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## Editorial Notes.

### Credit Union.

Elsewhere we have reproduced an extract entitled, '*How does your Credit Union rate?*' We invite the attention of our readers to the tests stated therein and apply them to their credit institutions and examine for themselves to what extent they have succeeded in attaining their objectives. The important part played by the supervision committee as distinct from the credit committee will be evident from the fact that to the extent it discharges its duties and responsibilities is the determining factor in deciding the permanent progress of the credit institutions. We are aware that Central Banks generally appoint supervision committees. But we are not quite sure those committees play such an important part in the conduct of affairs. Every big credit institution, if not every primary society, should appoint a supervision committee which should be active and to its recommendations and suggestions the credit committee or the executive committee which makes loans should pay heed and take prompt action. There should be greater co-operation and co-ordination between the executive committee and the supervision committee. Any amendment of the by-laws to secure this co-ordination, if found necessary, should be carried out.

**Land Mortgage Banks: Interest Rates.**

The Annual Conference of Land Mortgage Banks was opened by Mr. T. Austin, Advisor to His Excellency the Governor. Though Co-operation is not one of the subjects in his charge, his remarks uttered on the occasion deserve careful consideration; for as the Registrar of Co-operative Societies he took a great deal of interest in the Movement. In dealing with the question of interest rates, Mr. Austin emphasised that the primary consideration must be the stability of the financing bank. While we also associate with him that emphasis should be laid on this factor, may we also point out that the stability of any financing institution depends on the amount of service it is able to render to its clientele? If as was pointed out by Sri T. A. Ramalingam Chettiar, the fall in the transactions is due to increase in the rate of interest charged to the borrowers, is it wise for the Government to insist on a wide margin between the borrowing and the lending rates especially as fall in business is sure to affect not only its usefulness but ultimately its stability as well? The Board of Directors of the Central Land Mortgage Bank is definitely of opinion that the increase in the rate of interest is not necessary and expresses the fear that even deserving persons may be forced to seek accommodation from money-lenders whose terms are not only more attractive but who are less squeamish in their methods of advancing and recovering loans. While the opinion of financial experts, such as the Reserve Bank of India on whose advice the Government are insisting on such a wide margin should always receive respectful consideration, it is necessary to emphasise the fact that in banking practical difficulties also should receive equal attention. This question engaged the earnest consideration of the Committee on Co-operation. The Committee came to the conclusion that the margin between the borrowing rate and the rate at which money is made available to the ultimate borrower need not be more than 2 per cent. The Committee state :—

"It is needless to state that the return from land has, in recent years, diminished, and while we recognise that the interests of mortgage banks should be protected, we feel that the margin between the borrowing rate and the rate at which money is made available to the ultimate borrower of land mortgage bank, should be 2 per cent. It may be shared equally by the Central Land Mortgage Bank and the primary bank. It is not our intention to suggest that the rates should be cut down beyond the safety limit. What the Central Land Mortgage







Bank requires is (1) the amount to be paid into the sinking fund, (2) the amount of interest on debentures and (3) the amounts for payment of dividend on shares after meeting running expenses and creating a reserve fund and for provision for a bad debts reserve and fluctuations in sinking fund. All these together represent the annual instalments which the bank must get from the debtors through its constituent banks. We are inclined to believe that as the Central Land Mortgage Bank develops its business, the 1 per cent. margin which we suggest it may reserve for itself, will be adequate for all its requirements."

We notice that the Conference of Land Mortgage Banks suggests that a margin of 2½ per cent. would amply serve the purpose. The fact that in spite of fall in transactions the Bank has worked at a net profit of Rs. 2,41,408-11-0 during 1940-41 while the net profit was only Rs. 2,05,540-9-0 in 1939-40 is itself sufficient to show that the increased rate has brought in revenue which has enabled the Bank to provide a sum of Rs. 1 lakh for the building fund. Provision for building fund at the expense of the borrower who needs all the assistance the Bank can manage to give, is not very essential. This only affords additional proof that the insistence on a higher margin is not warranted by the facts of the situation. We plead in all earnestness that the margin may be reduced to at least 2½ per cent. as desired by the Conference if not to 2 per cent. as recommended by the Committee on Co-operation. Otherwise we are afraid the principle of diminishing returns will soon begin to operate causing serious dislocation in the working of the Bank.

**Supervising Staff.**

Sri T. A. Ramalingam Chettiar complained that the Bank is required to pay the full cost of the Deputy Registrars in charge of the Land Mortgage Banks even though they were also doing administrative work. This is a legitimate grievance and the sooner it is redressed the better for all concerned. Moreover, the wisdom of having separate staff for the supervision of Land Mortgage Banks, which imposes such a large burden on the Bank, is seriously doubted. The Committee on Co-operation went into this question at some length and came to the conclusion that separate staff was unnecessary. The Committee state :—

"Discontinue having separate Land Mortgage Bank Deputy Registrars and vest work connected with land mortgage banks in the District Deputy Registrars. For this purpose, the District Deputy Registrars should be relieved of a portion of their present work; an increase in the number of District Deputy Registrars may be necessary in special circumstances. The District Deputy Registrars have much smaller charges, their local knowledge is bound to be greater, and it is desirable that all the co-operative activities in a district should be co-ordinated and that a unity of purpose, now lacking, should be imparted to such activities."

Now the Bank has also been asked to bear half the cost of the Sub-Deputy Registrars, which was till now borne wholly by the Government. It looks as though the increased margin insisted upon between the borrowing and the lending rates is meant to cover all these extra expenses. As long as the Bank is dependent on Government guarantee, perhaps the Government will insist on the employment of their Sub-Deputy Registrars. But in view of the fact that these officers are required to safeguard the interests of the tax-payer and also do administrative work of the kind which is a part of their normal duties, it is not reasonable to ask the Bank to pay anything towards the cost of their maintenance. The cost should continue to be borne by the Government. Their number also should be increased in order to minimise the delay in the disposal of loan applications, and they should be empowered to send all loan applications after they are sanctioned by the primary banks, direct to the Central Land Mortgage Bank. These measures, if given effect to, would greatly assist the ryots for whose benefit these institutions have been brought into existence. In this connection we quote again the considered view of the Committee on Co-operation:

"The Government have sanctioned at their expense a staff of Co-operative Sub-Registrars for the scrutiny of applications received by land mortgage banks, valuation of properties offered for mortgages and periodical revaluation of lands. Land Mortgage Banks are rendering an essentially useful service to the indebted ryots even as the Government themselves do under the Agriculturists' Loans (Amendment) Act, 1935, and it is only proper that the Government should continue to make provision for the necessary staff to ensure the efficiency of mortgage banks. The recovery of the cost of the staff from the banks would hamper their progress, cripple them financially, prevent them from building up reserves, and increase the cost of loans to the ultimate borrowers. Nor do we find any moral justification for recovering the cost so long





as mortgage banks render a much-needed economic service to the indebted agricultural community which it is the duty of an enlightened State to provide. We, therefore, strongly urge that the Government should continue the present staff of Co-operative Sub-Registrars at their own cost as heretofore.

**Limit of Loans.**

One of the reasons given for the fall in the amount of transactions is the stoppage of loans above Rs. 5,000. From a perusal of statement of loans disbursed during 1940-41, it is seen the number of loans disbursed of amounts between Rs. 5,000 and above was 107 and the amount involved was Rs. 5,81,550 while the number of loans below Rs. 500 was 490 involving Rs. 1,65,825. We find the largest number of loans disbursed was between Rs. 1,000 and Rs. 2,000, the number being 864 involving Rs. 11,30,075 and the next in order were loans between Rs. 500 and Rs. 1,000 their number being 804 involving Rs. 5,51,040. Every one is agreed that any institution will be deemed to have rendered great service if it serves the largest number though the amount involved in the transactions may not be large and the returns may not be commensurate with the trouble taken. We hope that the number of smaller loans will continue to increase. At the same time we do not see any reason why a limit should be imposed by Government as long as necessary precautions are taken. At least in exceptional cases the Bank should be empowered to disburse loans above Rs. 5,000 though care may be taken to see that the amount involved in such loans bears some relation to the total transactions.

Another factor to which prominent attention was drawn by Mr. T. Austin is the concentration of loans in 2 or 3 areas. His remarks bear repetition.

"A remarkable point in the distribution of loans is their concentration in 2 or 3 areas; for instance out of 41 lakhs lent in 1940-41, 17 lakhs went to the Circars, 8 lakhs to Coimbatore, Salem, Trichinopoly and the Nilgiris and 7 lakhs to Tanjore and the Southern Tamil districts; Chingleput and the two Arcots got 5 lakhs, the Ceded districts got only 3 lakhs and the West Coast only 1 lakh. This seems to have been the case ever since the Bank started. I have tried to discover some reason for this. West Coast's position is clearly due to the fact that loans cannot be granted on tenants' rights: the Revenue Department are considering amendments to remove these difficulties. I thought that possibly the variations might be due to the higher land values and greater indebtedness in some areas. But I have found it very difficult to discover any definite reasons. If the figures in Mr. Sathianathan's Report on agricultural indebtedness can be accepted, there was much greater indebtedness in Chingleput and the two Arcots than in any other area, while the Circars and the Southern Tamil districts stood on a par in this respect as they do in area and in their deltaic character. I am afraid the material is too scanty and the figures too uncertain for me to solve this conundrum: but I think it is worth studying.

The Central Land Mortgage Bank should take immediate steps 'to solve this conundrum'. The situation must be studied in all its aspects and the public must be informed of the circumstances under which these conditions came into existence.

## Dry Areas.

The question of Land Mortgage Banks for the dry areas should also receive immediate consideration. Only Rs. 3 lakhs have been distributed in the Ceded districts. If it is remembered that the revenue from these districts even in 1932-33 amounted to Rs. 173.65 lakhs it cannot be said but all the areas in these districts cannot be served by the Land Mortgage Banks. Moreover, the Committee on Co-operation went into this question and made a reasonable recommendation. We wish the Land Mortgage Banks' Conference had reiterated their support to the recommendation of the Committee. The Government should immediately announce their favourable decision on this recommendation. At least some dry areas may be chosen for the experiment where conditions are considered favourable. The present Registrar, Mr. Sathianathan, had occasion to study the problem of indebtedness in the Presidency. His knowledge and experience are now at the disposal of Government which may be usefully utilised for the benefit of dry areas. The conditions on the West Coast also seem to present some problems. Immediate attempts should be made to solve them so that relief from indebtedness through Land Mortgage Banks may be afforded to all the areas in the Presidency.

## Self-Sufficient Villages.

Presiding over a meeting at which Sri R. Suryanarayana Rao spoke on Rural Problems, Mr. P. N. Ramaswami, I.C.S., District Judge, Anantapur, emphasised the need for making villages self-sufficient administrative units. He felt, after careful reading of the situation both in his executive and judicial capacity, the solution for the various problems confronting the villager may be solved best by restoring the villages in the administration to the position which they once occupied. Too much departmentalisation without sufficient co-ordination has failed to effect radical changes in villages. He also pleaded that to make the villages attractive for educated youngmen to migrate and settle down, necessary amenities should be provided. Too much leisure and lack of spare time occupations were, in his opinion, the cause of crimes. He paid a tribute to the patience and perseverance of the ryots of the Ceded Districts who are hard-working, progressive, patient and fight grimly against the vagaries of Nature. We have taken the liberty to quote Mr. Ramaswami at some length as his remarks are in refreshing contrast to those of another member of the Indian Civil Service, Mr. S. Lall, who, while conceding that 'under all standards the conditions of life of the Indian Villager are deplorable' attributed his present condition to 'a running struggle against long-established customs and traditions.' We await with interest the modifications in the Madras Village Panchayats Bill which would convert the villages into self-sufficient administrative units. It is needless to emphasise that any attempt to make the villages dependent on outside authorities for their amelioration will not ensure solution of the problems facing the rural people.





## Draft Amendments.

We invite the attention of our readers to the section in this issue entitled 'Orders and Circulars' in which we have reproduced the amendments to rules framed under the Madras Co-operative Societies Act relating to the use of surplus funds of liquidated societies and the representation of depositors on the board of management of Central Banks. They may be compared with the draft amendments already published in our previous issues and our comments on the same. We cannot help confessing our sense of utter helplessness in influencing the Government to modify even to the slightest degree their decisions. Evidently the publication of draft amendments and inviting suggestions seem to be formalities observed to satisfy provisions which perhaps, in their opinion, are almost obsolete. Unless the Government keep an open mind and are prepared to consider reasonable suggestions, it is not worth while to go through this 'farce' of pre-publication inviting objections or suggestions. In regard to the amendments referred to in this note, public opinion has expressed itself strongly against any alteration in the existing rules and the Co-operative Conferences, which certainly reflect responsible co-operative opinion, have either unanimously or by an overwhelming majority disapproved the proposed amendments and that too in spite of the strenuous efforts of the officials of the Department to sponsor the amendments. It is high time the Government will make known whose opinions will carry weight that of the responsible non-official co-operators or the Departmental officials. The non-official co-operators should not hesitate to express their dissent in unequivocal terms from the view of Government. They are also entitled to ask the Government to announce why they chose to brush aside their well-reasoned objections. We venture to suggest that another explanatory note answering the objections or suggestions may be appended to every rule made absolute so that Co-operators may know why their opinions have received such scant consideration.

**Audit of Provincial Societies.**

May we venture to suggest that audit of provincial institutions should be completed as soon as possible after the close of the Co-operative year so, that their Audit and Administration Reports may be reviewed long before the succeeding year is out and such changes in the policy and methods of work, as may be found necessary, may be adopted sufficiently early to bring about the altered condition of things ? In our opinion the audit should ordinarily be completed at least within three months after the close of the year.

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**A correction.**

In the list of successful candidates published on page 344 of the December 1941 issue of the Journal under Supplemental Candidates (Part I completed and Passed) the Regd. No. 1293 K. M. Appadurai was by mistake published. He appeared for Part I of the examination *only* and passed the same.

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# Arbitration Act X of 1940

## AND ITS EFFECT ON THE AWARD UNDER THE CO-OPERATIVE SOCIETIES ACT.

BY P. K. SRINIVASARAGHAVA ACHARAYA.

Dewan Bahadur K.V. Brahma, C.I.E., M.B.E., Advocate, Nagpur has in a learned article published at page 101 of the journal part of the All India Reporter 1941, considered the effect of Arbitration Act X 1940 on the awards passed by arbitrators under the Co-operative Societies Act. The learned Advocate concludes that in view of the clear provisions of Sections 46 and 47 of the Arbitration Act X of 1940 the parties have the right to get the award filed in court and to get a judgment and decree of the court on it and then to execute the decree. The award under the Co-operative Societies Act will not be executed by courts as hithertofore. He points out the necessity to have the rules under the Co-operative Societies Act suitably amended so as to bring them in conformity with the provisions of the Arbitration Act.

These suggestions as proceeding from a gentleman of the legal profession are entitled to much weight unless they are proved to be unnecessary. It is attempted to be shown that the Arbitration Act X of 1940 cannot and does not apply to proceedings under the Co-operative Societies Act, and even conceding it does apply there is on necessity to amend the rules as suggested by the learned advocate.

Section 46 of the Arbitration Act X of 1940 that has been relied on by the learned advocate is as follows:—

The provisions of this Act except sub-section (1) of section 6 and sections 7, 12 and 37 shall apply to every arbitration under any other enactment for the time being in force, as if the arbitration were persuant to an arbitration agreement, and as if that other enactment were an arbitration agreement, except in so far as this Act is inconsistent with any other enactment or with any rules made thereunder.

Section 47 says "subject to the provisions of section 46 and save in so far as is otherwise provided by any law for the time being in force, the provisions of this Act shall apply to all arbitrations and to all proceedings thereunder provided that an arbitration award otherwise obtained may with the consent of all parties interested be taken into consideration as a compromise or adjustment of a suit by any court before which the suit is pending.

After discussing the scope of these sections and of sections 13 and 17 the learned gentleman observes :—

i. It is important to note that the law of limitation is not made applicable to arbitrations under the Co-operative Societies Act with the result that the Registrar or the arbitrators appointed by him may when deciding disputes ignore the defence of limitation raised by a party to a dispute (Col. 1. p. 102.)

ii. The award should be made within four months from the date of reference or within further time allowed by court (p. 103. Col. 1.).

iii. The arbitrators are to sign the awards and to give notice in writing that they have done so and also to state to the parties the amount of fees and charges payable in respect of the arbitration and the award (p. 103. Col. 2.)

iv. The arbitrators are bound on payment of proper expenses to file the award in the court and the court is thereupon to give notice of the filing of the award to the parties concerned (p. 103. Col. 2.)

v. On every award the court must pronounce a judgment in consonance with the award and upon the judgment so pronounced a decree is to be drawn up (p. 103. Col. 2). The society or the member who gets the award has now a right of calling upon the Registrar to file the award in the court and the party has also the right to ask the court to pronounce the judgment in terms of award and to make a decree on it. The court has also been given a power to remit an award on certain grounds specified in section 16. (p. 104. Col. 1).

vi. The rules under the Co-operative Societies Act say that an award under the Co-operative Societies Act is to be executed by a court as if it was a decree of the court. This now goes out of existance as what is to be executed is the decree passed by the court and not the award. (p. 103. Col. 2.).

vii. A party can apply to the court to set the award aside for reasons stated in section 30.

It is submitted, with due respect, that these difficulties do not at all arise. Section 46 itself says that whenever there is conflict between the provisions of the Arbitration Act or the enactment which they may affect the latter prevail. As has been rightly observed by the learned gentleman if there are provisions in the Co-operative Societies Act or the rules framed thereunder, which are contrary to





the provisions of the Arbitration Act, the Co-operative Societies Act and rules prevail. As far as this province is concerned Rule XV (7-A) makes applicable to proceedings under section 51 the provisions of the Indian Limitation Act as if the dispute were a suit and the Registrar a civil court. Special period of limitation has been provided for references in cases of certain classes of cases. Rule XV (7-A) attracts the provisions of article 182 of the Indian Limitation Act (in my humble opinion this portion was unnecessary by virtue of section 57-B) and the provisions of section 48 of the Civil Procedure Code for proceedings in execution. Even under the rules framed under Act II of 1912 [(Rule XIV- 5 (a)] all the incidents of decree by the civil court get attached to an award as soon it is filed into a civil court. In other words if an award is filed in a civil court for execution, article 182 of the Indian Limitation Act applies and in cases where section 48 of the Code of Civil Procedure has any application, that provision applies to such decrees. Section 63 of the Bihar and Orissa Co-operative Societies Act 1935 while fixing the starting point of limitation in cases of disputes contemplated under section 48 attracts the provisions of the Indian Limitation Act.

The contention that the award should be submitted within four months or within such time as may be extended need not be considered, in as much as it is within my personal experience that only two months time is granted by the Deputy Registrars when they send cases for disposal to arbitrators. It may not be out of place to point out that Deputy Registrars may be instructed to select arbitrators from a class of persons that is quite conversant with law and courts and not be guided by the recommendations of supervising unions.

The awards made under Act II of 1912 and VI of 1932 are signed and it is known also that the arbitrators intimate to the defaulters the fact of an award having been passed. Dates and other details are given in what is usually called the intimation card. The charges incurred are also included in the award.

The difficulty contemplated by the learned advocate or the effect that Act X of 1940 is said to have on awards granting a right to the parties to have the awards filed into court is not real. It has been held that where a special tribunal is created for purposes of trying and deciding certain cases or certain classes of cases the jurisdiction of civil courts is by implication barred.

Section 51 of the present act ousts the jurisdiction of all courts other than those of the Registrar or arbitrator, appointed by him in cases contemplated by that section. The language of other enactments is similar except that in section 54 of the Bombay Act which permits the Registrar to refer the parties to a civil court if the question is one involving complicated questions of law. I submit with due respect—that the provisions of the Co-operative Societies Act are quite inconsistent with those of the Arbitration Act and even according to the arguments of the learned advocate the provisions of the Co-operative Societies Act should prevail. I am unable to follow the learned gentleman's argument when he says that provisions of Act X of 1940 are not inconsistent with those of the Co-operative Societies Act. Especially in special enactments it is a well understood proposition of law that what is not allowed is deemed to be prohibited (vide 21 M.L.J. 790). Hence there is no necessity to submit the award to the civil court nor has any party got any right to ask the arbitrator or Registrar to submit the award to the civil court. The question as to whether the court has got a right to remit the award does not therefore arise. The rules under Act VI of 1932 and rule XIV under Act II of 1912 say that the award can be executed straight away as if it were a final decree (Act VI of 1932) or as a decree (Act II of 1912) of a civil court. There are similar provisions in other enactments. These provisions are quite inconsistent with those provisions of the Arbitration Act which say that unless the awards are put into court and a decree passed in consonance thereof the award cannot be executed. For the above reasons a party cannot have the award set aside by the civil court for reasons stated in section 30 of Act X of 1940.

All this has to be considered only when the premises are granted that the word 'arbitrator' in the Arbitration act X of 1940 has got the same meaning as the word when used in section 51 of Act VI of 1932.

It has to be noted that Act X of 1940 does not in any way add to or take any thing away from the definition of the term "arbitrator" as understood in Act IX of 1899. The arbitration contemplated in these acts is made by both the parties to the reference whereas the arbitration contemplated by the Co-operative Societies Act is just like a suit before the civil court where by instituting it the plaintiff compels the defendant either to appear and defend himself or suffer a decree to be passed against him. The Madras High Court had to consider in *Velayudha Mudaliar Vs. The Co-operative Rural Credit Society, Ulakkottai Village* (*66 M.L.J. 90*) as to what the nature of the proceedings under rule 14 of Act II 1912 were. At page 93 His Lordship Mr. Justice Peckanham Walsh is pleased to say, "None of the above instances cited for the appellant deals with the Registrar of Co-operative Societies acting under rule 14 of the rules framed under the Co-operative Societies Act. Several points with regard to his position may be noted. The first is that he is not an arbitrator in the sense in which that word is understood under the Arbitration Act or in schedule II of the Civil Procedure Code and therefore section 3 of the Evidence Act which excludes arbitrators from the definition of court is not of much assistance. The essential characteristic of an arbitrator is that the matter is referred to him by consent of both the parties. But under Rule 14 any one party may make a reference to the Registrar and on receipt of such reference he is bound to dispose of the case. He can no doubt refer it to an "arbitrator" appointed by him or to several arbitrators (the word is used in a special sense here). But his position in this matter is that of a court to whose decision one party can compel the other party to submit. Then it has to be noticed that the whole procedure under Rule 14 appears to be devised as short cut by which the Registrar takes the place of a court, decides a matter which would otherwise have been referred to it, and passes an award which becomes a decree of a civil court having jurisdiction over the subject matter of the decision when that court is asked to enforce it". The arbitrator who gets the reference is vested with the powers of the Registrar for the purposes of deciding the suit.





Hence it may safely be said that the Arbitration Act does not apply to proceedings under any Co-operative Societies Act and the necessity for framing rules as suggested by the Dewan Bahadur Brahma, C. I. E., M. B. E., does not arise.

# Happy at Last!

## A STORY WITH A MORAL.

By T. S. Pandurangam.

Once lived a man named Karuppan in Chengipatti, a village not far away from the sacred town of Srirangam. Karuppan was a poor farmer in that village. His family consisted of three persons including himself, his wife Muniamma and the little girl Lakshmi. Their cottage was pretty small. Karuppan used to plough the field of Mr. Chandrasekara Reddiar and others who were near to his place and had no other resources to maintain his family. His income was meagre whereas his liabilities were exorbitant. Karuppan was always morose, pensive and down-hearted and was worried as to how best he could clear his liabilities which mounted up day by day. This was so telling on his health, that he became almost haggard in look and worn out in appearance. His wife was foreign to economy. The whole family was in a state of semi-starvation for nearly half of the month and their creditors were more often at their doors. Lakshmi had grown up by efflux of time and with the slender resources at the disposal of her parents, they could not put her under the care of the village school master. Though bereft of education that was given to girls of her age, she was shrewd. The father was so much attached to the child that he could not bear the sight of his only child being dissatisfied. Often she would stand and gaze at her play-mates going to school till they passed out of her sight and would burst into sobs. He would console her by giving some toys and make her forget the school. She grew up to realise her parents sufferings and the creditors' imperious demands. One day she hit upon a plan and suggested to her parents an idea which made them appreciate her intelligence. The suggestion was nothing else than co-operation in the daily labour. She told her father that she and her mother would work with him and thereby keep the wolf from out of their cottage. Lakshmi turned towards her mother, who had hesitated and felt delicate to work in the field along with males as it was not the custom in their caste and addressed her politely as follows :—

> "Nobody requires to be fed by another a day longer than is necessary. An elder man (her father) may be good enough to continue to feed his wife and daughter even though he gets only a paltry income and even though he is in debts but they should see to it that they are not parasites. It is a great curse on us, mother, to be a dependant on another and so both of us should work to avoid semi-starvation and the creditors' poignant words".





Her idea encouraged the booby parents and from the very next day, they laboured in the fields of the local mirasdars who were in need of coolies to plough their lands. They laboured co-operatively in the field and thus they with the returns were able to lead a better life than in the past. However much they tried then they could not clear their debts as their creditors produced false accounts to them, even after receiving partial amounts. They believed what was said and shown to them. One day Lakshmi happened to go to her master's house in connection with her work. The mistress of the house was an elderly lady and apparently kind towards her labourers. Mrs. Reddi was found scanning through what appeared to be a letter from the District Co-operative Union, asking her to educate the members and panchayatdars of the society as their committee had sanctioned Rs. 100 to meet the necessary expenses. The letter was in the vernacular and the contents were read a wee bit aloud; Lakshmi who was a bit sharp was able to understand it and requested her to let her know what it was about. The anxiety on her face was such that her mistress was moved to state that she was the Secretary of the Women's Thrift and Loan Society of the village. Mrs. Reddi began to narrate the benefits of a Co-operative Society in detail. Lakshmi's gloomy face rather brightened and she requested Mrs. Reddi to relieve her family from the clutches of her creditors. She asked her to come and see her once again on the following day. Mrs. Reddi sat silently after her supper before her table to read the "Journal of Co-operation". As she was reading an article on '*Thrift & Its Advantages*', she thought of Lakshmi's case. She took a pencil and paper; she worked Lakshmi's daily wages which came to Rs. 3½ per week approximately. The next morning Lakshmi came to Mrs. Reddi as usual to work in her field. Mrs. Reddi asked her as to how much her family owed to the creditors. Then Lakshmi with tears, in her eyes said 'one hundred rupees, almost, madam'. Mrs. Reddi maintained a long silence and asked her to join her society and to pay her daily wages alone as thrift deposit for a period of 8 weeks and that after paying Rs. 28, she could raise a loan of Rs. 100 on the security of her thrift deposit with the help of which she could clear her debts. Jumping with joy, she conveyed the good news to her care-worn parents. Lakshmi was admitted on the next day to the village Women's Thrift & Loan Co-operative Society and in course of time she and her parents were free from the debts and looked to the Co-operative Society as a blessing and source of happiness.

# Women's Role in the Soviet System.

Lenin, the founder of the Soviet system, once declared that there can be no talk of any sound or complete democracy until women take their rightful and permanent place both in the political life of the country and in the public life of the community in general.

It would seem that his disciples have tried very hard to assure to Soviet women this allotted place.

Article 122 of the new Constitution adopted in 1936 reads:

"Women in the U. S. S. R. are accorded equal rights with men in all fields of economic, state, cultural, social and political life. The possibility of realising these rights of women is ensured by affording women equally with men the right to work, payment for work, rest, social insurance and education, state protection of the interests of mother and child, granting pregnancy leave with pay, and provision of a wide network of maternity homes, nurseries and kindergartens."

This comprehensive charter of their rights is the measure of women's emancipation in the U. S. S. R.

Having given to every woman the right to work, with no doors closed against her, save in those occupations which involved unduly heavy physical toil, the Soviet law lays down the principle that women workers must receive equal pay with men for equal work. This holds good for agriculture and dairying as well as industry.

To overcome the obvious difficulties which marriage and motherhood introduce into the industrial life of women, the Soviet has done two things.

They have encouraged motherhood and made it abundantly possible by granting adequate leave, eight weeks before and eight weeks after confinement, with full pay, and ensured that there is no single profession from which married women are barred. The pregnant woman, indeed, may not lift heavy weights or work overtime. But her absence from work at the time of confinement in no way endangers her employment, and nursing mothers working at factories are given a pause every three hours to suckle their babies.

As women need to be compensated against the handicaps of childbirth, they need further compensation or assistance in the matter of child care and housework.

Here an abundance of nurseries, creches, kindergartens and playgrounds for young children together with communal dining rooms at factories and elsewhere, and other devices are created to free womanhood from the drudgery of domestic duties.





The right to work, the right to equal pay, and release from the drudgery of the household have led to a widely expanding freedom and enrichment in the domestic life of women.

Soviet women are more free than women elsewhere to marry or not to marry. Economic hindrances to marriage are removed. When married, a woman is free to continue her work or to undertake new work. She is equally free, of course, to give up work if she prefers a life of dependancy on her husband.

A woman is free to have as many children as she likes.

Economic barriers to large families are removed. Children are welcomed by the Government, and mothers with several children receive additional financial aid.

A woman is free to divorce her husband without the publicity and heavy costs attached to our system.

Divorce is granted readily in the Soviet Union at the request of either party. But frequent divorce and remarriage are definitely condemned, and where there are children, both parties are compelled to shoulder their responsibilities.

Contrary to popular misconception, great stress is laid upon the value of the family in the U. S. S. R., and, notwithstanding all that is done by the Government for the children, neither father nor mother are relieved of their parental responsibilities.

Finally, women are free to take their share in the administration of the country and to enter fully into cultural and intellectual life.

The Supreme Soviet of the U. S. S. R., the highest legislative organ in the land, includes 189 women from all walks of life among its members. No parliamentary body in the world can show such a big proportion.

(*The Co-operative News—November, 1941.*)

# Present Scope and Structure of the Co-operative Movement in the Dutch East Indies.

The annual statistical report of the Government Department for Economic Affairs of the Dutch East Indies completed in January, 1941, contains a comprehensive collection of recent data relating to the Co-operative Movement and kindred economic enterprises.

On 1st January, 1940, the total number of Central Co-operative Associations reached 13 against 10 in 1935 and 1 in 1931, and the number of Primary Co-operative Societies 560 against 289 and 132, respectively. The 560 Societies include 422 Credit Societies, 40 Productive, 17 Consumers', 53 Societies for credit relief, 20 Societies of Lumbermen and 8 Miscellaneous. These figures show that the Movement still consists predominantly of Credit Societies, which continue to develop steadily, in spite of the fact that they have to compete with a government-managed and controlled system of Village Banks.

*Popular Government-controlled Credit.*

The structure of rural credit in the Dutch Indies is interesting in more than one respect, especially in its bearing upon the future development of co-operative credit. Originally based on the principles of Raiffeisen Co-operation, the agricultural credit organisation can now be divided into two distinct groups—co-operative and non-co-operative. The latter is associated with the pioneer work of a Dutch civil servant, de Wolff van Westerrode, who was undoubtedly inspired by co-operative ideas and hoped to develop the popular bank system after the Raiffeisen model. It was probably due to the exceptional success of these efforts, not without Government help, that the banks were taken over by the authorities, given the necessary juridicial form of banking institutions, supplied with working capital and effectively separated from the mass of the people who constituted the majority of depositors and borrowers. The actual management of the popular banks was placed in the hands of officials, appointed by a Central Office set up by the Government, though the general meeting of the individual banks included also representatives of agriculture, industry, stock-breeding, educational authorities, law, &c.

Of special interest are the popular Village Banks, of which there were 7,267 on 1st January, 1940, against 6,678 in 1935 and 4,802 in 1925. The total number of borrowers was 1,152,200 in 1940 and changed little in the last five years. The amount of loans granted was Guilden 22,674,100 in 1940 against Gld. 14,788,500 in 1935. In addition there are 5,512 so-called grain banks making loans in kind, mainly in rice, in districts in which the population is dense, poor and dependent upon the cultivation of crops used for human consumption. The total number of borrowers on 1st January, 1940, was 1,137,100. In the management of these popular Village Banks the





co-operative idea is entirely eliminated. The borrowers are deprived of any participation in the direction of affairs and, in their turn, do not share any sense of social obligation towards the banks, with all the undesirable consequences involved.

*Native Co-operative Societies.*

The volume of business conducted by the genuine Co-operative Credit Societies is much smaller than that of the popular Banks. Loans outstanding on 1st January, 1940, amounted only to Gld. 593,923 and their total assets to Gld. 811,397 though they have shown a considerable increase during the last three years. Even more rapid is the extension of business of the Productive Societies, the assets of which increased from Gld. 82,269 on 1st January, 1938, to Gld. 180,218 on 1st January 1940. The Consumers' Societies have decreased in number and volume of business. The Movement is still, on the whole, in the pioneering stage, retarded until recently by the struggle of conflicting national and political loyalties and far from being encouraged by the authorities. Only in 1937 was a Central Organisation created for the whole Movement, and advisory and promoting offices set up. The future of the Movement, undoubtedly, lies in the capacity of the Credit Societies to provide cheaper facilities than the popular Banks, in the development of the Debt Relief Societies, a sphere of activity which seems most suitable for a co-operative approach, and in the further and renewed efforts of organising marketing on co-operative lines. Consumers' Co-operation still remains the most backward branch of the Co-operative Movement in the Dutch Indies.

(*Review of International Co-operation—August 1941.*)

# The Consumers' Movement in 1939.

With the aid of a comparative table compiled by the Swiss Union of Consumers' Societies, V. S. K., Basle, we are able to present more complete data than that previously published on the position of the National Consumers' Movements in 30 Countries in 1939, showing, in addition to numerical strength, the extent of co-operative penetration as regards population and trade at the outbreak of the war.

If this data is compared with other statistics published by the I.C.A., it should be noted that the trading figures are in £ sterling as distinct from £ gold.

The figures for the U.S.S.R., which are given separately, refer only to Rural Consumers' Societies.

| Country. | Societies. | Membership. | Population. | Turnover. Retail. In £ Sterling. | Turnover. Wholesale. In £ Sterling. |
|---|---|---|---|---|---|
| Gt. Britain ... | 1,077 | 8,643,233 | 47,600,000 | 272,298,748 | 155,970,150 |
| France ... | 837* | 2,454,000* | 41,980,000 | 19,290,539* | 7,219,768 |
| Sweden ... | 751 | 637,998 | 6,341,000 | 32,509,824 | 14,583,011 |
| Finland ... | 545 | 640,810 | 3,659,000 | 24,874,847 | 13,327,269 |
| Hungary ... | 1,994 | 639,439 | 10,186,000 | 3,787,368 | 6,220,298† |
| Switzerland ... | 916 | 513,600 | 4,216,000 | 19,340,682 | 14,691,449 |
| Denmark ... | 2,010 | 489,200 | 3,825,000 | 16,102,371 | 10,118,728 |
| U. S. A. ... | 2,900 | 450,000 | 131,410,000 | 27,090,823 | 3,184,356 |
| Austria ... | 216 | 325,990 | 6,695,000 | 10,327,989 | 5,584,291 |
| Czechoslovakia Bohemia and Moravia ... | ... | ... | 6,795,000 | ... | 5,139,602 |
| Slovakia ... | 747 | 175,000 | 3,330,000 | 2,737,072 | 1,642,243 |
| Holland ... | 351 | 304,804 | 8,727,000 | 8,515,885 | 3,627,425 |
| Belgium ... | 40 | 306,922 | 8,396,000 | 4,935,875 | 1,546,526 |
| Norway ... | 659 | 181,050 | 2,937,000 | 10,278,402 | 3,281,721 |
| Roumania ... | 1,580 | 169,906 | 20,045,000 | 1,194,260 | 2,740,879 |
| Italy ... | ... | ... | 43,430,000 | ... | 2,327,569 |
| Australia ... | 136* | 122,795* | 6,997,000 | 2,924,503* | 542,838 |
| Yugoslavia ... | 137 | 97,780 | 15,703,000 | 1,536,555 | 2,231,128 |
| Bulgaria ... | 68 | 85,250 | 6,305,000 | 1,558,252 | 2,064,070 |
| Argentine ... | 77 | 80,700 | 13,130,000 | 969,107 | ... |
| Chile ... | 57* | 63,739* | 4,635,000 | 658,157* | ... |
| Estonia ... | 193 | 53,900 | 1,122,000 | 2,964,479 | 2,069,052 |
| Latvia ... | ... | 42,400 | 1,951,000 | 3,217,022 | ... |
| Brazil‡ ... | 33 | 36,765 | 44,116,000 | 129,189 | ... |
| South Africa ... | 36 | 27,927 | 10,160,000 | 1,014,358 | ... |
| Canada ... | 62 | 20,210 | 11,301,000 | 1,205,052 | 581,410 |
| Lithuania ... | 129* | 17,593* | 2,442,000 | 2,679,097* | 5,247,922 |
| Iceland ... | 47 | 16,287 | 118,000 | 1,279,332 | 1,034,932 |
| Palestine ... | 57 | 9,388 | 1,467,000 | 341,000 | 437,000* |
| New Zealand ... | 30 | 8,000 | 1,618,000 | 200,208 | ... |
| Total ... | 15,685 | 16,664,686 | 470,637,000 | 473,955,996 | 265,413,537 |
| U. S. S. R. ... | 27,486 | 37,000,000 | 170,467,000 | 1,878,434,290 | 1,666,317,689 |

* 1938 figures.

† Including sale of agricultural products—£ 2,478,510.

‡ State Sao Paulo only.



# How does your Credit Union Rate?

Few credit unions are doing enough educational work amongst their members and prospective members. Officials themselves may be unaware of the possible services of their credit union or fully alive to the responsibilities of their office and the duties involved. It has been said that an army is only as strong as its generals and by the same yardstick a credit union may be measured by the efficiency of its officials.

Credit unions are designed to attain certain objectives and to render certain definite services. The degree to which a credit union accomplishes these objectives would be a measure of its success.

First, a credit union is supposed to encourage and promote thrift—teach the saving habit. They are organised so that the ordinary person can save small amounts on a systematic basis.

Second, the credit union is a place where the members can borrow for necessary purposes at reasonable rate of interest, and with a plan of repaying in small, convenient instalments.

Third, the credit union is an education in itself, and too often this is overlooked. It is a co-operative, with a board of directors who fix the policies consistent with the Credit Union Act and best credit union practices; a credit committee to pass on all loans; and a supervisory committee to see to it that the credit union operates according to the Act and governing by-laws, and to audit the books and records of the credit union.

If you will analyse your credit union and see how near it is to accomplishing all of the above objectives, you might try out the following plan and classify your members.

(*a*) All members who save regularly, or who borrow from the credit union when they need money and repay in regular instalments or according to the terms of the loan, rate as "active members";

(*b*) All members who do not save regularly, or who only put in money at irregular intervals, if at all, rate as "in active members";

(*c*) All members who have loans in a past-due condition and are not saving anything, rate as "delinquent members".

After you have classified all your members, figure out what per cent each is of the total membership. Do you have sixty per cent active members, or does it run higher, or lower? Such a survey should prove very interesting and it may serve in building up your credit union and make it possible to do even a better job than it has in the past. It should be a basis for putting on an educational campaign, getting more members; more members to save regularly; to use the credit union when the need to borrow; get rid of dead timber; and a closer check on delinquents.

A credit union will attain its objectives if the officials are fully alive to their responsibilities and perform the duties required of them faithfully and to the best of their ability. The supervisory committee is perhaps the most important committee in the credit union. It is the committee to whom the members have delegated the authority to see to it that the business is run properly in accordance with the act and that the books are kept accurately and the business is carried out honestly.

While the credit committee, by its method in making loans can either make or break a credit union, the supervisory committee by the way and manner in which it performs its duties, will, in any case be the determining factor in deciding the permanent progress of the credit union. If we carefully guard against delinquencies or carelessness amongst our officials, delinquency amongst borrowers will be reduced to a minimum.

Experience has repeatedly indicated that credit unions possessing capable supervisory committees have almost invariably established commendable records for sound operations. It is, therefore, important that this committee assume the full responsibilities of its office in order that a credit union may render the worthwhile service for which it was created.

(*Co-operation and Markets News, October, 1941.*)

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# Correspondence.

## The Madras Co-operative Central Land Mortgage Bank.

The twelfth annual report of the above Bank for the year 1940-41, which has been just issued, discloses that it earned a net profit of Rs. 2,41,409 against Rs. 1,20,541 earned last year. It proposes to allot one lakh from the profits to its Building Fund. Of the 119 primary banks affiliated to it, 88 banks worked at a profit while 31 banks worked at a loss. Though some of these latter banks were started in recent years—which fact may explain the loss—there are others among them established in much earlier years. The circumstances under which these banks could not have avoided the loss are not known.

It is gratifying that the bank has accepted the Government's suggestion to raise the margin between the borrowing rate of the Central Bank and the rate of lending to the ultimate borrower from 2½ per cent. to 3 per cent. This enhanced margin is stated to be intended for building up a strong reserve fund in the Central Bank. The desirability of helping the primary banks also to build up similar reserve funds appears to be of no less importance as ultimately it is the condition of these banks that would reflect the solidarity of the L. M. B. movement. A narrow margin which compels banks to stint essential expenditure on efficient service and to delay the building up of a decent reserve in reasonable time, may ultimately prove harmful.

There has unfortunately been a tendency in all co-operative central banks, not to feel the same interest for their affiliated primary societies as for their own bank, with the result that while central banks go on flourishing, the primaries gradually fade away. The Movement has to be treated as of one body, having for its object, the economic uplift of the poor land-holder; and this object must be present in all the activities of the Central Bank, which should strive no less for the primary banks' working at a profit than its own. It should be possible for the Central Bank to help the newly started primaries with the cost of their establishment for a year or two, so that they may avoid a loss even from the beginning, and a sufficient margin may be allowed to them between their borrowing rate and their lending rate to enable them to build up decent reserve funds in reasonable time.

The report shows that while all the primary banks without exception met their obligations to the Central Bank in full, there were heavy overdues of members, amounting nearly to Rs. 1,03,000 in the primaries. It may be a helpful plan to reduce these overdues to the minimum if the primaries would allow a rebate of a small fraction of the interest charged to such borrowers as pay their dues in time. A sufficiently liberal margin should be allowed by the Central Bank to the primaries to enable them to adopt such a plea.

A. RAJABADAR MUDALIAR.
(Rao Bahadur)

# Working of Societies.

## The Tanjore Co-operative Marketing Federation, Ltd., No. T. 898, and its activities.

The Tanjore Co-operative Marketing Federation, Ltd., No. T. 898, was registered on 29-1-41 and started on its work on the same date, to provide facilities for securing a profitable market for the sale of produce of paddy grown in Tanjore and Trichinopoly districts. Its chief objects are to arrange for the sale of the produce of its members, to take such steps as will be conducive to it and to co-ordinate the activities of the affiliated societies. Its activities are confined to the Tanjore and Trichinopoly districts.

*Membership and Share Capital.*

There are 39 individuals and 74 societies as members of the Federation with a paid up share capital of Rs. 23,810.

*Finance.*

The Federation is financed by the Co-operative Central Banks, at Tanjore and Kumbakonam, at present, to enable it to make outright purchases, when necessary. The Central Bank, Tanjore, has sanctioned to it a loan of Rs. 25,000 and a cash credit loan of Rs. 10,000. The Federation has also taken two fixed deposits to the extent of Rs. 14,500 from its President and Vice-President after utilizing the loans from the Central Bank in its business.

*Business.*

The Federation purchased and stocked from its inception till now 45,168 bags of paddy to the value of Rs. 2,11,739 at different rates of price. It sold 39,700 bags to the value of Rs. 1,96,131. It had a stock of 5,378 bags to the value of Rs. 17,240 on 30-11-41. It also produced 1,173 bags of rice to the value of Rs. 17,534 and sold 1,161 bags to the value of Rs. 16,460, leaving a stock of 112 bags to the value of Rs. 1,329 on 30-11-41.

The Federation had to execute orders on 30-11-41 to the extent of 4,200 bags of paddy of the value of Rs. 19,000. The Federation has been supplying paddy to a large extent to the Madura Wholesale Stores, Madura Harvey Mills Employees' Stores, and the Papanasam Harvey Mills Employees' Stores, in Madura and Tinnevelly districts.

*Profits.*

It earned a gross profit of Rs. 5,178-11-6 and a net profit of Rs. 1,268-9-10 up to 30-11-41.

*General.*

The activities of the Federation which were first confined to Tiruvarur and Mannargudy areas have since been extended to Kumbakonam, Aduthurai and Kuttalam. It has also been decided to cover the Tiruthuraipundy area during the kar season which will commence shortly.

The Management of the Federation vests in a Board of Directors consisting of 15 members of whom 3 are the representatives of the 3 Central Banks in the area, three are the representatives of the affiliated societies and the other 9 are the representatives of the individual members. The first set of Directors were nominated by the Registrar for a period of 3 years. The administration of the Federation is carried on by the Executive Committee consisting of 7 members. A Co-operative Sub-Registrar is working as its Secretary.



# Conference.

## TWELFTH LAND MORTGAGE BANKS' CONFERENCE.

***Extracts from the Welcome Address of Sri T. A. Ramalingam Chettiar, M.L.C., President, Madras Co-operative Central Land Mortgage Bank, Ltd.***

Last year was a fairly good year from the agriculturists' standpoint. Except in a few outlying places, the season was good and the yield of agricultural produce satisfactory. Prices also showed a tendency to rise. Internal trade increased, even though in particular goods like groundnut and sugarcane low prices were persisting. All co-operative institutions showed greater activity and increased transactions. The closing of foreign markets for some goods made it necessary to find local uses for the same. Money market was easy and so it was possible to expand our activities in every way. Sale societies and stores have been started in large numbers. While it is yet too early to say whether all of them will survive after the war, they are helping the ryots and labourers to find a market for their goods and to get their supplies. If this opportunity is taken and the Movement is organised on proper lines, there will be a substantial advance of a permanent character in co-operative activity. For this, care should be taken to encourage local initiative and induce local enthusiasm so that the institutions formed are strengthened and will have real vitality and work satisfactorily. Care should also be taken not to impose institutions at departmental dictation and have dummy committees for management which will be the surest way to disaster later on.

The Land Mortgage Banks have had a smooth time during the year. As usual, they have met all their demands to the Central Land Mortgage Bank without leaving any arrears. But in the banks themselves there have been arrears amounting in all, on 30th June 1941 to Rs. 1,73,000 in all the banks put together. This was mainly due to the fact that loans were closed and the whole of the balance due was asked to be returned in a large number of cases due to alienations made by borrowers without the sanction of the primary banks and the Central Land Mortgage Bank. This question of alienation of the hypotheca has assumed great importance, as there are some cases in every bank and large number of cases in some of the big banks, especially in the deltaic areas. While the policy of the Central Bank is to relieve the borrower to whom it lends of all his debts so that he may be able to free his property completely after he pays his instalments to the bank, there is no satisfactory provision made for meeting the new needs of those who borrow from the Land Mortgage Banks. Cultivation expenses are financed by the rural primary societies. But the present policy of the primary societies is not to lend large sums without the security of immovable property. So, those who want finance for purposes like education of children, marriage of children, purchase of cattle and certain improvements on land and for other purposes, cannot get help from the primary societies unless they mortgage their properties, which they have already pledged to the Land Mortgage Banks, to the primary society, which, under the conditions of mortgage, they cannot do. When they cannot raise money from the primary societies, they have got to find the money outside from money-lenders or sell a portion of their property. As the agriculturist who borrows from the Land Mortgage Bank, mortgages all his lands to the bank and he very rarely has a margin of property after meeting the needs of the rules under which we are working, he can find the money he wants only by executing a second mortgage on the same property. The Central Land Mortgage Bank is very strict in relation to alienations and it insists in all cases where alienations are made that all the moneys raised by alienations should be paid towards the discharge of the loan taken from it. While in the interests of the bank this rule is necessary, I think, it is essential if people are to be helped or our transactions be conducted satisfactorily, that we should make provision for the grant of a second loan for legitimate purposes to those who have mortgaged their properties to the Land Mortgage Banks. While there is provision for giving second loans for land improvement or for purchase of lands to round off holdings, there is no provision for advancing loans for other necessary purposes. The Bank is conscious of the difficulties to which the borrowers are put by the enforcement of the conditions under which mortgages are taken. It is for the conference to express their views how best we can meet the situation and what arrangements we have to make. Then the matter can be taken up by the Central Land Mortgage Bank with the Government and suitable arrangements made. This is an important matter which requires urgent solution.





The transactions of last year have decreased to Rs. 40,77,160 from Rs. 42,81,940 in the previous year. In the current year there has been a further substantial reduction in the loans taken. This decrease is due to two reasons, (1) the stoppage of loans above Rs. 5,000, and (2) the increase in the rate of interest charged to the borrowers.

In 1938 the rate of interest charged to the ultimate borrower was raised from 5 per cent. to 5½ per cent. as the Government insisted on a 2½ per cent. margin between the borrowing rate of the Central Bank and the lending rate to the borrower. It was raised to 6 per cent. in February 1939, as the Bank had to increase the borrowing rate to 3½ per cent. In March 1941 it was again raised to 6½ per cent. as the Government insisted that the margin should be raised to 3 per cent. The idea of the Government in insisting on this margin is that the Bank should build up a strong reserve in as short a time as possible, so that it may be in a position to raise its debentures in the market on fair terms without Government guarantee. The Bank has been always trying to build up a strong reserve and it has been making provision for all sorts of contingencies without Government insisting on it. In the opinion of the Board, the increase in the rate of interest is not necessary and is likely to deter persons from taking advantage of the Land Mortgage Banks and will throw them into the arms of money-lenders with all the attendant evils.

Hitherto, the Central Land Mortgage Bank was paying the full cost of the Deputy Registrars, their pay, their establishment, their T. A., and even their pensionary and leave contributions, even though they were also doing administrative work, the cost of which should legitimately be debited to the Government. The Central Land Mortgage Bank has been paying this since the whole cost of the Co-operative Sub-Registrars was borne by the Government. Now the Government wants the Central Land Mortgage Bank to bear half the cost of the Co-operative Sub-Registrars from 1-4-41. The Board of management of the Bank pleaded that one third of the cost may be taken for the present, both on the ground that part of the work done by the Deputy Registrars and Co-operative Sub-Registrars was work for which it cannot be asked to contribute and because a large slice of the additional income obtained by raising the rate of interest will be swallowed up by this contribution asked for. An appeal is made to the Government again to reconsider this matter.

The internal administration of the primary banks has been a matter of concern in some of the banks. There has been one misappropriation by an officer of a bank and there have been also cases of misappropriations by the staff. The transactions in many banks have not shown the improvement expected, especially in the Ceded Districts. The question of the employment and the conditions of service of the staff of the banks is another matter which is coming up constantly before the Registrar and before me as President of the Central Land Mortgage Bank. Disputes about particular employees and their retention or promotion is a source of difference in the managing committees of some of the banks. It has been suggested repeatedly by the Deputy Registrars and the Registrar that a provincial cadre of Supervisors and Managers should be formed with power vested in the President of the Central Land Mortgage Bank to transfer these from one bank to another. There is also a suggestion made that the budgets of the primary banks should be subject to the approval of the Central Land Mortgage Bank. It is for you to consider these proposals and see what can be done to avoid the difficulties that are felt at present. I am personally against interference in the internal management of institutions by an outside authority. The framing of proper rules with regard to qualifications, scales of pay, etc., may help to solve the difficulties to a large extent. But at the same time, in cases where these are not enough, some method by which things can be rectified, has to be found.

The Bank has made rules and issued them with reference to loans for improvement of lands and the raising of gardens, etc. This is a work that has to be undertaken with great care and managed with attention and personal interest by the committees of management of primary banks. There is no difficulty to find the necessary funds for this purpose from the resources of the Central Bank itself for some time to come. If there is a large increase in this line of work, it will not be difficult to find the necessary funds by floating debentures for short periods. I hope the banks will take up this work with enthusiasm and try to help enterprising land-holders in every way.

I am very glad that Mr. Austin, who was the Registrar of Co-operative Societies for a considerable time and who was very helpful to us in the formative period of our institutions, has agreed to come here today and open this conference. He was a quiet, but a firm friend of the Movement and especially of the Land Mortgage Banks. He has been taking an abiding interest in our institutions. The members of the Conference are very grateful to him for coming here and taking part in our conference.





*From the Opening Address of T. Austin Esq., C.I.E., I.C.S., Adviser to His Excellency the Governor of Madras.*

When I attended your conference last year I noticed that several problems that troubled us in my time were still unsolved. The most important problem before the Central Land Mortgage Bank has been and still is to make its debentures popular with long term investors (*e. g.* insurance companies), to see them quoted regularly and favourably on the Stock Exchange and, as a natural corollary, to dispense with the Government guarantee. There is no doubt that the guarantee by the Government of the principal and of the interest on these debentures, combined with careful management, has already earned for the Bank a good reputation in the money market. But, obviously, the sooner you can dispense with the Government guarantee the better and the way to do this is for the Bank to be so financially strong that there will be great confidence in it by the investing public. Another way to put this is that the owned capital of the Bank must reach a certain figure—the Reserve Bank of India has put this figure at, at least, one tenth of its deposit liabilities. In this connection I emphasise, as Mr. Hood said last year, that the primary consideration must be the stability of the financing bank and that the question, when discussing the interest rates, was not so much at what rate the ryot could conveniently pay, but rather at what rate the bank could safely lend. In spite of some opposition at the beginning, the Bank from March last increased its lending rate to primary banks and the percentage of net profits to be carried yearly to the Reserve Fund. These measures with others such as the maintenance of separate sinking funds for the repayment of each series of debentures on maturity and the limitation of dividend on share capital to 1 per cent. above the debenture rate, will undoubtedly increase the owned capital much more rapidly than in the past. This is and always was, in my opinion, most important even though the rise in lending rates may not be welcome to the ryots. Naturally people want to borrow as cheaply as possible, but it is not necessary for me to tell you what happens to a bank that it is not stable and based on firm foundations. I advise you to make quite sure that a considerable number of people are being deterred, by the rise in interest rates, from borrowing from the Land Mortgage Banks before you decide that this increase is unnecessary.

Arising out of this is the question as to how long the Government need continue to guarantee the debentures: obviously premature withdrawal will cause a set back to the progress of the Bank, but it should be possible to fix an approximate period within which the Bank may be expected so to stabilise itself as no longer to need the guarantee. The Reserve Bank has suggested that Government's guarantee should not be increased beyond five crores: Government, of course, having regard to all their liabilities, cannot on their part increase this guarantee indefinitely. As I have already said, the Bank should consider its position strong enough to hold public confidence when its owned capital exceeds one-tenth of its deposit liabilities. Judging from the progress made so far and taking into consideration the steps recently taken, it is expected that this standard will be reached in eight years. It may be sooner or it may be later, but it is up to the Bank to reach this position as soon as possible because it cannot expect the Government guarantee to continue for ever.

I wish to sound a note of caution in your plans to give loans for land improvement, for which new venture you have framed separate rules. These loans will differ from your ordinary loans both in the investigation of applications and in disbursement. The Revenue Department of the Government are issuing loans under the Land Improvement and Agriculturists Loans Acts and at the end of 1938-39 (which are the latest figures I can get hold of) the total outstanding was 90 lakhs: of 12 lakhs payable during the fasli 8 lakhs were recovered. There are no separate figures for loans under the Land Improvements Act but the objects overlap. This is a big business, and it behoves the Bank, especially when Government is in the field, to move slowly and cautiously, and to have the closest co-ordination with the other Government Departments concerned, especially the Agricultural Department. The Land Mortgage Banks have not the machinery for examining schemes for agricultural improvement, for instance, or for supervising their execution.

I remember, in my time, discussions over the issue of further loans to members, when a portion of an original loan had been discharged. The loan was fixed at an amount which should enable the borrower, after having liquidated his debts, to pay the interest on the loan and at the same time to live within his means. It was hoped, I remember, that the borrower would not incur fresh liabilities and plunge into debt again. The principle was accepted that second loans should therefore be discouraged except in abnormal circumstances, *e. g.*, famine, a cyclone or a flood; you Sir, have made out a case for adding to these abnormal events such specific objects as would be covered by the phrase, "land improvements" and other necessary purposes: this again requires caution in estimating repaying capacity.

A remarkable point in the distribution of loans is their concentration in 2 or 3 areas: for instance out of 41 lakhs lent in 1940-41, 17 lakhs went to the Circars, 8 lakhs to Coimbatore, Salem, Trichinopoly and the Nilgiris and 7 lakhs to Tanjore and the Southern Tamil districts: Chingleput and the two Arcots got 5 lakhs, the Ceded disticts got only 3 lakhs and the West Coast only 1 lakh. This seems to have been the case ever since the Bank started. I have tried to discover some reason for this. West Coast's position is clearly due to the fact that loans cannot be granted on tenants' rights: the Revenue Department are considering amendments to remove these difficulties. I thought that possibly the variations might be due to the higher land values and greater indebtedness in some areas. But I have found it





very difficult to discover any definite reasons. If the figures in Mr. Sathianathan's Report on agricultural indebtedness can be accepted, there was much greater indebtedness in Chingleput and the two Arcots than in any other area, while the Circars and the Southern Tamil districts stood on a par in this respect as they do in area and in their deltaic character. I am afraid the material is too scanty and the figures too uncertain for me to solve this conundrum: but I think it is worth studying.

There is another matter in which the Reserve Bank has suggested improvement, namely, in better co-ordination between the Land Mortgage Bank and other co-operative organisations. This, I remember, was discussed in my time – and I remind you of a recommendation made at a recent Registrars' Conference that if a man was a member both of a primary credit society and of a Land Mortgage Bank, the credit society should have a priority in respect of the first charge on the crop and the charge of the Land Mortgage Bank on the crop should be postponed to that extent. This question of co-ordination is very important and I commend it to your earnest consideration.

I am sorry to hear that there is some dissatisfaction with the internal administration of the primary banks. The conditions of service of the staff should certainly be regulated: and you will, I feel sure, consider carefully the question of the appointment of paid Secretaries. This, for various reasons, always seemed to me a necessary and beneficial measure.

Finally I wish to say how very glad I am to find Mr. Ramalingam Chettiar still at the helm of affairs here. He is a worthy successor of Sir M. Ramachandra Rao and that is high praise. It was a pleasure to work with both these gentlemen. I have no doubt whatever in the progress and advance of co-operation, so long as there is full sympathy and co-operation between officials and non-officials, without undue interference on the one side and without undue suspicion on the other. Although it is over 3 years since I left the department I still try to keep contact and I intend never to lose my interest in co-operation. I have much pleasure now in declaring the Conference open.

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# Extracts.

*From the Speech of Dr. B. Pattabhi Seetharamayya Delivered on the occasion of unveiling the portrait of the Hon'ble Mr. V. Ramadas Pantulu Former President of The South India Co-operative Insurance Society, Ltd., Madras (4th January 1942).*

I have much pleasure in unveiling the portrait of one who has laboured in the country's cause for now full four decades. In asking me to perform this function, the hosts have made, let me proudly say, no inappropriate choice and I have not accepted any engagement in life with greater readiness and joy than I have done this one. I have reached the age at which the closing scenes of a man's life tend to feature him as the unveiler of portraits and the Vice-Chancellor of Universities. I was perilously near the latter and shrewdly escaped from that pinjrapole—and this is the second portrait I unveil in recent years, the first being that of the late Sir Mocherla Ramachandra Rao. That is not all. Mr. Ramadas and myself both belong to Masulipatam and have laboured together these three and a half decades in common fields of public activity, *viz.*, journalism, politics, co-operation, education and insurance. He belongs to the legal and I belonged to the medical profession, but between us, we have made a happy medico-legal combination. He undoubtedly knows as much medicine as I know of law and not seldom have we beaten each other in our presumptuousness in the acquired arts, by his essay-ing medicine and I law, much to our own cost. Not so however in the other domains. He was the Editor of the *Krishna Patrica* from 1905 onwards until I relieved him in 1908. His interest in the Congress dates back to the days of Vande Matharam and has been sustained and intense. We parted company however when he transferred his scene of professional labours to the City of Madras in the year 1911 while I left the profession altogether shortly after in 1916. We parted company too when the N.C.O. movement began. These two streams of his and my life once again met in 1926 in the confluence of politics with co-operation and I really discovered Mr. Ramadas for co-operation when after the Provincial Co-operative Conference of 1926, we were on the look out for a person to take the place of that dear old colleague of ours—Dr. Swaminathan, who was so loveable and loved a character in South India, particularly in the Co-operative world. Mr. Ramadas is never so happy as when he is set to work that is strange to him. He masters a new subject with that profound ease with which lawyers master subjects of Medicine, Engineering, Banking and Commerce, forged hand writing and counterfeit coins, especially when they are heavily paid by their clients. To me in 1926, who had been by that time in the field of co-operation for over eleven years, Mr. Ramadas grasp of principles and mastery of details of co-operation alike were a puzzle His sharp intellect, and correct understanding, his quick wit and rapid





repartee, his capacity to think while on legs and his power to elaborate his case—all have stood him in good stead no less in his public life than in his profession. He has shown by his devotion to the co-operative movement how it is capable of protean development and the crown and climax of his activities was the establishment of the South India Co-operative Insurance Society of which you all know a great deal more than perhaps I do. Its steady progress and successful career during the past nine years and the excellent account it has rendered of that progress to the public as revealed through the two actuarial valuations bear testimony to the business lines on which it has been run. It combines the idealism of co-operation and realism of Insurance—qualities which are so evenly and harmoniously combined in its founder.

I shall add but one word before I close the personal reference to the subject of this portrait. Mr. Ramadas has been progressing with the times. He was very nearly on the brink of prosecution for articles published in the *Krishna Patrica* in 1908. He did not cast himself wholly into the movement of Home Rule or Non-Co-operation and his evidence before the Civil Disobedience Committee in 1922 bears testimony to his shrewd practical sense with which he advocated a prompt return to Parliamentary activities—a subject which once again held the field in 1926, 1934 and holds to-day in 1942. He was selected as one of the Congress candidates in the elections to the Council of State in 1926 and has since been a loyal Congressman having resigned in 1929 in accordance with the Congress behests and been re-elected since under Congress ticket. To-day he continues to be an Hon'ble Member of the Upper House at the Centre. He signed the Satyagraha pledge in 1940 and without Mr. Ramadas knowing it, I prevented his name being endorsed by Mahatma Gandhi because I knew he was suffering from high blood pressure and a dilated heart. This greatly distressed him and left to himself he would have been indiscreet enough to court jail. Foolhardiness, however, is not courage. It is courage gone mad just as fanaticism is faith gone mad. It would have been a real tragedy distressing alike to himself and his family and to the Congress, if the very severe illness from which he has just emerged had taken him captive in a jail. Nothing is more miserable than to fall ill in jails, as nothing is more enviable than to spend one's time there in happiness and health and I can bear personal testimony to both as I was very ill in jail in 1930, 31, 32, 33 and 34 and very well in jail in 1941. Let me in unveiling this portrait congratulate Mr. Ramadas on his recovery and pray that he may be spared for many a year to come and render yet a little more service to his fellow sufferers in subjection and bondage.

Before concluding, let me share with you a secret of his life known to few. You know perhaps that he is the author of the first 200 pages of the Report of the All-India Banking Committee. In appreciation of his arduous labour and inestimable services he was offered a big title by Hon'ble

Sir B. N. Mitra, the Member of the Government of India in charge of Banking. This was however declined with thanks for Mr. Ramadas Pantulu has always shunned the lime light and preferred the umbras and penumbras of true national service. If he had agreed to Hon'ble Sir Mitra's proposals, I would have had to-day the privilege of unveiling the portrait of another knight.

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*From the speech of the Hon'ble Mr. V. Ramadas Pantulu in unveiling the portrait of Sri T. A. Ramalingam Chettiar, at the premises of the South India Co-operative Insurance Society, Ltd., Madras.*

It has given me genuine pleasure to accept your generous invitation to me to perform this exceedingly pleasant function. I have retired from the co-operative movement in South India and I have no intention of again associating myself with the work of any co-operative institution in this province, in the evening of life whose lands are fast running out. But, I still look forward to occasions like this which give me opportunities to be amidst my old comrades in co-operative service and to participate, in however humble a measure, in functions organised to felicitate and honour my former colleagues with whom I shared the responsibility that I was called upon to shoulder. It has been a pleasure and privilege to me to work with Mr. Ramalingam Chettiar for nine years continuously on the directorate of this Society. His quick decisions and unerring instinct to find practical and businesslike solutions of complex questions with which the Board was often confronted imparted despatch and dignity to our proceedings.

My association with Mr. Ramalingam Chettiar in public life in general and in the field of co-operation in particular has been long and continuous. There were, no doubt, occasions on which we differed on policies as well as methods. But we did so as independent co-workers in the same field, pursuing an identical goal, pilgrims in search of the common promised land. By his long and distinguished connection with the provincial legislature and his vast and varied experience acquired as a non-official of problems relating to several spheres of administration, he has equipped himself for public service as few people have done. If honours came to him, they came without his seeking them. I know to what heights he could have risen, under an alien bureaucratic rule or quasipopular party system of government, if he only cared to adjust his sails to the prevailing winds. He gave signal proof of his preference for honours conferred by his own people to those bestowed by the Government, by discarding his title of Dewan Bahadur in order to seek election to the newly constituted legislature under the Government of India Act of 1935, as a Congress candidate. In the earlier stages of his public career he has shown his capability in the sphere of local administration—District and Municipal Boards. As a successful Chairman of the Tirumalai Tirupati Devasthanam Committee, he is in charge of one of the most important religious trusts not only in this province but in the whole of India, which possesses vast properties and many public institutions. In the field of co-operation he is now the head of many co-operative organisations of importance. Canvassing for these positions was not one of his habits. These honours, as in other fields, came to him unsolicited. He is there by the free choice of his fellow workers. He is not a self-styled apostle or leader; no one can become an apostle or leader by styling himself as one; nor can a registrar with his all embracing power of control and direction make one.





While I congratulate Mr. Chettiar on the attainment of all these positions I must utter a word or two of sympathy for him as a non-official leader of the movement. Knowing as I do something of the co-operative movement not only in India but in other countries as well, I must say the plight of the non-official co-operators in India is by no means an enviable one. While the responsibility for the proper management of co-operative institutions and the efficient conduct of the movement is laid on non-official shoulders, the power of direction and control is vested in official hands. This is an arrangement under which no movement can be expected to have its natural and healthy growth. Moreover, in every country and every sphere of administration power without responsibility shows a tendency to grow in the hands of officialdom till the line of demarcation between its use and abuse becomes obliterated. All the world over, the sheet-anchor of unsuccessful administrators and arrogant critics, who with no element of co-operation in their mental and spiritual make-up, had been the miserable plea that people over whom they were set to rule were dishonest and incapable of managing their own affairs. I repudiate with a full sense of my responsibility, these charges as utterly baseless in so far as they are levelled against the average Indian co-operator. At the same time, I do not attempt to minimise or hesitate to own up the failings and defects of the non-official co-operators themselves.

The only effective antidote to the abuse of power without responsibility, in the name of control and direction, lies in cultivating not only a robust sense of independence and self-reliance but also a genuine faith in the movement and in the capacity and character of people for whom it is intended. I know Mr. Ramalingam Chettiar has both these co-operative virtues. No one with right instinct can fail to have faith in human nature. I go further and say that no one without faith in co-operation can have faith in human nature; and the converse is equally true; one who has no faith in human nature can have no faith in co-operation. Has not Shelley summed up the essence of human philosophy and science in these three pregnant lines?

> Nothing in this world is single,
> All things by a Law Divine,
> In one another's being mingle.

With these words, I unveil the portrait of Mr. Chettiar, the Co-operator.

# Reviews.

*Working of Co-operative Societies in the Travancore State.*
*(16—6—39 to 13—6—40.)*

A map showing the number of societies in each taluk, and two graphs showing the progress under several heads are added to the report. While there has been a steady decline in the number of societies and members for the past 10 years, the deposits and working capital have fluctuated a little and the Reserve fund has been steadily increasing.

There were 1,480 societies with 1,81,377 members, and Rs. 73,71,104 as working capital at the close of the year. The Reserve fund amounted to Rs. 10,73,574. The policy adopted by the Department is stated to be *expansion*, side by side with amelioration. It is reported that only 33 per cent. of the societies are inefficient. Overdues are heavy in the Premier Central Co-operative Bank. The Taluk banks are not working well. Liquidation of bad societies is being pushed through. 11,581 references were disposed off in the year. Over capitalisation is noticed in Non-agricultural societies and in Agricultural Societies it is still more. The twenty seven unions seem to have 30 supervisors under them to co-operate with the Department in its work.

On the whole, the Movement seems to have turned round the corner and progress may be expected hereafter.

The 17th annual report of the Travancore Co-operative Institute Ltd., gives an account of the activities of the Institute during the year, of which propaganda and education are the chief ones. The Co-operative Journal was duly published during the year.

V. S. R.

*Budget estimate of the Punjab Co-operative Union for 1941-42.*

Co-operators of this Presidency will be very much surprised to note that the Budget provision under Receipts amounts to Rs. 10,37,165, and under Expenditure to Rs. 10,31,165 leaving a surplus of Rs. 5,855.

It should be first understood that this is the Provincial Union for the Punjab as we would call it. Secondly, the statutory audit of all societies, including that of the Central Banks etc. is done by this Union, in accordance with Maclagan Committee's recommendations. The Registrar, as President, is satisfying his statutory responsibility.

Provision is made for a field staff of 619 Inspectors, Auditors etc. The expenditure on the office staff alone comes up to Rs. 40,300 and that for the Co-operative Magazine Rs. 6,000.

V. S. R.





*Report of the Working of Co-operative Societies in Bihar—1940.*

The number of societies of all classes increased from 7,762 to 8,288.

*The Provincial Co-operative Bank.* The working capital decreased from Rs. 91'30 lakhs to Rs. 89'66 lakhs: but the Reserve increased from Rs. 4'56 lacs to Rs. 4'77 lacs with another Rs. 3'60 lacs under other Reserves. The Bank has not been in a position to declare any dividend for the past seven years. The Orissa Government which had to take many societies, has promised to pay only Rs. 3'75 lakhs for the Rs. 6'74 lakhs due from them. This may give an idea of the financial position of societies in the Province.

*Central Banks.* The number of Central Banks continued to be 53. There was a fall in their share capital from Rs. 16'07 lakhs to Rs. 15'95 lakhs. The working capital also fell from Rs. 160'73 lakhs to Rs. 155'15 lakhs, while the Reserve Fund stood at Rs. 14'36 lakhs at the end of the year. There was a fall of Rs. 5'74 lakhs under deposits. The collections under principal was 4.2 per cent. of the demand and those under interest 8'8 per cent. It is reported that even this is an improvement over the previous years.

*Agricultural Societies.* There were 8,016 societies, with 1,94,000 members, Rs. 10'65 lakhs as share capital, and Rs. 138'83 lakhs as working capital at the end of the year. There was a fall under all heads. The collections under principal and interest were 7'9 per cent. and 7'2 per cent. of the demand respectively.

The Sugar-cane societies, which are 1,488 in number, with 37,144 members, are under the special charge of a Commissioner with special assistants. These supplied 87,99,673 maunds of cane to factories in the year.

*Non-Agricultural Societies.* Their was a slight decrease in the number which stood at 211 at the end of the year. Their share capital and working capital amounted to Rs. 22'51 lakhs, and Rs. 64'98 lakhs respectively. Special mention may be made of the Provincial Service Co-operative Society with a working capital of Rs. 3'40 lakhs and the Police Officers' Society with a working capital of Rs. 2'13 lakhs.

*General.* The Co-operative Federation continued its usual work. The contribution from societies amounted to Rs. 7,632 and that from the Government to Rs. 4,800. The Training Institute also was functioning as usual. Only 2,080 societies out of 7,684 were audited during the year. 852 societies were under liquidation and the number of awards pending at the close of the year was 3,752. Rehabilitation enquiry has been finished in 15 central banks out of 53.

*General Remarks.* The Movement has not only not progressed but definitely deteriorated during the year. It is futile to expect anything better even when statutory duty of conducting the annual audit of societies, was not fulfilled and 5,604 societies, out of 7,684, remained unaudited at the end of the year. Co-operators must bestir *themselves* to action, remembering their ideal *viz.*, self-help. Every day's delay means the ruin of so many hundreds of additional poor innocent members and their families.

In this connection it may not be out of place to invite the kind attention of the Bihar Government to the following remarks of the Royal Commission on Agriculture presided over by our present Viceroy, Lord Linlithgow :—

> " In all provinces, failure has frequently been due to the neglect of the wise precautions advocated by Sir Edward Maclagan and his colleagues." (para 373 of the Report.)

> " We are inclined to doubt whether these words (these refer to the recommendations regarding the selection and training of Registrars) were before some local governments when appointments to the posts of Registrars were made." (Para 376 of the report).

V. S. R.

### *Report of the Working of Co-operative Societies in Bengal—1939-40.*

The number of societies of all classes increased from 30,707 to 37,439 and their working capital from Rs. 2021·18 lakhs to Rs. 2,124.68 lakhs. The largest increase was in the registration of 6,582 Loan and Sale societies.

*Provincial Bank.* There was an increase in its working capital from Rs. 248·09 lakhs to Rs. 288·45 lakhs. As promised in the last year, the Government advanced about 39 lakhs to meet the short-term demands of Agricultural societies. It also continued its annual subsidy of Rs. 2 lakhs bringing the total to Rs. 8 lakhs. The collections are reported to have improved to some extent. The Bank is financing the five Land Mortgage Banks also as a temporary measure.

*Central Banks.* With the starting of three new banks, the total at the end of the year, was 121. Although their working capital shows an increase from Rs. 529·27 lakhs to Rs. 553·55 lakhs, their working does not seem to be satisfactory. It is only a very few that seem to be sound. Their detailed working, given district after district in the report is painful reading.

*Agricultural Societies.* The number of societies increased from 27,581 to 34,228 and their working capital decreased from Rs. 626·97 lakhs to Rs. 625·73 lakhs. A slight improvement in the collections is reported. The overdues are still very heavy (88·3 per cent). The audit classification shows that out of 32,688 societies, only 29 are in the A class, 332 in the B class, 12,066 in the C class, 3,703 in D class and 3,558 in the E class. The balance of 12,980 were not classified.

*Non-Agricultural Societies.* There were 3,067 societies in this class with Rs. 648·92 lakhs as working capital at the end of the year. As in other Presidencies these are reported to be working generally well. The loans issued during the year amounted to Rs. 361·78 lakhs and only 11 per cent of the demand was overdue.





Besides the above standard societies there were also various kinds of societies for different co-operative activities in different stages of progress.

*General Remarks.* The Co-operative Banks and Societies, in addition to their spending Rs. 21·86 lakhs on their own establishment, etc. contributed Rs. 3·50 lakhs towards audit fees during the year. In spite of this huge expenditure the tone of the working of societies seems to be far from satisfactory. The mistake seems to lie in the shyness felt by the department to close societies. Only 81 out of a total 37,439 societies were put under liquidation during the year, when the classification shows thousands of bad societies, 1,614 societies are reported to be under liquidation. Failure to close a society at the proper moment may cause the ruin of many innocent families. It brings also discredit to the Movement. It is desirable that the Department realizes its responsibility in this matter and faces the problem boldly as delay may cause greater harm.

V. S. R.

### *The Karnatak Central Co-operative Bank Ltd., Dharwar—Silver Jubilee Celebrations—Souvenir.*

The Karnatak Central Co-operative Bank, Ltd., Dharwar, Bombay Presidency, celebrated its Silver Jubilee, on the 23rd November 1941, with great eclat. Mr. G. R. Nalavadi, B.A., L.L.B., M.L.A., Chairman of the Bank welcomed the guests, with a suitable speech. V. S. Bhide Esq., I.C.S. Commissioner of Belgaum, presided over the celebrations.

The Souvenir, a book containing about 90 pages, well got up, contains a very clear and detailed account of its growth, all these years with valuable statistical information under different headings, in addition to the photos of those Co-operators who have contributed to its present high position, as one of the strongest and best Central Co-operative banks in India. It gives such a detailed account of the various stages of progress, that it deserves to be in the library of every Co-operative Bank as it may be of immense help in the actual working of a Central Co-operative Bank, especially in starting and developing new activities. The cost of Rs. 2 spent on the book will be well spent.

The Bank, started 25 years ago, with the help of two influential gentlemen, by the then Registrar of Co-operative Societies, Bombay, with a small capital, has grown steadily year after year, to huge dimensions, as can be seen from the various activities and the following figures. It has now eight Branches, besides eight Pay Offices and sale shops in the district. It, not only finances the 569 societies in the district, but also supervises them. It also attends to all the functions of a modern bank. Loans are given on the security of gold and silver, and on agricultural produce. Collection of cheques, hundies etc. is also done. Safe custody of valuable articles is undertaken. To help the agriculturists, it is distributing pedigree cotton seeds, and opens sale shops wherever found necessary. In addition to all these it has in its hands the liquidation of 30 societies.

At the end of the co-operative year 1940-41, there were 754 individual members and 569 societies with Rs. 2,44,500 and Rs. 3,09,000 of share capital, contributed by them, respectively. The Deposits amounted to the large sum of Rs. 36,64,050 of which Rs. 1,74,950 was under fixed deposits, Rs. 5,58,750 under Savings and Rs 13,55,430 under current accounts. Its total working capital was Rs. 46'78 lakhs and the Reserve Fund amounted to Rs. 2'27 lakhs. The volume of business under cheque, hundi etc. was also great. Rs. 35'42 lakhs was received and Rs. 62'66 lakhs was remitted under this head. Mr. V. L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank, has remarked that it occupies a position of eminence among the Co-operative Banks in India. This is an excellent record, of which any Co-operative Bank may be proud.

The staff of the Bank consists of 18 graduates and 50 qualified subordinates. Eleven Inspectors, each having about 40 to 70 societies in his charge attend to the supervision of societies. The Branches are managed by Agents, with local Executive or advisory committees. A Sale shop is opened in a place where there is a necessity and as soon as a regular sale society is started there, it is closed.

Special features of interest are:—

1. The accounts are audited by Public Auditors, from a long time.
2. Elections are held by compulsory ballot.
3. The Annual general meetings are held within three months from the close of the year, unlike our co-operative institutions holding their meetings seven or eight months after. (This is also a statutory obligation there.)
4. A minimum qualification of 10 shares has been fixed for the Directors.
5. Profits are declared only on actual receipts without taking into account accrued interest.
6. Supervision of constituent societies is done by its own staff of Inspectors, eleven in number.
7. Liquidation of societies is also undertaken of which there are 30 now.

The most satisfactory feature here is, that the Bank has identified itself with the Co-operative movement and the Movement in the district seems to be self-contained, self-reliant and completely independent. There is a real Movement in the District. This cannot be said of the majority of the districts in India. There is not much leaning on Government or the Provincial Bank for anything. The best test to find out if the Movement is sound or not, is to consider whether the societies will continue their working, if the Registrar and his staff were withdrawn. They will surely continue here whereas, it is almost certain that they will collapse in many other Presidencies. The Department deserves praise for its uniformly correct attitude of following a middle course of action. It neither killed the initiative by too much indulgence as in the Punjab, nor obstructed any natural growth by its unwarranted interference as in Madras. The history of the Bank given in the Souvenir shows that the Movement will grow slowly by itself, if there was not much interference or neglect, or too much indulgence from the Registrar. Co-operators know from bitter experience, that in 99 cases out of 100, failures have been due to the "Innocent Guide with the rod appointed and paid by the State."

V. S. R.



# Resolutions.

## THE MADRAS CO-OPERATIVE CENTRAL LAND MORTGAGE BANK, LTD.

*Resolutions passed at the Twelfth Conference of representatives of Primary Land Mortgage Banks held on 3rd January, 1942.*

1. Sub:—Draft rule regarding appointment of paid Secretaries in Central Banks, some Urban banks and L. M. Bs., that have advanced loans to the extent of 3 lakhs.

*Resolution*:—"With the change in the name into 'Manager-Treasurer' a paid officer should be appointed in the institutions as proposed. The Honorary Secretary should continue with general powers of supervision."

2. Sub:—Draft amendment to rule No. XXVI of the Co-operative Societies Act regarding representation of depositors on the Board of Management of financing banks.

*Resolution*:—"The conference sees no valid reason for giving representation to depositors on the Committees of financing banks."

3. Sub:—Control of annual budgets of primary banks by the Central Land Mortgage Bank.

*Resolution*:—"In the opinion of the Conference, there is no need."

4. Sub:—Amendment to by-laws of primary banks *providing* for the election of the Secretary and the Treasurer from among the persons who reside at the headquarters of the L. M. Bs.

*Resolution*:—"The Secretary or the Treasurer should be a resident within 3 miles of the bank head-quarters."

5. Sub:—Introduction of triplicate chalan system in primary banks for payment of cash by members.

*Resolution*:—"Accepted."

6. Sub:—Resolution No. 13 (iii) passed at the Conference of the Registrar of Co-operative Societies, with select Dy. Registrars, *i.e.* "Mortgage loans should not be granted based on the present value of lands as values have very much increased after the outbreak of war. Pre-war values should be the basis for issuing loans, especially in L. M. Bs."

*Resolution*:—"Accepted."

7. Sub:—Grant of loan for improvement of lands—Rule No. 4 of the rules framed.

*Resolution* :—"Technical advice where necessary should be taken at the earliest stage."

8. Sub :—Reduction in the rate of interest.

*Resolution* :—"The Government be requested to allow the bank to work with a margin of 2½ per cent. between the borrowing rate and the rate charged to the ultimate borrower as before."

9. Sub :—Honorarium to Secretaries of primary banks:

*Resolution* :—"The Conference is not in favour of giving any honorarium."

10. Sub :—Appointment of Managers in primary banks.

*Resolution* :—"This should not be made obligatory in case of banks having transactions less than 3 lakhs."

11. Sub :—Scale of Supervisors—revision of.

*Resolution* :—"The present scale will continue."

12. Sub :—Loans on the security of Kanoms and permanent tenures :—

*Resolution* :—"The Conference requests the E. C., and the Board to examine the memoranda sent by the Malabar banks expeditiously and take suitable action thereon."

13. Sub :—Sanction of Loans for over Rs. 5,000.

*Resolution* :—"Recommended to the bank to address the Government."

14. Sub :—Disposal of loan applications up to Rs. 1,000.

*Resolution* :—"The C. S. Rs., may be authorised to send applications up to Rs. 1,000 direct to the bank."

15. Sub :—Second loans :

*Resolution* :—"Second loans ought to be given for necessary family expenses also.

Where loans are borrowed for purposes for which second loans may be given, the discharge of debts borrowed for such purposes should be also for legitimate purposes."

16. Sub :—Grant of loans on the security of houses :

*Resolution* :—"The present practice may continue."

17. Sub :—Revaluation of mortgaged properties :

*Resolution* :—"In view of the expense involved and the time of the Directors and C. S. Rs., taken, the Conference resolves to request the Government to have a biennial revaluation, half the cases being revalued every year. It is not also necessary to revalue lands in cases where the loan was given within a year."





18. Sub :—Action to be taken in cases of alienations of mortgaged properties :

*Resolution* :—"The present practice to continue. But release of portions of hypotheca may be more liberally sanctioned for legitimate purposes."

19. Sub :—Bonus to staff of P. L. M. Bs.

*Resolution* :—"Resolved to request the Registrar to permit amendments to by-laws providing payment of bonus to the staff of L. M. Bs., out of their net profits not exceeding one month's salary."

20. Sub :—Dearness allowance to the employees of primary banks.

*Resolution* :—"An allowance of not more than Rs. 2 each per month may be sanctioned by P. L. M. Bs., to their employees getting a salary of Rs. 50 or less per month."

21. Sub :—Provincialisation of services of primary banks employees :—

*Resolution* :—"Not necessary."

22. Sub :—Building fund and Common Good Fund :

*Resolution* :—"The C. L. M. B., is requested to address the Government recommending that P. L. M. Bs., may be allowed to amend their by-laws providing for Common Good Fund and Building Fund after providing for Reserve Fund."

23. Sub :—Employees' Provident Fund of P. L. M. Bs., investment in C. L. M. B.

*Resolution* :—"Not necessary."

24. Sub :—Reserve Fund of primary banks—investment of.

*Resolution* :—"Reserve Fund of P. L. M. Bs., may be invested in C. L. M. B. debentures."

25. Sub :—R. T. R. concessions—withdrawal by Government—request to restore the old concession of free transfer.

*Resolution* :—"May be considered later."

26. Sub :—Assignment deeds—dispensing of—

*Resolution* :—"Await orders of Government on the recommendations of the Committee."

27. Sub :—Advance payment and payment of rebate.

*Resolution* :—"The present practice will continue."

28. Sub :—Encumbrance certificates :—extension of period of concession for taking E. Cs., up to block survey.

*Resolution*:—"This conference requests the Government to extend the period of concession for taking E. Cs., up to the block survey for the proper investigation of title to the lands offered as security."

29. Sub:—Obtaining E. C. for wills in the hypotheca—difficulty of obtaining the same in the first instance—request not to insist upon it by C. L. M. B.

*Resolution*:—"The present practice will continue."

30. Sub:—Obtaining of 2 encumbrance certificates instead of 3.

*Resolution*:—"The present practice will continue."

31. Sub:—Conference of Supervisors:

*Resolution*:—"Not necessary."

32. Sub:—C. S. Rs. and D. Rs., for L. M. Bs.—Request to reduce the number of banks in charge of each C. S. R.

*Resolution*:—"Since the duties and functions of the C. S. R., have increased he has not sufficient time to investigate loan applications. The number of banks given to each C. S. R., may be reduced so that he may be in a position to devote more time in the investigation of loan applications."

33. Sub:—Pattas, sketches, etc.,—difficulties in obtaining of:

*Resolution*:—"Particular cases of non-compliance by the Revenue authorities or Estate officials may be sent to the Registrar."

34. Sub:—Amendment to L. M. B. Act:

*Resolution*:—"Provision is necessary to be made in the L. M. Bs.. Act for staying execution in regard to loans to be discharged from a loan sanctioned by the C.L.M.B., at the instance of the borrower if he produces a certificate from the P.L.M.B."

35. Sub:—Amendment to model by-law No. 2—purpose of loan.

*Resolution*:—"By-law No. 2—Add the following as para V in (a):

"To celebrate marriages and other ceremonial rites such as marriages to sons, to daughters, funeral obsequies, etc., incumbent on the applicants."





## THE RAYALASEEMA CO-OPERATIVE CONFERENCE

**Resolutions passed on January 14, 1942.**

1. Resolved that at least one labour society be started in each taluk and that the work relating to the Government and local bodies be entrusted to them as per estimate rates.
2. Resolved that at least one weavers' society for each taluk centre be started to promote hand-loom industry among the poor weaver classes and that special facilities be offered to them.
3. This conference considers that the Registrar of the district should be clothed with power to deliver the possession of the properties sold in the execution of the decrees or awards without having recourse to Civil Courts.
4. This conference considers that steps should be taken to secure the expeditious disposal of the execution petitions by the departments as they are now being delayed as in Civil Courts.
5. Resolved that the Government be requested to register the documents of co-operative societies free of cost as before.
6. This conference resolves to organise rural reconstruction centres at least one for each district, where the manufacture of and sale of handmade articles may be undertaken on co-operative basis; efforts may also be made to encourage barter exchange system and to educate the masses in rural economy. This conference further resolves that District Central Banks be requested to encourage them and render necessary financial assistance.
7. Resolved to request the Government to revive the concession of free transmission of funds by Co-operative Banks through R. T. R. issued by the treasuries as the commission charged by the Reserve Bank of India is prohibitive.
8. Resolved that the Government be requested to permit the societies to charge interest on loans at a rate not exceeding 6 ¼ per cent. or that fixed by the Agriculture Loans Act whichever is less.
9. This conference resolves that it is necessary to have elections of Panchayatdars once in 3 years in village Co-operative Societies.
10. Resolved that the Government be requested to grant encumbrance certificates to the rural societies free of cost as was done before.

11. Resolved to appoint a committee of the following persons to frame rules for conducting the Rayalaseema Co-operative Conference with power to co-opt.

**Committee Members:**

| | | |
|---|---|---|
| 1. | Sri K. Kotireddy | ... Cuddapah. |
| 2. | " G. Krishnamoorthy | Proddatur. |
| 3. | " K. Krishnayya | Proddatur. |
| 4. | " V. Sankara Rao | Proddatur. |
| 5. | " P. Kesava Rao | ... Kurnool. |
| 6. | " K. Ramachandra Rao | ... do |
| 7. | " S. Sreenivasulu | ... Anantapur. |
| 8. | " M. L. Narayana Swamy | ... Tadpatri. |
| 9. | " Donthi Bhimayya Chetty | ... Hindupur. |
| 10. | " R. Nanjunda Rao | ... Gooty. |
| 11. | " M. Bhimasena Rao | ... Bellary. |
| 12. | " M Somappa | ... Yemmiganur. |
| 13. | " E. Chengal Rao | ... Chittoor. |
| 14. | " Rao Bahadur V. Pichayya | ... Cuddapah. |
| 15. | " K. Lakshmana Rao | ... do |
| 16. | " R. Suryanarayana Rao | ... Madras. |
| 17. | " Desapandi Subba Rao | ... Nandyal. |
| 18. | Janab B. Sultan Saheb | ... Tadpatri. |

12. As abnormal delays are caused and heavy expenditure is incurred on account of the execution of decrees through the Civil Courts the Government were pleased to empower the Registrar of Co-operative Societies to execute the decrees obtained by the Societies but it is found by experience that they are dismissed on some pre-text or other without consulting or intimating the societies concerned, thereby causing inconvenience and unnecessary expenditure to societies. This conference therefore requests the Registrar of Co-operative Societies, to issue instructions not to dismiss the execution petitions till the societies concerned withdraw them by means of the resolution of the Directors.

13. This conference resolves that primary land mortgage Banks be started in each district for each taluk of the Rayalaseema so as to cover the entire district including dry area and that loans be given for digging wells which is the main source of irrigation in the dry areas of Rayalaseema. In this connection this conference strongly supports the recommendation of the Committee on Co-operation regarding land mortgage banks in dry areas and requests Government to give effect to it immediately.

14. This conference requests Government to appoint a Deputy Registrar for each of the districts of Rayalaseema.

15. This conference urges that the urban co-operative banks should not be prohibited from doing commission work.



# Orders and Circulars.

## AMENDMENTS TO RULES UNDER THE MADRAS CO-OPERATIVE SOCIETIES ACT.

*G.O. No. 37, Development dated January, 6, 1942.*

*Use of Surplus Funds of Liquidated Societies.*

For sub-clause (i) of clause (a) of sub-rule (3) of rule XIV of the said rules, the following sub-clause shall be substituted, namely :—

"(i) The surplus funds shall be applied to such object of public utility as may be selected by the general body at a meeting and approved by the Registrar. It shall be competent for the liquidator to constitute a trust to carry out such object and to require the general body to select a trustee or trustees from among the ex-members and/or others. If the general body does not select a trustee or trustees or if the selection of a trustee or trustees by the general body is not acceptable to the liquidator, the liquidator may himself appoint a trustee or trustees, as the case may be. The trustee or trustees, as the case may be, shall execute a deed in such form as the Registrar may from time to time prescribe. A trust created under this sub clause shall be governed by the provisions of the Indian Trusts Act, 1882."

*Constitution and Strength of Committee of Financing Bank.*

*G.O. No. 68, Development, dated January 9, 1942.*

For rule XXVI of the said rules, the following rule shall be substituted, namely :—

"XXVI. (1) The proportion of individual members to society members on the committee of a financing bank, the proportion of individual members who shall hold fixed deposits to total individual members and the maximum strength of the committee shall be fixed by the Registrar in consultation with the committee of the bank. The proportion of individual members who shall hold fixed deposits to total individual members shall be fixed at not less than 25 per cent. of the latter.

(2) An individual member shall not be eligible for appointment as a member of the committee of a financing bank unless he holds such number of shares in such bank or has invested in such bank in fixed deposits free of encumbrances such minimum amount as may be fixed by the Registrar from time to time in consultation with the committee of such bank.

(3) If the required number of individual members holding fixed deposits is not elected to the committee of a financing bank, the Registrar may, if individual members holding fixed deposits in such bank free of encumbrances for the minimum amount fixed by the Registrar under sub-rule (2) are available, nominate the required number of such members to the committee. Any seat on the committee of such bank reserved for individual members holding fixed deposits which has not been filled either by election or nomination shall be held in abeyance.

(4) Any person who has been appointed as an individual member of the committee of a financial bank by virtue of the fixed deposits held by him in such bank shall cease to hold office as such, if the amount of the fixed deposits held by him free of encumbrances in such bank falls short of the minimum fixed by the Registrar under sub-rule (2) and shall not become eligible for appointment under that class of members until the amount of the fixed deposits so held by him in such bank reaches such minimum."

## CIRCULARS.

D. 5228/41-B *Madras, dated 29-12-'41.*

*Sub* :—Audit—Vouchers for sums sent by money order—separate receipt from payee not necessary.

A question was raised whether it is necessary for auditors to insist on a separate receipt, in addition to the postal acknowledgement, in respect of sums remitted by money order, by a society. This was discussed at the last conference of the Registrar with select Deputy Registrars and the following procedure was suggested.

2. In cases where the recipient has previously asked the society in writing to remit the sum due to him at his cost, an auditor may stop with verifying the receipt given by the post office (which will show the commission paid) and the acknowledgement for the net sum, as also the written acquisition of the recipient, asking for remittance by money order. A separate receipt need not be insisted upon in these cases.

3. In cases where a written requisition from the party has not been received the society should send a notice to the party concerned that if he does not receive payment before a date to be specified, the money would be sent to him by money order at his cost. For money orders sent after such notices the postal acknowledgements are enough and no separate receipts are necessary.

4. Cases may arise where the parties might have authorised the post office to deliver it to some one else. In such cases the postal acknowledgements will have been signed by a person other than the party to whom the remittance was intended. The society should, in these cases, address the post master of the office of delivery and ascertain if the recipient of the money order had actually been authorised to receive it. The auditor can pass the payment on verifying the letter of the post master.

R. 9281/41. B. *Madras, dated 21-1-42.*

*Sub* : Co-operative Societies—Amendment proposals—Issue of notice in village societies—Procedure.

Rule XXIV of the rules issued under the Madras Co-operative Societies Act lays down that every amendment to the by-laws of a society shall be made only by a resolution passed by the majority of members and that no such resolution shall be valid unless notice of the amendment proposed has been given in accordance with the by-laws. By-law 35 of village societies which deals with notice for general meetings, does not, however, specify the procedure to be followed in the case of amendments to by-laws. To bring the by-law in conformity with the rule XXIV it is advisable that all rural credit societies amend by-law 35 as shown below :—

Add the following at the end of first sub-paragraph of by-law 35.

"But in the case of amendments to by-laws, notice shall be sent to each of the members in due time, either by circulation or otherwise and such notice shall give the members a reasonably clear idea of the nature of the amendments proposed".

All Deputy Registrars and Assistant Registrars are requested to suggest the above amendment to all rural societies in their charge and see that they amend their by-laws soon.



# News and Notes.

### Portrait unveiled.

The Hon'ble Mr. V. Ramadas Pantulu in unveiling the portrait of Mr. T. A. Ramalingam Chettiar at the premises of the South India Co-operative Insurance Society observed that in Mr. Chettiar he had found the Co-operative virtues, namely, not only robust sense of independence and self-reliance but also a genuine faith in the movement and in the capacity and character of the people to whom it was intended. He said that Mr. Chettiar by his long and distinguished connection with the provincial legislature and by his vast and varied experience as a non-official in several spheres of administration had equipped himself for public service as few people had done. In the field of Co-operation he was the head of many institutions of importance. In congratulating Mr. Chettiar on the attainments of all these positions, in public life, Mr. Ramadas Pantulu said that the plight of non-officials in Co-operative movement was by no means an enviable one. While the responsibility for the proper management and efficient conduct of the Co-operative institutions rest on non-official shoulders, the power of direction and control was vested in official hand and under such an arrangement, he said, there would never be any healthy growth.

### New Registrar.

W. R. S. Sathianathan, Esq., I. C. S. has been appointed as Registrar of Co-operative Societies in succession to S. A. Venkataraman, Esq., I. C. S., whose services have been obtained by the Government of India for appointment as Deputy Director-General of Supplies.

### Agricultural Exhibition.

The 12th Agricultural and Industrial Exhibition organised by the Trichinopoly District Agricultural Association was opened by Dr. T. S. Rajan, Ex-minister, Government of Madras. Mr. Rajan explained the various methods by which the condition of agriculturists could be improved.

### All India Cattle Show.

The All India cattle show was held at the Sampange Tank in Bangalore from the 17th to 20th January. The following South Indian breeds of cattle were represented Amrit Mahal, Bargur, Deoni, Kangayam, Hallikar, Ongole, Khillari, Krishnavalley and Red Sindhi. His Highness the Maharaja of Mysore gave away the prizes.

### Thrift Day in Salem Villages.

The Special Development Officer Mr. Nithyanandham, addressed public meetings at several places on rural uplift and prohibition in Salem. He also inaugurated the training classes for the members organised by the Pavalathanur Co-operative society. The Special Officer opened the Hundi Boxes and refunded a sum of Rs. 300 collected in the boxes to the depositors. He appealed to them to be thrifty and continue the habit of regular saving.

### Debts Scaled Down.

The Debt Conciliation Board in the Punjab from 1935 to 1939 had compounded debts amounting to Rs. 20,425,063 which were conciliated for Rs. 86,77,331. The boards had instructions to arrange by persuasion, composition of debts owed by agriculturists. At first creditors were reluctant to resort to conciliation boards but soon they realised their benefits and resorted to them in large numbers. Out of



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the amount conciliated Rs. 5,63,673 was paid immediately in cash or in kind whereas with regard to the balance, payments by instalments were arranged. There were many cases in which very substantial relief was afforded In a case in Rohtak in which the amount claimed was Rs. 1,000 the amount for which settlement was made was Rs. 50.

### Development of Industries.

In addressing the third quarterly meeting of the All-India Manufacturers at Bombay Sir M. Visveswarayya put forth a strong plea for a programme of industrial development involving an expenditure of Rs. 1,000 crores or more in the next five years. He pointed out that the prosperity of a nation or the reverse of it was according to the degree of attention it gives to industries and commerce. In India attention, he said, was paid more to the products of agriculture and industries were relegated to the back ground and that was the cause for the low productive power and poverty of India. He said that if the prevailing indifference were to continue, the opportunity for starting new industries on the wake of the present war would have been forfeited and the immense population of this country would be exposed to the grave perils of destitution and starvation in the post-war period. The reason for the backwardness of industry was the policy of the Government. It was the heavy industries that give a country industrial status. He said that Provincial Governments must according to local conditions take up one or two heavy industries and start and by so doing the industrial life would be speedily developed.

### Assisting Handloom Weavers.

Mr. S. A. Venkataraman, I. C. S., Registrar of Co-operative Societies, opened the Handloom Weavers' Emporium at Coimbatore in the last week of December 1941. Dewan Bahadur C. S. Rathnasabapathi Mudaliar, President of the Handloom Weavers' Co-operative Society said that the Provincial Society was trying to organize and develop this cottage industry and improve the economic condition of Handloom Weavers. At present there were 200 societies affiliated to it affording means of subsistence to over 7000 families but this had merely touched the fringe of the problem. He pointed out the necessity to organize more societies. The Provincial Society had already opened Sales Emporium at Madras, Vellore, Trichinopoly, Calicut, Bezwada, Bellary, Rajahmundry, Salem, Madura and Nellore. Mr. Mudaliar said that with the starting of more mills at Coimbatore the need for an Emporium was keenly felt and the Emporium would not only undertake to popularise and sell finished products but also serve as distributing centre of raw materials.

### Fact Finding Committee.

It is understood that the Fact Finding Committee appointed under the chairmanship of Dr. Thomas, to report on the condition of the Handloom industry has submitted its report to the Government of India. The Handloom Weavers were in great distress owing to high prices of yarn and this was on account of middlemen in the trade who were responsible for the sad position of the handloom industry. The Government of India has started the regulation of export of yarn to all oversea markets except the United Kingdom. Since the entry of Japan into war, there has been a great demand for, Indian yarn abroad and merchants find it more paying to export yarn to foreign countries as South Africa, Java, etc. This increase has affected the handloom weavers and they are not in a position to compete with the mills. It is understood the Government have come to the conclusion that the regulation of export of yarn on the basis of the average for three years preceding the declaration of war is necessary. This has affected the prices of yarn during this week. It is also reported that restriction on the





export of yarn will be further tightened if the Fact Finding Committee Report shows that the total production of yarn will be absorbed by the handloom industry whose interests will be safeguarded first. If production is still found to be short, Indian mills would be compelled to produce more yarn to meet the requirements of the handloom industry. Only excess over internal requirements will be allowed to be exported.

### Governor on Rural Uplift.

In inaugurating the reconstituted Rural Development Board, His Excellency the Governor of Bombay said that we should be prepared for a long war and long term view might point to the need for far-reaching adjustments in agricultural and village economy. His Excellency emphasised the importance of rural development especially at a time like this, when so many matters were disorganized. The Indian village had withstood many shocks over all these years and was better prepared for times of stress than similar units in the more highly organized countries. It is absolutely imperative that what could be done should be done so as to give the villager the knowledge and the means to resist in the most effective manner what ever misfortune time might bring. He stressed the need for co-operation between the various agencies working for the welfare of the countryside, and said that the problems which faced the farmer to-day were greater than what they faced him previously and it might well grow worse. He also added that the war might bring many changes which would become permanent and the need would arise soon for a co-ordinated plan of reconstruction.

### Has Co-operation Failed.

Sir C. P. Ramaswamy Iyer, Dewan of Travancore, in opening the Ninth All Travancore Co-operative Conference which was presided over by Mr. S. A. Venkataraman, I. C. S. Registrar of Co-operative Societies, Madras, said that the Movement had grievously failed in India as well as in Travancore and the failure was partly because due to too much Government interference and partly because Government had not interfered sufficiently. He referred to the defects in the Co-operative Movement in the State such as large amount of debts being overdue and cautioned against vices such as nepotism, intrigue and dishonesty which were fatal to the Movement. He opined that success as had come to the Movement had been of Urban character but if the Movement was to be tested it should be tested in the village. The Dewan laid stress on character as being the essence of the Movement.

### Madras Registrar on Co-operation.

Mr. S. A. Venkataraman, I. C. S., Registrar of Co-operative Societies, Madras, in the course of his presidential address, referred to his three years' association with the Co-operative Department in Madras as its head and suggested ways and means of conducting it on the right lines. He felt that, on the whole, the movement in India had failed to come up to expectations. He explained how in Madras they had placed the Movement in its proper relation to agriculture. He stressed the need for making the financial structure stable and urged a thorough scrutiny of all loans with a view to making unsecured or ill-secured loans well secured and canvassing for more deposits in co-operative banks. He also advised them to develope the land mortgage movement, make supervision of co-operative societies effective and organize producer organisations to enable them to secure and execute orders from big purchasers like the Government.

# List of Societies Registered and Cancelled.

## List of Societies Registered in December 1941.

| S. No. | Name of Society. | District. |
|---|---|---|
| 1 | Palni Devanga Weavers' Co-operative Sale Society, Ltd. ... | Madura. |
| 2 | The Kasiralla Co-operative Credit Society ... | Chittoor. |
| 3 | The Vengalrajukuppam Co-operative Credit Society ... | ,, |
| 4 | The Chivvada Co-operative Credit Society ... | ,, |
| 5 | The Manendram Co-operative Credit Society ... | ,, |
| 6 | Thungari Co-operative Credit Society ... | Coimbatore. |
| 7 | Jalathur Co-operative Credit Society ... | ,, |
| 8 | Singiripalayam Co-operative Credit Society ... | ,, |
| 9 | Gopalapuram Co-operative Credit Society ... | ,, |
| 10 | The Bendoor Co-operative Thrift Society ... | Mangalore. |

## List of Societies Cancelled during December 1941.

| S. No. | Name of Society. | District. | Date of Cancellation of Registration. |
|---|---|---|---|
| 1 | Vaduvarpathy Co-operative Society ... | Ramnad ... | 1-12-41 |
| 2 | Koduveli Field Labourers' C. S. ... | South Arcot ... | ,, |
| 3 | Sembujivaram Co-operative Society ... | Chingleput ... | ,, |
| 4 | Sembarambakkam Thottapa Savanna Co-operative Society ... | ,, ... | 3-12-41 |
| 5 | Sholampathi Jaggery C. S. ... | North Arcot ... | ,, |
| 6 | Sanar Kadapanthal C. S. ... | ,, ... | ,, |
| 7 | Pappinivattam C. S. ... | Malabar ... | 5-12-41 |
| 8 | Noolpuzha Co-operative Society ... | ,, ... | ,, |
| 9 | Rayachotty Govt. Training School students Co-operative Stores ... | Cuddapah ... | 7-12-41 |
| 10 | Rosanagaram Weavers' P. & S. Society. | Chingleput ... | 8-12-41 |
| 11 | Vemavaram Field Labourers' C.S. ... | Kistna ... | 11-12-41 |
| 12 | Basrur Adhi-Dravida C. S. ... | South Kanara ... | 14-12-41 |
| 13 | Anandapuram C. S. ... | Vizagapatam ... | ,, |
| 14 | Anantapur Scheduled Castes C. S. ... | Anantapur ... | ,, |
| 15 | Beleru Non-agricultural Dep. Classes Weavers' Co-operative Society ... | Vizagapatam ... | ,, |
| 16 | N. Reddiapathy C. S. ... | Madura ... | 19-12-41 |
| 17 | Jinnuru Co-operative Society ... | West Godavary. | ,, |
| 18 | Authoor Co-operative Stores ... | Tinnevelly ... | 22-12-41 |
| 19 | Stonehousepet Jutka and Cartmens' Thrift Society ... | Nellore ... | ,, |
| 20 | Niddam Co-operative Society ... | Vizagapatam ... | ,, |
| 21 | Peyyeru Field Labourers' C. S. ... | Kistna ... | 23-12-41 |
| 22 | Michaelpalayam Fruit Growers' C. S. ... | Madura ... | ,, |
| 23 | Avidi Co-operative Society ... | East Godavary. | 29-12-41 |
| 24 | Pulivendala Xian Labourers' Co-operative Thrift Society ... | Cuddapah ... | ,, |
| 25 | Mandavalli F. L. Co-operative Society ... | Kistna ... | ,, |
| 26 | Settivaripalle Xian C. S. ... | Cuddapah ... | ,, |
| 27 | Sonur F. L. Co operative Society ... | Trichinopoly ... | ,, |
| 28 | Kasanur Co-operative Society ... | Cuddapah ... | ,, |