39 Guntur	The U. L. C. M. Industrial Department Workers' Co-operative Society, Ltd. N. 716.	Bickers Compound.
40 "	The Ponur C. L. M. Bank, Ltd. N. 714	Ponnur.
41 "	Neelayapalem Reddiyanadi Tenants Co-operative Society, N. 715	Uppugundur.
42 "	The Repalle C. L. M. Bank, Ltd., N. 713	Ropalle.
43 Kanara (South).	The Basrur Adi-Dravida Co-operative Society, L. 315	Basrur.
44 Kistna	Gannavaram Sree Seetha Ramanjaneya Co-operative Society, H. 1021	Gannavaram.
45 "	Kistna District Court Process Servers' Co-operative Thrift Loan & Benefit Fund Society, Ltd., Masulipatam, H. 1022	Masulipatam.
46 Kurnool	Reyudagudur Co-operative Society, P. 417	Valpamer.
47 "	Gudipadu Adi-Andhra Co-operative Society, P. 416	Gudur.
48 "	Parla Adi-Andhra Co-operative Society, P. 415	"
49 "	The Nandyal C. L. M. Bank, Ltd. P. 418	Nandyal.
50 Malabar	The Standard Tiles & Clayworks Co-operative Stores, Ltd., F. 975.	Feroke.
51 "	The Kerala Co-operative Ayurvedic Vaidhyasala, Ltd., F. 974.	Chalapuram.
52 "	The Annasseri Christian Co-operative Credit Society, F. 973.	Korapuzha.
53 "	The Punnol Co-operative Credit Society, F. 972.	Maho, N. Malabar.

REGISTERED ON 17-6-32.

54 Nellore	... Nellore Municipal Memorial Employee's Co-operative Society, Ltd., V. 330.	Nellore.
55 "	... Nellore Paddy Loan & Purchase & Sales Co-operative Society, V. 331.	Do.
56 "	... Kavali Co-operative Land Mortgage Bank, Ltd., V. 332.	Kavali.
57 "	... Kandanup Co-operative Society V. 333.	Podakalur.
58 Nilgiris	... The Denad Co-operative Credit Society, K. 674	Kilkudha.

Name of District.	Name of the Society.	Postal Address.
59 Nilgiris	... Honnathalai Co-operative Society, K. 658	Kattabettu
60 "	... Madras Government House Provident & Loan Society, Ltd., K. 661.	Govt. House, Madras Ooty.
61 Salem	... Barur Co-operative Credit Society, S. 339	Barur.
62 "	... Salem Municipal College Students' Co-operative Stores Society, Ltd., S. 388.	Kumarasami-patti.
63 "	... Emapalli Adi-Dravida Co-operative Society, Ltd., S. 396.	Tiruchengode.
64 "	... Kalayangiri Koravas' Co-operative Society, S. 393.	Ettapur.
65 "	... Gopalapuram Koravas' Co-operative Society, S. 394.	Malliaragai.
66 "	... Kallanatham Koravas' Co-operative Society, S. 395.	Attur.
67 "	... Shevapet Co-operative Urban Bank, S. 392	Shevapet.
68 "	... Veeraganur Kilnattu Koravas' Co-operative Society, S. 391.	Veeraganur.
69 Vizagapatam	... Vizianagaram C. L. M. Bank Ltd., M. 189	Vizianagaram.
70 "	... Lamson's Bay Fishermen's Co-operative Society Ltd., M. 190.	Waltair.
71 "	... Etikoppaka Co-operative Industrial & Credit Society Ltd, M. 191.	Ettikoppaka.
72 "	... Sree Ramakrishna Co-operative Industrial & Credit Society, M. 192.	Thumapetu.
73 "	... Andhra University College Students' Co-operative Stores, Ltd., M. 188.	Waltair.
74 "	... Veeravilli Taluq Co-operative Land Mortgage Bank Ltd., Chodavaram M. 193.	Chodavaram.
75 Arcot South	... Chidambaram Co-operative Land Mortgage Bank Ltd., E. 1322	Chidambaram.
76 "	... Local Fund Servants Co-operative Society, Ltd. E. 1323	Kattumannarkoil.
77 "	... Pasikulam Co-operative Society, E. 1324	Pennadam.
78 Chingleput	... Cheyyur Salt Licensees Co-operative Sale Society, G. 991	Cheyyur.
79 Madras	... Madras Hindu Religious Endowment Board Staff Co-operative Society, Ltd., X. 70.	Mount Road, Cathedral Post.
80 "	... Krishnampet Gokulam Co-operative House Building Society, X. 71	Krishnampet Post.
81 "	... Madras Co-operative Stores. X. 72	George Town.
82 "	... Madras Workers Co-operative Credit Bank Ltd., X. 73	Mint Buildings.
83 "	... Royapettah Co-operative Bank, Ltd., X. 74	Royapettah
84 "	... Thyagarajanagar Co-operative Bank Ltd., X 75.	Teynampet Post.
85 Madura	... Madura Taluk Co-operative Land Mortgage Bank, Ltd., A 1220.	Madura.
86 "	... Athalai Co-operative Society, A 1222	Samayanallur.
87 "	... Vadapalaigi Co-operative Society, A 1223	Pasumalai.
88 "	... Sholavandan Co-operative Land Mortgage Bank Ltd., A 1224.	Sholavandan.
89 "	... Thenur Co-operative Society, A 1225.	Samayanallur.
90 "	... Kodimangalam Co-operative Society, A. 1226.	Do.
91 Ramnad	... Kamuthi Board High School Students, Co-operative Stores Ltd., A 1221.	Kamuthi.
92 Tanjore	... Aduturai Agl. Research Station Labours Co-operative Society, Ltd., T. 781.	Aduturai.

Name of District.	Name of the Society.	Postal Address.
93 Tanjore	... Kumbakonam Taluk Co-operative Land Mortgage Bank Ltd. T. 785.	Kumbakonam.
94 "	... Tanjore Public Works Department Public Servants Co-operative Society, Ltd., T. 786.	Tanjore.
95 "	... Pattukkottai Taluk Board Teachers Co-operative Society Ltd., T. 787.	Pattukkottai.
96 "	... Tirutturai-pundi Co-operative Land Mortgage Bank, Ltd. T. 788.	Tirutturai-pundi.
97 "	... Mannargudy Co-operative Land Mortgage Bank Ltd., T. 789.	Mannargudi.
98 "	... Chittanvalur Co-operative Society, T. 790	Chittanvalur.
99 Trichinopoly	... Navalpattu F. L. Co-operative Society, R. 499	Melakal-kandarkottai.
100 "	... Kallagam Adi-Dravida Co-operative Society, R. 500.	Kokkudi.
101 Tinnevely	... Tinnevely District Co-operative Central Bank, Employee's Co-operative Society, Ltd., O. 829.	Tinnevely.
102 "	... Jambulingapuram Xian Co-operative Society, O. 830.	Puthiyana-puthur.
103 "	... Tuticorin Co-operative Crop Loan & Sale Society, Ltd. O. 831.	Tuticorin.
104 "	... Srivaikuntam Co-operative Irrigation Society, Ltd., O. 832.	Srivaikuntam.
105 "	... Srivaikuntam Co-operative Land Mortgage Bank. Ltd., O. 833.	Do.
106 "	... Ambasamudram Co-operative Land Mortgage Bank. Ltd., O. 834.	Ambasamudram.
107 "	... Loyal Mills Ltd., Employees Co-operative Society, Ltd. O. 835.	Kovilpatti.



The Madras Provincial Co-operative Bank Ltd.

(Registered under Madras Act VI of 1932, formerly Act II of 1912)

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TOWN BRANCH : Armenian St., George Town, Phone No. 3334.

The Bank is the chief organisation for providing credit to the agriculturists of the Province.

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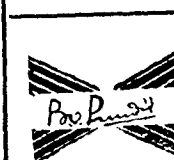
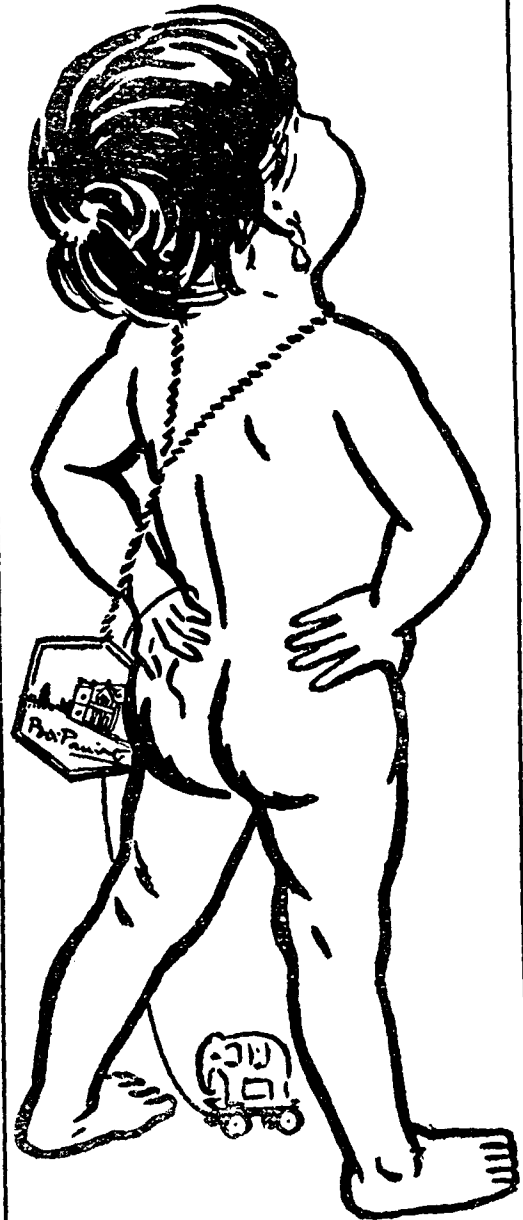
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