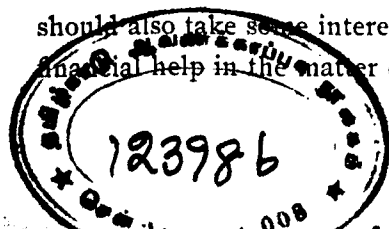


have been able to do hitherto. If we in the past failed to come up to the expectations of our readers in the matter of giving equal publicity to all shades of co-operative opinion and to the views and utterances of all prominent co-operators, we beg to assure them that it was not due to any want of spirit of catholicity in the conduct of the journal and that, in future, no effort will be spared to make the journal as representative of co-operative opinion in South India as possible. We appeal to the organisers of co-operative conferences and meetings to send us accounts of the proceedings promptly so as to enable us to give due publicity to them in these pages. We propose also to publish all matters of general importance and interest relating to "Co-operation" which may be discussed in the Local and Central Legislatures as soon as official reports of such proceedings are available. Summaries of co-operative news from other provinces in India and from foreign countries will be a regular feature of the journal in future. We shall be glad to receive further suggestions from our readers in regard to the improvements which, in their opinion, will enhance the utility and popularity of the journal.

The Madras Milk-Supply Union.

Our readers would read with great interest a letter addressed to us by the Secretary of the Madras Milk Supply Union which is published elsewhere and extracts from the administration report of the Board of Management of the Union for the year 1932-33. We are glad to note that the Union which passed through some very critical days is now working satisfactorily. We are particularly glad to be assured that the main object of the Union is not merely to get profit by catering to few big institutions but to promote the sale of good milk to individual consumers. We earnestly hope the attempt of the Union to instal pasteurising plant would be crowned with success and that the Government will render them the necessary financial aid. We may on this occasion suggest that the Corporation of Madras, which is interested in the general welfare of its citizens, should also take some interest in this new enterprise and give them financial help in the matter of getting pasteurising plant. With the



joint help of the Government, the Corporation and big co-operative financing institutions, it should be easily possible for this very useful institution to get itself equipped in the most up-to-date way and enable thousands of inhabitants of the City of Madras to get milk under hygienic conditions. We wish the Union all success.

The Third Madras Urban Banks' Conference.

The Third Madras Urban Bank's Conference was held at Periyakulam, Madura District, on the 26th and 27th December 1933, under the Presidency of Prof. H. L. Kaji of Bombay. Rao Bahadur K. Deivasikhamani Mudaliyar, the Registrar of Co-operative Societies, Madras, opened the Conference, and Mr. P. S. Sundaram Iyer, on behalf of the Reception Committee, welcomed the delegates. At one time, it was apprehended that the differences between local co-operators at Periyakulam would mar the success of the Conference. But, happily, those differences were composed on the eve of the Conference and all the delegates co-operated in making the Conference a success. We hope to publish the full proceedings of the Conference in our next issue.

In this connection, we would like to assure our readers that matters relating to the working of the Urban Banks will always receive our due attention. We invite all those interested in the Urban Banks to send us, not later than the 15th of every month, any matter they would like to be published.

Seventeenth Indian Economic Conference.

Co-operative credit formed a very important item of the economic topics discussed at the seventeenth session of the Indian Economic Conference held at the Annamalai University in the opening days of the New Year. Among the papers contributed to the Conference, the following are of special interest to Co-operators. (i) A critical survey of the Credit Co-operative Movement in Central Provinces by A. C. Sen Gupta, (ii) The Present Position of Rural Credit and Co-operation in the United Provinces by S. A. Husan, (iii) Co-operative Credit Movement in the Madras Presidency by Dr. B. V. Narayanaswami Naidu, and (iv) Co-operative Credit—Its achievements, potentialities and limitations by V. Ramadas Pantulu.

We hope to be able to review these papers in our next issue.

Village Improvement—Bombay Governor's Scheme.

(EDITORIAL)

The wide publicity given to the experiments in village uplift work carried on at Gurgaon under Mr. Brayne and the concentrating of attention by the Linlithgow Commission upon problems connected with rural life and the chief industry of the rural people, Agriculture, have placed problems connected with villages in the very forefront of national problems. It is, therefore, not surprising to see that expressions like Rural Reconstruction, Village Uplift, etc., have been in the air for some time. But hitherto work along these lines has been confined to isolated localities and has been done owing to the enthusiasm of a few individuals. Brayne at Gurgaon, Mehta at Benares, Tagore and his band in Sree Niketan, Ramachandra Rao at Salem, Y. M. C. A., at Ramanathapuram, Satyanarayana at Alamur, the Provincial Co-operative Union of Madras in a few localities, and and other isolated individuals or institutions have been working without much inter-connection and on a small scale. It was only at the very close of his official career that Sir F. Sykes who recently laid down his office as the Governor of Bombay stressed the supreme importance of village improvement as *the task* of the future and began a wide campaign on its behalf. We published* in the November and December issues of this Journal some of his speeches which would give our readers a general idea of the scheme which His Excellency placed before his Province. These speeches together with some others that he delivered have been published as a booklet by the Government of Bombay and this brochure deserves to be in the library of every lover of India in general and of every co-operative worker in particular. We shall take up this book for our critical study and appreciation.

Though the scheme as a whole is intensely practical, it is actuated by a high idealism because "where there is no vision the people perish" and the following extract from G. W. Russell's "Co-operation and Nationality" quoted by the Governor may be taken as the underlying idea of the whole scheme.

* See page 253 in November Issue of this Journal.

See page 313 in December Issue of this Journal.

VILLAGE IMPROVEMENT—BOMBAY GOVERNOR'S SCHEME

"We want pioneers of civilisation to go out into our country districts with a divine passion in them, the desire of the God-implanted spirit, to make the world about them into some likeness of the Kingdom of Light. There are no barriers in our way except ourselves and our supineness. The men in any rural district united together could make the land they live in as lovely to look on as the fabled garden in the valley of Damascus. Only let us get our men together, get them organised, and one improvement will rapidly follow another. For all great deeds by races, all civilisations were built up by the voluntary efforts of men united together."

Sir Frederick Sykes feels that an apology is necessary for launching this campaign at the close of his official career instead of at its very beginning when he could have put into practice his preachings. His explanation is that difficulties and troubles, political and economic, to which the country was subjected during the quinquennium of his office, left him very little time. Better late than never.

Lest one who reads the scheme should think, "why has not a similar scheme been tried before?" the ex-satrap takes care to state that "there is nothing new in the policy of village improvement. It has been followed by the British Government since its establishment in this country"; he adds, however, that "the Government realise that they had not been able to do all that they would wish" and hence this effort on his part at the "mobilisation of all possible resources and the exertions of the fullest possible effort." In this connection, we would like to quote what the Governor of another Province, Sir Malcolm Hailey said as to why the British Government in India did not actively promote schemes of Rural Reconstruction hitherto: In his foreword to Mr. Brayne's "Village Uplift in India," Sir Malcolm says: "But the charge is to this extent true, that we have never made a direct and concerted attack on this problem; we have never deliberately attempted to effect that change in the psychology of the peasant and in his social and personal habits without which it is impossible materially to improve his conditions of life. The reason did not lie entirely in the immensity of the task. It was obvious that we should have to encounter an enormous dead weight of conservatism and apathy; *there were many who not unreasonably feared the result of preaching to the villager that discontent with his own conditions of life which was necessary to their improvement; and not many of us, to tell the final truth, have had the missionary spirit necessary for the enterprise.*"

The fact that the Governors of the Punjab and Bengal have recently spoken much in the same way as the ex-Governor of Bombay did and appointed Rural Development Commissioners for their two Provinces indicates that the inspiration has come from "Home" where a feeling seems to have been created that it is unsafe to leave the villages to non-official agencies alone and to continue to assure the people at home that the rural masses of India are absolutely happy, contented and loyal under the present system of administration.

Sir F. Sykes thankfully acknowledges the good preliminary work done so far as Bombay Province is concerned by Mr. Keatinge and Dr. Mann who created interest in this subject by their work and writings; also the work done at Hadapsar by Dr. Bunter, at Derur by the officers of the Indian Army School of Education etc.; but in almost all these cases, "no sooner is the outside impetus withdrawn than the work ceases". Therefore is this new campaign started, which hopes to draw within its fold all workers and organisations functioning, co-ordinate their forces and plan of work and conserve the resources in men and money so that maximum efficiency may be secured. The suspicion that might lurk in some that this may be another cunning bureaucratic plan of strengthening their own hold over the masses, a Peringhee article to be imported into the Indian market, he assures us that "the scheme is an Indian one, born of recognition of Indian conditions and seeks to take advantage of the traditions of the country". He therefore appeals to all not to let "political interests crowd out more practical interests" and invites "men and women of every class and persuasion to assist" him in putting into practice his scheme of village uplift. Realising the importance of co-operation of all classes of people—Government servants high and low, Village Headmen, members of the various local self government institutions and the landed aristocracy—he addressed gatherings of these classes of persons in various centres, placed his scheme in their hands and invited criticisms and suggestions for improvement. We are glad to be assured that there was practical unanimity on many points and many useful suggestions that the services of teachers and of Boy Scouts and Girl Guides may be utilised to a greater extent than now have been made. All these constructive suggestions have been accepted and we are told that the original plan will be elaborated and published as a manual on the subject.

The scheme itself is very simple. It starts with certain propositions which would be readily accepted by all (a) that "the betterment of the villager and the village is the supreme interest of India", (b) "that Agriculture is the root from which the nation draws its nutriment," (c) 'that the sturdy agriculturist is in truth the backbone of the land' (d) that 'rural conditions and rural life can be made more happy, prosperous and healthy', (e) 'that the smallest improvement introduced into any branch of agriculture, when fully availed of, represents a vast increase of wealth', and (f) that 'country and town, town and country must understand and help each other.'

The ideal aimed at is that "all villages should work at becoming model villages so that they may be a help and an example to each other." There must be "a general and genuine desire on the part of villagers to improve their social and economic conditions" and the 'spear-head of reform in each village must be not an individual, however enthusiastic, but the whole body of villagers because as Sir Frederick rightly points out that "a mushroom growth stimulated by and dependent on Government subsidies can never afford any permanent solutions." Improvement should not be on one line but comprehensive, comprising, "Rudimentary practical education, sanitation, marketing, removal of indebtedness, village industries, infant welfare, development of communications, building of better houses, vaccination, field drainage and *a host of other things*." Officials of various departments would be there, especially those of Public Health, Education, Agriculture and Co-operation to give technical advice; but they will have to work in collaboration with village leaders, non-official and local self-government bodies and the outside general public.

The organisation in every village which would be in charge of this uplift work may be either the village panchayat or the village Co-operative Society, or what is better, a better living society to be started. It is not the intention to insist upon a uniform type of organisation, but to give each village liberty to work with any of these institutions as a starting point keeping the goal steadily in view.

The main point in which this scheme differs from others is in the formation of a central organisation for each District with its ramifications in Taluks and Villages and working in fullest co-operation with all the available agencies already in the field and having the same object of village uplift. These district organisations mainly

under the charge of Collectors who would be their Presidents, may in course of time be federated into Divisional Organisations and perhaps in the fulness of time into a Central Provincial Organisation. As the plan is still tentative, we do not go into it in greater detail nor do we propose to discuss at this stage the merits and demerits of the proposal to work these organisations under the charge of District Collectors. Again there is no reference in Sir Frederick's scheme to its financial aspect. Will the Bombay Government finance it? We shall watch the next Bombay Budget with eagerness and interest.

We are in perfect agreement with His Excellency in his aims and we only wish that the scheme so well thought out and launched with so much enthusiasm will be given a fair trial by the powers that be. We would like to know the full implication of one of the statements of Sir Frederick Sykes, namely, that "political interest should not be allowed to crowd out more practical interests". Non-political ourselves, we do not desire to take up a defence of the politicians who are well able to defend themselves; but in fairness to them it must be said that if politics attract the best brains of the land and if other activities do not command so much of loyal self-sacrifice, it is because there is a genuine conviction that our political problem *is the thing* and if it be solved all others will solve themselves. True there are many things that States or Kings cannot cause or cure; but life has to be taken as a whole and politics cannot be completely shut out. It is moreover not correct to say that political programmes in India eschew rural uplift work.

What we in Madras have to learn from the scheme is this. We have had many interesting experiments performed in our Province by the Y.M.C.A., the Provincial Co-operative Union and the District Bank of Salem. They cannot all be considered successful and if they are not it is due to the following three defects mainly. *Firstly*, the improvement work was very often spoon feeding. The stimulus was always from without and there was no urge from within and hence when the outside stimulus became weak, the work done hitherto became wasted. *Secondly*, most of these agencies were working in isolation and there was very little of interlinking, co-ordination and co-operation. *Thirdly*, there was no organisation to keep things going, no device for continuing the work for all time till the goal is achieved. We hope that the Bombay scheme will be so worked, as to be free from these defects. We shall have no quarrel with our sister Province which according to its retired Governor has been taking a leading part in all progressive movements in the past, if she steals a march over us and convert her villages into "a model for other Provinces to follow." We hope the scheme, which its sponsor had not the opportunity to test, will be given a fair trial by his successor. We wish Bombay all success.

Reserve Bank.

BY REV. FR. CARTY, S.J.,

Professor of Economics, St. Joseph's College, Trichinopoly.

The opportunity of moulding an economic organisation in conformity with national needs comes but once in a generation and hence it is essential that the functions of the proposed Reserve Bank should be properly understood so that the foundations of the edifice may be truly laid.

The main purpose of a Reserve Bank is to have unity of policy and control over the financial organisation of the country and this involves the control of the monetary circulation and of credit. Such a Bank has to ensure the smooth and efficient functioning of the financial mechanism, maintain the unit of currency and regulate its volume so that purchasing power may be stable and the index of wholesale prices may fluctuate only with narrow limits; and it must also maintain the external value of the country's currency by securing foreign currency needed for commitments abroad. The economic well-being and progress of the country and the expansion of natural credit on all sides must also be one of its larger aims. In short the importance of the Reserve Bank may be gauged from the fact that it is a Supreme Financial Council designed to satisfy the economic and financial needs of the country.

Management of Currency.

The first essential function of the Reserve Bank is to exercise the exclusive and sole right of note issue: to act as the sole channel for the output and intake of legal tender currency. It is large through the monopoly of note issue that the Central Banks of the world have attained their prominence in the money market. By transferring the management of legal tender issue from the Government to an independent expert body controlling credit we are not only avoiding the hazards which arise from changes of Government, budgetary deficits and currency and exchange manipulation, but we also provide for greater elasticity by making currency responsive to trade requirements and for stability of monetary value. That is the transfer of credit from the Imperial Bank of India and the note issue from the Government to a single institution will enable the member banks to get their seasonal demands satisfied by the issue

of notes by the Central Banks on the deposit of eligible commercial and agricultural paper and when the money is returned by the market they will be sent back to the Central Bank towards liquidation of borrowings. Thus the volume of currency will be so regulated that the wholesale prices will fluctuate only within narrow limits.

Transacts Government Business.

It is also essential that the financial operations of the Government should be done by the Reserve Bank because they are on a very large scale and affect the money and capital markets of the country. The Reserve Bank will then be the holder of all Government balances and the agency through which the financial operations of the Government at home and abroad would be performed. The management of financial business by the Government has rightly been the target of attack and it is much better that an expert institution created for the maintenance of the monetary standard and able to know the market conditions is in charge of such operations including those of loan floatations. It could hardly be expected that such a body would float a loan as the Government did at $3\frac{1}{2}$ per cent in April 1933 in India and in a fortnight at 4 per cent in London and allow the newly floated Indian Loan being quoted at one per cent discount even the next day after allotment or allow such unsteadiness and fluctuations in the giltedge market which in spite of its inherent strength hardly inspires the confidence of the public.

Verifies and Strengthens the Banking System.

The third important function of the Reserve Bank is to supply the much needed strength to our Banking system; that is, it helps the scientific development of banking by being the centre and core of a comprehensive banking system with a centralized banking reserve. It is of utmost importance that the foundations of credit organisation should be truly laid, that the Banks without being forced to cling to their cash like limpets to the rock should be afforded, in times of necessity, rediscounting facilities by the Central Bank so as to turn into cash the maximum of their assets with a minimum disturbance to the general conditions.

The present decentralized system of banking, the peculiar susceptibilities of the depositors to the waves of elevation and depression, the lack of banking habits due to illiteracy, the woeful

lack of banking facilities in the country, the vastly unequal conditions under which the indigenous banks have to struggle in the midst of redoubtable competition offered by the Imperial and foreign banks, all have conspired to retard the growth of indigenous joint-stock banks, making the expansion of banking business on the existing lines almost impossible and making it difficult even for older concerns to safeguard their position during the last two years. Stagnation under the circumstances is inevitable and set-back a contingency which always lurks in the horizon. With a central reserve, a developed rediscount market, and an elastic currency afforded by the Revenue Bank the much needed strength is sure to be imparted to the indigenous banks and they will be able to develop with courage, utilise the hoarded resources of the nation and extend banking facilities to the remotest corners of the country.

While the Reserve Bank is thus required to place on a sounder footing the indigenous banks, it is essential that it should also exert adequate influence on the credit situation of a predominantly agricultural country like India by extending special facilities to Co-operative Banks whose share capital and Reserve Fund exceed three lakhs—the basis fixed for schedule banks—and making loan advances on the security of movable goods, agricultural produce etc., for a period of nine months.

Maintains External Value.

While thus the Reserve Bank has to control credit, currency, and finance inside the country it has also to discharge adequately its duties in respect of the maintenance of the external value of the national currency. All that India could demand, having in mind the injuries done to the country in the past, is that the Reserve Bank should not be asked to maintain a rupee ratio which in practice will only mean a denudation of the economic life-blood of the country. The country must be assured that the domestic aspect of currency is seen in the proper perspective and that the internal commerce and trade which forms about 95 per cent. of the total value is recognised as more important.

To sum up, the following are the functions of a Central Bank :—

- (1) It must control and regulate note issue, (2) it must hold the Government balances and conduct their financial operations both at

home and abroad, (3) hold the currency and banking reserves of the country, (4) Its reserves must be in fluid form, invested in liquid securities and self-liquidating bills.

Constitution of the Bank.

Is the management of such a central institution--designed to help the country's agriculture, industry and commerce by the wider and more effective uses of the resources of the country to be left to a body of individual shareholders? There is the danger of such a Bank vesting the predominant voice in a commercial caucus or allowing itself to be dominated by the banking expert at the head of the institution with the result that the whole banking and economic structure of the country will virtually rest on one single man. Even supposing the choice of shareholders was unquestionably the best, having regard to the functions of the Reserve Bank it seems to be irrational to make it the private property of shareholders. While the predominance of the City interest in the Bank of England is viewed with disfavour in that country by many responsible men and an active attempt is being made to convert it into a state-controlled institution, it seems strange that we should be binding ourselves to a shareholders' Bank free from the control of the legislature. In stating this view, we do not minimise the danger attendant upon making the Bank a State Bank. The interference of politicians in monetary matters has often been detrimental to the credit structure and has often engendered loss of confidence in it both at home and abroad. In India, especially, with an alien Government and Communities wrangling with one another and without a proper authority to heal up the differences, the position is intriguing and difficult, but that does not justify the transfer of the administration of the Reserve Bank to foreign hands or to a private body of shareholders. The real safeguard is not to place the Bank altogether outside the purview of the legislature but to build up sound traditions of administration and choice of men which will produce a proper personnel of the requisite ability, talent, and independence. Provisionally, the scheme of a shareholders' Bank may be allowed to stand for a specified period of ten or fifteen years so that during the period of experimentation, the nation may be able to judge from the results and thus make a final choice. A clause should therefore be inserted in the bill to the effect that the State shall have power, after a specified period, to exercise the option of purchasing the shares.

Shares.

In broad terms, the following provisions have been made in the Reserve Bank Bill of 1933. The Bank is to be floated with a capital of 5 crores made up of fully paid shares of Rs. 500 each, the shares being distributed regionally and made available only to domiciled Indians or British subjects ordinarily resident in India or Companies registered or functioning in India. It is proposed to allot two shares to each applicant or make such allotment as will lead to a fair and equitable distribution of shares and voting rights so that the electorate would be broad-based and incapable of domination by any particular clique or caucus. In addition to the above the following provisions seem to be necessary.

(a) No one shareholder shall hold more than 100 shares.

(b) No company shall hold more than 100 shares and in the case of companies under one managing agency the total holdings of all the companies should not exceed 500 shares. Having regard to the peculiar nature of the Reserve Bank, the opinion of the Federation of Indian Chambers of Commerce that not less than 75 per cent. of the paid up share capital should be reserved to Indians, and the fundamental point incorporated in the Charter of all Central Banks that the shares should be held only by the nationals of the country and that others who happen to be shareholders should have no voting right, may also be considered.

As regards voting, every shareholder registered for over six months and holding a minimum of 2 shares is to have one vote for each of the two shares subject to a maximum of 10 votes, such votes being also exercisable by proxy. In order to prevent manipulation it might usefully be laid down that the total votes which can be recorded by any person including the proxy votes should not exceed a maximum of thirty.

Management.

It has been proposed to have a Central Board, consisting of (1) Governor and one or two Deputy Governors appointed by the Governor-General-in-Council for five years, after consideration of the recommendations of the Board; the Governor or in his absence the Deputy Governor authorised by him in writing is to have a vote and to be the Chairman of the meeting, (2) 4 Directors nominated by the

Governor-General-in-Council and one Government Official not entitled to vote, all holding office during the pleasure of the Governor-General-in-Council and (3) 8 Directors elected by the Local Boards and holding office for five years. The Local Boards are also to be formed in each area by the registered shareholders in it and to consist of 5 members elected by them and 3 members nominated by the Central Board.

A Director must hold shares of the face value of Rs. 10,000 must have been engaged in the direction of agriculture, trade or commerce or must be a Director of a company, but is disqualified if he is an official or a Director of a Bank or a member of the Legislature or a Government Official.

The appointment of a Governor and Deputy Governor is to be made by the Governor-General-in-Council and to draw such salary as he may determine; the first Central Board is to be nominated by the same authority after consultation with the Local Government.

The appointment of the Governor and Deputy Governor is a matter of the greatest importance as upon them depend the proper and efficient functioning of the Reserve Bank and the success of financial, currency, and credit policy. If the shareholders' Bank is to work as a commercial organisation pure and simple on the policy laid down by the Government and if immunity from political influence is to be secured, it seems fundamentally correct to allow the management to select its own officers subject to the approval of the responsible Ministers appointed by the Governor-General. It is inconceivable that a body of experts like the Central Board will elect any person to be a Governor unless he is fully qualified for the post nor is the ratification of such appointment likely to be made by a Minister without the proper appreciation of the high duties which the Governor will be called upon to discharge. To withhold the powers from these authorities and vest the final word with the Governor-General-in-Council has been criticised as allowing the policy of the Bank to be dictated by London interests.

The constitution of the first Central Board by the Government is improper as the first directors would automatically be re-elected and thus the Government and their nominees would be securely entrenched from the beginning and the advantage of a shareholders' Bank with an impartial and non-political electorate will hardly be

perceptible. It is not likely that such a puerile body as the shareholders will ever be able to remove the directors and the original appointment will, for bad or for good, ever remain. If the Government is really anxious to have a proper shareholders' Bank, responsible persons must be appointed to make the allotment of shares and conduct an early election of the directorate by the shareholders.

The entire Board should hold office for five years and no director should be allowed to serve for more than 10 years or if he is more than 55 years of age. The heavy weightage of the Government nominated members on the Board must be lightened by having 11 elected representatives instead of 8 and having one or two directors elected by the Provincial Co-operative Banks to represent agricultural interests.

Functions of the Bank.

As regards the business which the Bank is allowed to transact, it may broadly be divided into that which it is allowed to do for individuals and persons, for scheduled banks, for co-operative and other institutions and the financing of agricultural operations, and that which it has to do for the Government.

For individuals the Bank is allowed to accept deposits free of interest, retain in safe custody monies, securities and other articles of value, collect their interest or principal, purchase and sell currencies of sterling standard countries for not less than a lakh of rupees, and make advances and loans for a fixed period not exceeding 3 months against approved securities, gold coin and bullion. Such business with the public has been criticised as allowing the Reserve Bank to compete with member Banks who carry on such business.

For scheduled Banks *viz.*, the banks having a share capital and reserve fund of over 3 lakhs and keeping compulsory deposits, the Reserve Bank is empowered to give rediscounting facilities by purchasing, selling or making loans and advances on eligible commercial paper of 3 months' maturity having two signatures, of whom one should be that of a scheduled bank; and also finance the Bills drawn for the purpose of holding or trading in approved securities. The Reserve Bank is also to make advances and loans on their promotes supported by documents to title, on goods which have been transferred, assigned or pledged to the Bank for cash credit granted, and on *bona fide* commercial or trade transactions. Similar facilities

are also to be afforded for foreign bills of the same maturity drawn on sterling standard countries.

The Bill proper not having been developed in India, it will be some time before the banks feel the advantages of re-discount facilities and hence advances should also be extended for loans granted for *bona fide* commercial or trade transactions by the scheduled banks not only by way of cash credit but also as loans and advances.

To facilitate banking business the Reserve Bank should sell telegraphic transfers throughout the country at par or buy such transfers and drafts on a scale commensurate with the deposits made by the institutions.

The Reserve Bank is to offer facilities for carrying on the agricultural operations by purchase, sale or rediscount of six months' Bills drawn or issued for financing seasonal agricultural operations or the movement or marketing of crops and also allowing loans and advances on such bills. In both the cases the total finance made available does not exceed one-fourth of the total bills discounted of loans and advances made.

For five years the Reserve Bank is allowed to give loans and advances on promotes evidencing title to goods, for cash credit given for carrying on seasonal agricultural operations.

The Bill market not having been properly developed, the restriction of the amount to be advanced for the financing of agricultural is hardly justifiable and the amount may go up to the limit of one-third of the total bills discounted and loans and advances may also be made to that limit as recommended by the Central Banking Enquiry Committee or the amount given for financing agriculture may be made equal to that of the share capital and reserve fund of the Bank.

To meet the conditions of Agriculture in India, the period of maturity of the Bills should be extended to nine months. And the five years fixed for granting loans on promotes for the cash credit accommodation given by the Bank may be deleted as it is likely that only after that period, the usefulness of such finance is likely to be felt. Also the Reserve Bank must exercise adequate influence on the credit structure of a predominantly agricultural country like India by granting Cash Credit loans and advances on the security of movable goods, wares and warehouse receipts.

The Reserve Bank must also be linked with the Co-operative Banks who have the qualification of a scheduled Bank so that the provision of agricultural finance will be looked upon as one of its main functions and the Co-operative Institutions in turn have a direct association with a Central Institution. It must also be linked with the indigenous Banks so that adequate control is exercised over the entire financial machinery in the country. The Central Bank must also be invested with powers allowed to the Imperial Bank in the Amending Act of 1924 to help sound banking concerns in cases of emergency and also purchase gold to strengthen its reserves.

The other business of the Reserve Bank is to purchase and sell securities of specified Sterling standard countries maturing within 5 years and purchase and hold securities of Government of India to the extent of its share capital, Reserve Fund, and two-fifth of the liabilities of the banking department, provided however the securities maturing after ten years do not exceed the share capital and reserve fund. The securities of Land Mortgage Debentures whose interests have been guaranteed by the Government may also be added on to the list of securities which may be bought and sold by the Reserve Bank.

The Reserve Bank in order to enforce a credit policy is empowered to undertake open market operations, the Central Board delegating such functions to the Governor. As the success of the policy depends on the quickness, the nimbleness and adroitness with which it is carried at the proper time, it is but correct that such a policy should be left entirely at the discretion of the Governor.

The Reserve Bank is to hold all Government balances except those kept in the Sub Treasuries, keep in safe custody their securities and collect interest and principal due on them, arrange for the remittances, make advances to them, repayable within three months of the closing of the financial year, issue Bank Notes, manage the public debt, and be in charge of new floatations and buy gold and silver on their behalf. For the proper discharge of the Government's remittance programme and the ways and means advances of the Secretary of State and the country's external obligations, it seems better to open a Branch of the Bank at London.

Note Issue.

The Reserve Bank is to issue bank notes through a separate Issue Department having an external reserve of forty per cent. gold coin and bullion which shall be not less than thirty-five crores, the balance being covered by sterling securities, twenty-five per cent. or fifty crores which-ever is less in Government of India Securities, ten per cent. or fifty crores in rupee coin and the balance in eligible commercial paper. The issue department is to supply silver coins on demand for notes and also sell sterling at one shilling five 49/64 pence. For carrying out the above obligations, the Government is to transfer at the commencement of the Act sufficient gold and sterling securities upto 50 per cent. of the liabilities of the note issue and transfer fifty crores of rupee coins.

External Reserve.

As regards the external reserve sufficient gold is necessary to inspire public confidence as this is the most reliable form of value and peculiarly fitted for the maintenance of currency reserve. To adequately discharge its external obligations, the Reserve Bank must be able, when the balance of trade is not favourable not only to meet the normal remittances and home charges but also the flight of capital abroad and hence adequate external resources in the currency reserve are absolutely essential. The favourable balance of trade during the last three years has fallen from sixty-four crores to three crores and foreign remittance has now been possible because of the adventitious aid of gold export. If the gold flow should cease, fifty million pounds will be required during the normal year for private remittances and Government account in addition to the amount required if there is flight of capital abroad and silver rupees and bank notes are also presented for conversion into sterling. The external reserves must be sufficiently impregnable to tide over the difficulties for a year or two.

Eighteen Pence Ratio.

The next important section in the Reserve Bank Bill about the obligations to buy and sell sterling perpetuates the eighteen pence ratio by making it part and parcel of the scheme. We are perhaps the only country except Italy with an over-valued currency maintained at the old parity. This has led to the catastrophic decline in the balance of foreign trade by giving a bounty on imports and handicapping our exports, undermined our position as

a debtor country and by deflation led to the fall of prices of commodities and acted harshly and adversely on the indebted agriculturists who form the backbone of the country. It has been causing a tremendous strain on the monetary machine and Government finances and on trade, commerce and industry. While all the countries are raising the price level by suitable devaluation, it is singularly unfortunate that we are perpetuating a ratio which is causing such hardship to the country as a whole. It is not only necessary that the ratio should be pegged at one shilling four pence but a provision should also be made in the Act to review the parity and to determine the approximate level at which the external value of the currency may be maintained once in every three or five years.

Relationship of Reserve Bank with other Banks.

The next important section in the Reserve Bank Act is the compulsory deposit which the Scheduled Banks have to keep with the Reserve Bank and the relationship of the Reserve Bank with the Imperial Bank. The Reserve Bank by having seven and a half per cent. of the demand liabilities and two and a half per cent. of time deposits calculated on average half monthly balances of Scheduled Banks is expected to control the monetary reserves of the population of the country. This centralisation of banking reserves is not likely to achieve its object but will surely and indirectly undermine the strength of the Scheduled Banks by allowing a portion of their cash assets to become frozen at a time when they are hardly able to make decent banking profits and declare the usual dividends. Also for the investment of these cash reserves which are nearly thirteen to fourteen crores, Government securities will have to be sold on a large scale with sellers and no buyers and this will lead to disruption of the giltedge market. If the compulsory deposit cannot be entirely dispensed with, its rigours may be modified by giving the Banks the option to deposit Government Securities to the required extent and allowing a period of five years to convert them into cash. The relationship of the Reserve Bank with the Imperial Bank is to be judged properly as the reservation of the benefit for one banking institution is less an injustice to other banks than an injustice to the country as a whole, as such concessions will retard the growth and usefulness of other banking institutions. As agent of the Reserve Bank the Imperial Bank will sustain its present prestige, will be untrammelled by the present restrictions and will be gaining a particularly formidable position in borrowing by having the deposits of

Local Boards (which are now being diverted from Co-operative institutions) and of trusts and corporations at a cheap rate of interest and hence it will be able to lend at advantageous rates. If in addition to these advantages the Reserve Bank is to lend three crores to the Imperial Bank of India without interest, it would be possible for that Bank to stride the whole of the indigenous banking world like a Colossus. The Imperial Bank if allowed to be the Agent of the Reserve Bank where it has no branches may be remunerated for the services rendered by a lump payment of nine lakhs at first, six lakhs in the second and three lakhs in the three years period without allowing any interest free deposit. The currency chest may be allowed to be utilised by the Bank both for its internal remittances and for providing the member banks with the remittances at par. But ultimately, the Reserve Bank itself should set up branch banks at important centres and some manner of assistance must also be given to deserving indigenous Indian Banking institutions.

Conclusion.

Thus the purpose of the Reserve Bank far transcends any task on which the attention of the public is often sought to be focussed. We hope that having regard to the great public good which it can render in moulding the economic organisation of the country, the Reserve Bank Charter would be drawn properly so as to lead the country to a better and more prosperous life.

Reserve Bank Bill.

BY

PROF. V. G. KALE, M.A.,

(*Vice-President, The Bombay Provincial Co-operative Institute, Bombay*).

CHAIRMAN AND GENTLEMEN,

I was invited to give evidence before the Joint Select Committee of the Indian Legislature, appointed in connection with the Reserve Bank Bill, and advise them on problems concerning the Co-operative Movement. We wanted that the Bill should be improved in favour of the Co-operative Movement, and most of the points raised by Co-operators have been conceded to by the Committee. National Bank is a necessity and every Nation on earth that boasts of its being a civilised country has a Central National Bank. Modern methods of trade, Banking etc., require National Banking, and it is the duty of every Government to establish a National Bank for the co-ordination of Banking operations. In India, we have The Imperial Bank, but it has failed to perform those duties, which a truly National Bank is expected to do. The problem of starting a Reserve Bank for India emerged out of the recommendations of The Hilton Young Commission.

A Central National Banking Institution is required for the purpose of co-ordinating the efficiency of National Currency and Banking systems. No Central National Bank can be really successful, without a true control over the supply of National currency.

Banking facilities require currency. Control of prices depend upon currency. Unfortunately in India, currency is controlled by Government, while Banking facilities are governed by Joint Stock Banks, when trade and industries have failed, it is necessary to raise the price level. This can be done by international co-ordination of Banking and currency. It was because of the inability of the leading Nations of the world who represented at the World Economic Conference, to agree upon the international stability of currency that The World Economic Conference at London has wrecked. Gold Standard has been abandoned, even by wealthy

Countries of the World. The United States of America could not come to a settlement as regards the rate at which the international currencies be established, and so the World Economic Conference was doomed to a failure. The present world wide depression in all directions has brought forth all Financiers and Economists with a universal clamour for raising the price-level which once established should also be maintained. Trade cycles follow in modern economic life, and since the last four years the depression is at the lowest. The tendency towards a rise should already have commenced but it is not so, because of political distrust and unrest combined with the tariff walls and restriction on free movement of capital. The prices have got to be regulated and raised by the control of credit, currency and Banking operations which is one of the most important functions of a Central Reserve Bank.

The Government of India and the Secretary of State took up the question of establishing a Reserve Bank in India, because of the fact that the establishment of the Central Bank should precede the inauguration of the future Federal Constitution for India. There is no unanimity of opinion on the fundamental points such as, whether the Reserve Bank should be a Shareholders' Bank or a State Bank, whether the Exchange Ratio should be lowered etc. We are told that all Central Banks of different countries of the world, are Shareholders' Banks, therefore, if India wants to be so prosperous as those countries are, it is very essential that she should have a Shareholders' Bank. The argument levelled by the Government against the Reserve Bank being a State-Bank is that the political influences will make or mar the working of the Reserve Bank. One cannot imagine a Central Bank, that is not being influenced by the Government. Even in Democratic Countries the party in power does so. If the Central Bank is to be a National Institution, it must be in the interest of National trade and industry. Indian conditions do not warrant the success of a Shareholders' Bank.

Then, there is a good deal of conflict on the appointment of officers. Attempts are being made by the Committee to get as much as possible of Indian Control over the management of the proposed Reserve Bank.

The Exchange value of the Rupee is another important question to be affected by the Reserve Bank Bill. The Bill should not tie

down the hands of India to a particular ratio for a number of years. Value of a Rupee in Gold may be declared at the time when the Act comes into operation. In all Bank Acts, provision of Sale and purchase of Gold at a fixed price is necessary. Looking to the depression in prices, Government should have realised the revision of ratio much earlier. Prices in Rupees are not similar to Sterling prices, even now, because the Index numbers of prices on the base of 1914 are 103 in England and 88 in India. The same were 148 in both the countries in 1926 when the ratio of 1s. 6d. was fixed. Our figures should be really higher, because our commodities are different. Purchasing power of an Agriculturist has declined and trade and industry have done so withal. But Government do not pay heed. They want to wait till conditions settle down world over. The United States of America is trying to raise the prices, whereas, in India, nothing has been done to this effect till now.

In India all sorts of fancy schemes and Utopian ideas are put forward for the fixation of the ratio and the Gold Reserve. But India really cannot afford to part with its gold, because it is necessary for the Reserve Bank. According to Economic theory, there should be no gold, but in practice, that monetary system is the best, which inspires public confidence and this is created, if there is sufficient gold for the backing of the currency. Gold has its value in the eyes of the people. Though gold has failed it will be a future standard all the world over. A Central Reserve Bank is expected to be a bankers' bank and a holder of reserves of the country. If prices are to be controlled, control must be in one hand. It is proposed, as in the United States of America that all Joint Stock Banks must deposit their reserves in the Central Reserve Bank, for discounting and re-discounting their bills. Credit will be controlled by this discounting and rediscounting of bills with the Central Reserve Bank by the Joint Stock and other banks. Control of credit and currency is a delicate problem because it affects the level of prices. In India, trade bills are few for rediscounting so it was proposed to bring in indigenous bankers in the Reserve Bank scheme, but the Joint Committee found it difficult to do so. Central Banking Committee recommends in 1930 the incorporation and co-ordination of the indigenous bankers in the Banking System of India. But in practice, that important aspect has been shelved by Government on the ground of difficulties in testing their credit and checking their accounts.

The Imperial Bank of India under the National Reserve Banking System should be an ordinary commercial Bank. But, under the present bill the Imperial Bank Act; Amendment bill will depend upon the Reserve Bank wherein it is to be allowed certain privileges which the Joint Stock Banks will not be willing to tolerate.

Now we shall consider the position of Co-operative Banks in relation to the proposed Reserve Bank. Only Co-operative Provincial Banks have been included in the schedule and are exempted from the compulsory deposit of money free of interest under clause 42 of the Bill, namely $7\frac{1}{2}$ per cent. of demand liabilities and $2\frac{1}{2}$ per cent. of the time liabilities. This privilege is conferred upon them because all their operations will be controlled by the Government. Under the Co-operative Societies Act, Co-operative Banks are also allowed representation on the Central & Local Boards. Had this not been granted, there would have been chaos among the agriculturists. A Reserve Bank cannot function well, without the representation of Co-operation and Agriculture. Agriculture requires long credit while market credit is short. In the new bill as modified by the Select Committee the concession for discounting 9 months agricultural bills is granted to Co-operative Banks after their representation in the matter. If the bill is to be passed Government will have to grant some concession demanded by the people all the country over.

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Co-operation.

BY REV. FATHER BASENACH,

Professor of Economics, Loyola College, Madras.

"There is, and has been for some time, a great and growing discontent with modern industrial conditions. The chief reaction of this state of affairs on a great many people has been a fundamental loss of faith in private industry and its ability to meet our social and industrial needs. Nor is it surprising that many have been led along strange paths in their search for relief. Their quest has landed them either in the fantasies of state—socialism or in the chimeras of ultra radical syndicalism. Others have struck the golden mean—Co-operation. The principle of Co-operation is not only practicable but it shows likewise the wisdom of peaceful, constructive action in solving serious industrial and economic problems.

Technically Co-operation has been defined as 'that joint economic action which seeks to obtain for a relatively weak group, all or part of the profit and interest which in the ordinary capitalist enterprise are taken by a small and different group.'

In the Co-operative form of organization the profits go to the members, either under their aspect of Co-operating producers who have pooled their individual capital and labour, or, without regard to the capital invested, it goes to the members according to the products they have used. The first form is known as producers' Co-operation; the second, as consumers' Co-operation.

The aims of Co-operation are undeniably revolutionary in this sense that they tend to undermine the foundations of the present capitalistic system. The object is to restore all the profits, which capital has long regarded as its due, to the consumers; hence the first promise of Co-operation is to reduce the burden placed on the consumer by capital.

This is to be done primarily by limiting its rewards to a reasonable interest return, but in addition to this there will be a salutary reduction in the volume of capital now considered necessary to the industrial system. The enormous development of plant capacity beyond the absorptive ability of the market; the duplication of capital tools in many competing plants, these mean stagnant and

inactive capital. They are a vast and expensive burden. For such capital a large amount of interest must be paid, and profits are distributed in addition, to which its owners feel themselves entitled. The cost is met ultimately by the price which must be paid by the consumer.

Co-operation claims that this burden can be reduced in their system of industrial organization, since the elimination of the profit motive and the substitution of non-speculative production remove the danger of over expansion. At the same time, they maintain that a steady growth in production is assured by a constant increase of effective consuming power.

The equitable division of profits among the economically weaker classes which is promised by co-operation, whether the beneficiaries be viewed under the aspect of producers, as in the various co-partnership plans, or as consumers, obviously means for them an increase in consuming power. The power of consumption, at the present time, is centered, for the most part, in those in whom there is no desire of consumption equal to their power to consume. The power, of course, must be coupled with the desire; that is, a man must be willing as well as able to buy, otherwise there is no effective demand.

Co-operators argue that a wider distribution of consuming power means a more perfect coincidence of power and desire and therefore gives a direct stimulus to production. Production, then, is encouraged by a widening of the market in the greater number of people who are both willing and able to buy. The worker is benefited by this expansion and particularly this steadying of production, which gives him hope of regular employment. The consumer is benefited by being enabled to satisfy his desires, by possessing the actual power to improve his opportunities, to raise his standard of life, to advance his own economic condition and that of others. Society as a whole is benefitted by the more equitable sharing of all its citizens in the blessings of public prosperity and in the industrial and economic peace and contentment which flow from such a condition. It is benefited by the utilization of what now goes to waste in glutted markets, in the elimination of unnecessary and expensive middlemen, and perhaps more important still, in a community more self-reliant and with a greater sense of social responsibility, endowed with that stability and conservation which have been evoked by the magic of property.

The extension of the co-operative movement would mean not only a growth of production but a general stabilisation of industry. One, at least, of the elements of the costly fluctuations of modern business is the competitive method of operation. The gospel of competition has been preached in season and out of season. Phrases to the effect that competition is the life of trade have been bandied about with very little appreciation of what they mean. Gradually, however, we are coming to a truer conception of things. The end of competition is the control by the few, with the weak, the inefficient, and the unfortunate killed off. Before the killing, comes the ruck and welter of wasteful competition with outbreaks of price-cutting. And after that comes the clean-up when the consumer pays the costs of the battle. The wastes of such competition are usually greater than the benefits.

However, to admit the wastefulness of competition is not an answer. Wasteful as it may be, under our present system of industrial organization, the chief security for the consumer that he will be protected against exploitation in the matter of price, is precisely competition. To do away with competition while leaving control in the hands of those who look to profit for their reward, would mean that the safeguard of the consumer rests either in some form of price regulation by the state or depends on the sense of social justice of the masters of industry. And, it must be confessed that both these safeguards seem of doubtful efficacy.

Co-operation, of course, will not change the tendencies of man's nature, but it does claim to provide an environment which will encourage men to control these tendencies. It denies the assumption that profit is to be made by one class at the expense of the others, and, with a wider conception of the solidarity of society, it realizes that all classes are bound together, that the interest of one class is the interest of all, and that no class can prosper unless the others do. Whatever may be the private and individual aim of the capitalist, the labourer, and the consumer, it links them together in a higher synthesis of which the consumer is the common denominator. In its ideal form, co-operation would be like a giant stock company whose members are associated to produce and distribute to themselves. Hence, the competitive element is eliminated and protection against exploitation is assured. The agents of the company are rewarded by salaries, and the savings are returned to those who paid the excess.

the consumers. The market is known and there need be no dangerous guesswork about the probable demand nor any need for artificial and often temporary stimulation.

Would co-operation solve the wage problem? It will do so since under the co-operative system labour would receive the full product of effort whether it came in the form of profit to the associated workmen, as in producers' co-operation, or in the form of savings to the workmen in their capacity as consumers.

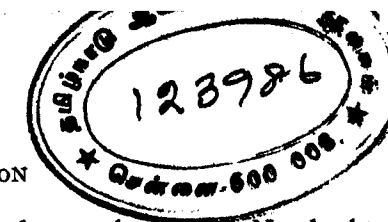
Wages are high or low with reference to the commodities they will purchase, and under co-operation the reaction between wages and cost of living would be normal and free from the intervention or control of the profit-seeking capitalist.

Low wages would mean lower costs of production and hence lower prices for commodities. Or if a higher price level was maintained the increased income would still go to the workers in the form of increased shares in the profits or increased dividends on purchases.

Under ideal conditions of co-operation, employer and employee would be the same; all would be employees of one kind or another working for their collective selves. The accomplishment of this ideal may never be fully attained, but even from its very beginnings labour would be assured of full and complete sympathy. In producers' co-operation, the workers would share more directly in the profits, but in consumers' co-operation they would or could share just as surely in the savings not directly as workers or producers, it is true, but as consumers.

The influence of co-operation on unemployment is easily deducible from what has been said. The causes of unemployment are deeply enmeshed in the very warp and woof of our whole industrial and economic system. It is a problem which can only be attacked indirectly, and it is in this way that co-operation will make itself felt.

Co-operation holds out no promises of making two jobs grow where only one grew before, nor is it a cure-all for industrial misfits. It is concerned with unemployment in so far as unemployment is a part of the larger problem of production and distribution. But this indirect influence should be of great importance. If, as I have attempted to show, co-operation can bring about a stabilisation of industry and an increase of effective demand, by that very fact it



will supply the answer to the problem of unemployment. No doubt even in co-operatively organized industries, some men would continue to be idle because of physical, mental or moral handicaps. No doubt, changes in industrial processes, shifts in demand, would still continue to require readjustments of individuals within the framework of business. But even conceding that to force all industry into the co-operative mould would probably not be desirable could it actually be accomplished, yet, the development of voluntary co-operative associations in those lines which occupy the middle ground between the extremes, where either state-action or individual enterprise seem indicated as preferable, would give us a socio-industrial organisation where we might justly hope that the spectacle of millions of men tramping the streets, workless and hungry through no fault of their own, would be a thing of the past.

The economic formula contained in the co-operative movement may not be the Solution, but it seems to be A Solution. It seeks no particular favours but aspires to victory by reason of its inherent economic superiority over both individualism and socialism. It is superior to them because it lays the economic foundation for building up those social and ethical virtues which are, after all, the purpose of life.

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Recent Utterances.

"CO-OPERATORS' DAY."

LECTURE DELIVERED BY MR. K. M. KULKARNI ESQ., B.A., LL.B.,
Pleader, Gadag.

We are here to-day to celebrate the 4th All-India Co-operators' Day. It was exactly a decade ago that the International Co-operative Alliance considered the organisation of Co-operators' Day besides a Co-operative exhibition. They chose the 1st Saturday in July which falls somewhere between the Robert Owen Day and the Rochdale Day. But the All India Institutes' Association which met in 1930 to consider a change of the Day to suit Indian condition, decided to build our own tradition and fixed 1st Saturday in November for the celebration of the All India Co-operators' Day. This day was chosen perhaps, as one eminent Registrar said on a similar occasion some time ago, because it was on this sacred day that the seeds of this great world-wide movement were sown in the Indian soil. So, this is an unique occasion for we are celebrating the birth of the great altruistic movement. Thanks to the genius of Robert Owen, the parent of co-operation, who with inexhaustible energy and by dint of perseverance championed the movement in the teeth of much opposition and ridicule. To-day, the International Labour Office in their International Directory of co-operative organisation state that there are more than 6,00,000 co-operative societies in the world with over 150 million members. Could these twelve poor flanel weavers of Rochdale, oppressed by desolation and misery, have envisaged that their pioneer distributive society would be laying the foundation of this world-wide movement?

Giving in outline, the origin and history of the Co-operators' Day and paying due homage to the illustrious founder of the movement, I will try to explain, in brief, the significance of such celebration. Such annual or periodical functions are milestones where we have to pause for a while and survey the progress done and realise the pitfalls and devise remedies to get over them. If our activities are to progress, we must be wide awake as to how far away we are from our ideals and how to get nearer to them. In short, such functions to the movement are what introspection is to the inner development of man; they are so indispensable and important. The celebration of the Day is becoming a definite feature of

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co-operative propaganda. It has become symbolical of the ideal of uniting mankind 'in peaceful evolution of a happier social order' in the gradual realisation of co-operative Common-wealth.

Looking to the amazing results of co-operation in the Western countries during a period of over half a century the India Government introduced co-operation some three decades back believing that it would be a panacea for all the rural ills. Sir Frederick Nicholson suggested to "Find Raiffeisen" in India and credit societies were initiated to afford cheap credit facilities and to promote thereby thrift and self-help amongst agriculturists. After a few years of trial, there grew an insistent demand for other types of co-operative societies. So, by the 1912 Act, the delimitation was removed and provision was made for non-credit type of associations. The movement thus initiated by Government made rapid strides with a aid of a zealous band of honorary workers. Within the short span of a quarter of a century we have built a systematic co-operative credit organisation beginning right from the primary society, the Central Banks, the Provincial Apex Bank with the various agencies for supervision such as Bank Inspectors, Supervisors and Auditors. But we cannot help admitting that, notwithstanding the well-organised financial machinery, co-operative credit is not much nurtured by co-operative spirit.

As I have said above, if we want to do justice to occasions like these, we must submit ourselves to a severe and ruthless criticism of our progress. Very well, then, what is the present position of co-operative movement in our Presidency? Has the dream of the founders of the movement seen the light of a day? Has the poor Ryot who forms the backbone of Indian political life and for whom the movement was calculated to do immense good been really benefited? These will be some of the pertinent questions which the process of analytical self introspection implies. I shall try to deal with them certainly not as an expert for I do not claim any pretension to sound knowledge of co-operation but merely as one interested in the movement.

What strikes at the very outset is the one-sided development of co-operation, viz :—credit side. The needy ryot looks upon the society as a source of borrowing without really appreciating the constituent principles of thrift, self-help, and mutual aid. If these cordinal principles of co-operation are divorced from co-operative credit, there is apparently the danger of the cheap money being misapplied for

unproductive purposes. The Thomas Committee averred the other day that the financial condition of the movement was 'Extremely disquieting'. During the past twenty years, the growth of arrears has been very rapid. The culminating point was reached in 1932 when out of a sum of Rs. 362 lakhs due for repayment, no less an amount than Rs. 283 lakhs or 78 per cent. was in arrears, of which Rs. 173 lakhs or nearly 50 per cent. of the total were unauthorised arrears. One may be tempted to rest content that this state of affairs is the result of the tremendous fall in prices. But the Thomas Committee make it abundantly clear that this enormous accumulation of overdues is not wholly attributable to the present depression; because the percentage of unauthorised arrears which was under 10 in 1919-20 had risen to nearly 30 in 1926-27, long before the present depression began to make itself felt. Such state of affairs necessarily drives us to go to the root of the matter. In the very first instance, we come to the fundamental fallacy that the credit organisation has come to be regarded as the Alpha and Omega of the co-operative movement. Credit is only one part of the entire movement of agricultural co-operation which includes among others, co-operative supply, sale production. The single purpose society cannot bring the economic improvement of its members. As has been remarked good-humouredly, there is too much of credit and too little of co-operation.

Of late, we have been listening to severe indictment from the outside critics that co-operative movement has failed and may soon die out. But one fact that these critics are likely to lose sight of, is about the various other factors, which are beyond the control of the agriculturist and yet which go to determine his destinies such as currency and Tariff problems. The agriculturists are groaning under the weight of chronic indebtedness. The successive bad seasons and the heavy decline in prices have crushed the earning power of the agriculturist. Indebtedness cannot be wiped off by fresh borrowings but can be wiped away by increased earning and increased saving; and increased earnings are secured only if the borrowed moneys are used for productive purposes. The present economic depression is one of unprecedented magnitude in the economic history of the world, it has left no nation or no economic activity untouched and has caused endless suffering almost everywhere. Such being the general condition prevailing all over the world, it is no wonder then that our unauthorised arrears have

increased to a startling extent. Here and there errors and mistakes might have crept in. But the outside critics need not be very pessimistic about the prospects of co-operative movement. For no movement can be so designed as to be fool-proof or knave-proof. It is particularly interesting to recall on this occasion what a Managing Governor of the Imperial Bank of India, while giving evidence before the Central Banking Enquiry Committee said with reference to our movement. He submitted that co-operative movement is an eyewash and does very little to relieve the economic position. But Mr. Ramadas Pantulu, the veteran co-operator of Madras, who represented the Co-operative Banks, successfully proved that there is no other institution—not the Joint-stock Banks, not the Imperial Bank—which has supported agriculture, the premier industry of this country, to a larger extent than co-operation. He showed by statistics that the Joint-stock Banks lend very little to agriculture, the Imperial Bank lends on agricultural produce for only 2 crores while the money circulated in the primary societies is about 10 crores. All three important bodies during the last few years—the Royal Commission on agriculture, the Labour Commission and the Banking Enquiry Committee emphasise that the future development of the rural economy lies in the progress of co-operative movement.

Co-operators must now rise to the occasion and devise remedies to increase the earning power and repaying capacity of the borrowers. It must be borne in mind that the ultimate soundness of movement depends on the individual borrower. Co-operators have avowedly espoused the cause of 'the man behind the plough'. Co-operative movement alone can rescue the agriculturists from the weight of unproductive debt. As has been said above, the credit side of the movement has been published on Facit and cheap credit is of no use unless "the villager is enabled to increase his earning power, to conserve his meagrasaving, to reap out his land more than what he is now a victim in what he buys and sells and to lead decent and healthy life with peace and plenty reigning in the land". If this is achieved, then only co-operation will have fulfilled its legitimate obligations.

This again set us thinking about the ways and means of bringing about the real economic improvement of the agriculturists. The economic plight of the agriculturists engendered by intermittent bad seasons reaches its high water-mark by the present depression.

It is clear that organised efforts on the part of the co-operators are required to combat the present situation. Dr. Hutton, the other day, in his Census Report, states that there is already too much pressure on land. Besides, the huge slump in prices of agricultural produce all the more forces the farmer to the necessity of supplementing his meagre agricultural income by resorting to some suitable subsidiary industries. We are now awaiting with interest, the result of the deliberations of the Committee appointed in pursuance of the resolution of the Co-operative Round Table Conference recently held in Poona to consider how cottage industries can be promoted, how the products of such industries can be co-operatively marketed and how the central financing agencies can assist in such promotion and marketing operations. In the mean-while, we shall all hope that their labour will bear fruit.

Another measure, I would like to suggest, to increase the earning power of the agriculturist and secure from him a better standard of living would be undertaking the work of Rural Reconstruction which is now engaging widespread attention every where. Is it not the bounden duty of us, co-operators, to express our heartfelt gratitude of the vast mute millions of agricultural population to His Excellency, the Governor of Bombay, Sir Fredrick Sykes for heading and initiating the work of Rural Reconstruction which shall for ever remain the crowning glory of his regime? We shall readily respond to whatever scheme his Government will launch. As a rule, co-operators have never lagged behind to avail any measures designed for the good of the agriculturist. Let us all therefore rise from the stupifying influence of the present economic crisis and organise here and there model Better Living Societies which aim at the social, moral, and economic welfare of the villagers.

Mr. F. L. Brayne whose name is intimately associated with village uplift, and a host of other eminent persons interested in Indian Village life complain too much of stagnation among the rural population. Is there any better weapon to change the outlook of the villager other than the village uplift scheme? It is our peculiar pride and privilege, you all know, that the first society registered in our Presidency belongs to our own Taluks. Opportunity has repeated itself to lead once again, this new sphere of co-operative activity viz:—the general village uplift. It is my firm belief that we will not allow this opportunity to slip by. Let us not be despaired of the present gloomy prospect of our poor brethren in the village.

RECENT UTTERANCES

By promoting Better Living Societies we shall try to eradicate the deep-rooted rural stagnation and instil in them fresh life and energy and thus resuscitate the weighed down agriculturist. Let us all by united efforts revive amongst our villagers the spirit of co-operation which stands for service and sacrifice and elimination of profiteering and competition. The spirit of the altruistic ideal "Each for all and all for all each" must be dinned into the ears and the ultimate goal of co-operation "Better Farming, Better Business, and Better Living" must be enshrined in the heart of every agriculturist. There is no better machinery through which the peasantry can be organised and the basic industry of the country, agriculture, can be improved than co-operation. Lord Linlithgow the Chairman of the Royal Commission on agriculture after elaborate and careful study of the Indian agricultural conditions, in his report of classical repute, emphatically writes that "The salvation of the Indian Ryot lies in the development of the co-operative movement and if co-operation fails, the hope of India fails". Very well, gentlemen I now close with the most optimistic and prophetic words of His Majesty, the King Emperor of India". If the system of co-operation can be introduced and utilised to the full, I fore-see a great and glorious future for the agricultural interests of the country".

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THE INTERNATIONAL CO-OPERATORS' DAY CELEBRATION IN MADRAS.

The International Co-operators' Day was celebrated on the 4th Nov. at the premises of the Servants of India Society, Royapettah, with the Hon. Mr. P. T. Rajan, the Second Minister in the chair. There was a large gathering of persons interested in the co-operative movement. There was a social before the meeting began.

Rao Bahadur T. A. Ramalingam Chettiar on behalf of the Committee welcomed the gathering. He said that the world was now suffering from the evils of capitalism and everywhere in the world they found people trying to remedy the evils. In Italy, America and Germany dictators had arisen and in Russia Communism was being tried. In the speaker's opinion both these methods were bound to fail and the development of co-operative movement was the only solution for all the evils. The co-operative principle could be introduced in all fields of human activities and a proper readjustment of the various factors could be made only by co-operation. At the present time they found on the one hand, banks having large surpluses which could be lent and on the other there was the poor not able to get the necessities of life. Believers in the co-operative movement must think about their responsibility to the public and devise some means to link them together. There was vast scope in the country for the development of co-operative principles. The encouragement of cottage industries, to give supplementary income to agriculturists was a direction in which they could work. He would suggest that a sort of central agency might be published in Madras to market the products of the various co-operative industries. The Government had promised to consider the suggestion and he hoped that the Development Minister, who had kindly accepted their invitation to preside over their celebrations would see that the suggestion became an actuality. The speaker also would appeal to the Minister not to further delay the enactment of the Central Land Mortgage Bank Act. In conclusion Mr. Ramalingam Chettiar expressed the hope that the Minister would exert all his influence to appoint an Indian as Registrar of Co-operative Societies, for only an Indian could truly understand the needs and the feelings of the masses for whose uplift alone the co-operative movement was intended to enter to.

The Hon'ble Mr. P. T. Rajan said that but for certain technical difficulties, the Central Land Mortgage Bank Bill would have come up for consideration at this current session of the Council. He hoped those difficulties would be got over and the Bill passed into an Act very soon. Here and elsewhere it had been brought to the notice of the Government, the desirability of appointing an Indian as the Registrar of Co-operative Societies. The advantages of having an Indian had also been pointed out and the Government would be only too willing to consider the suggestions made by various associations. As far as it lay in his power he would do what he could to fulfill the suggestion. The minister then assured the gathering that he was taking much interest in the movement both in the official capacity and unofficially. He could realise the difficulties which the agriculturists were undergoing now and he assured them that he would do his best to ameliorate their conditions.

Continuing, the minister said that the celebration of the International Co-operators' Day served to remind them that co-operation was universal brotherhood through which many of their difficulties national and international could be solved. Co-operation generated among its followers a spirit of mutual good will and trust, qualities essential for the establishment of harmony, peace, and plenty. On an occasion like this they would have to take stock of the situation and consider what problems had been solved and what progress had been made. The world had been going through an economic crisis and it was to the co-operative movement that sane-minded people turn for the solution. The depression had left its mark on all the activities of the people and the movement had more than its usual share. The people have been seeking to apply the co-operative principles to all branches of economic activity, production, consumption and distribution and each country had applied this co-operative method to its various and peculiar national conditions and environments. This constituted both the strength and the utility of the movement. It had assumed the form of consumers' co-operation in England while the principle had been applied to marketing and sale of agricultural produce in America and in Canada. India being mainly an agricultural country and the people being proverbially in need of loans had applied this principle of economic co-operation to credit, though here too they had a variety of co-operative institutions. The Punjab had made its special contribution to the movement by applying the principle to the

consolidation of agricultural holdings and the institution of co-operative adult schools. In other spheres also this principle was copied and international co-operation was found necessary to surmount international difficulties. It was the path of co-operation, not competition that would make for world peace and world brotherhood. Economic nationalism had been tried and found wanting; it should give way to international co-operation.

The speaker then referred to the various ways in which the countries in the West were adopting co-operative principles and pointed out that in any scheme of planned world economy, co-operation was bound to play a very important and useful part and let them all hope that co-operation might progress from strength to strength and bring all the people of the world together in mutual bond of sacrifice and service for the promotion of common weal.

Proceeding the speaker said that to them in India the co-operative movement had a message peculiarly its own. They live in villages and agriculture was their main industry. Co-operation was the handmaid at agriculture. There was no branch of village life which could not be brought within the fold of co-operation and the movement was synonymous with village uplift of rural reconstruction. A village credit society, a small stores society, a co-operative adult school, or an arbitration society and a Co-operative Society were all matters which concerned village life and if rural India was to be given a new life it would be only through co-operation. The strength and success of the movement in its turn must necessarily depend upon the type of men who guide and direct it. The speaker could visualise an era in the future when co-operation would have brought into existence a new country with a contented and happy population. The Royal Commission on Agriculture had stated: Many millions of peasant proprietors may be led to a better life through a sound co-operative movement. If this is secured, much else is brought within the bounds of attainment. If co-operation fails there will fail the best hope of India.' The speaker, hoped that if all their efforts could not achieve anything else let them at least avoid that calamity.

Mr. T. Adinarayana Chettiar, in a Tamil speech, said that at the present time of International economic distress, their salvation lay only in working on co-operative principles. In it they could work without distinction of caste and creed and he hoped that his

brother co-operators would realise their responsibilities and do immense service to the public by taking active interest in co-operative institutions.

Rev. Father Basenach stated that a thorough reconstruction of the present disorganised world was possible only by working on co-operative lines. It had been admitted on all hands that a thorough change of outlook was necessary. But it was more easily said than done. For a new regeneration, a change of their habits was necessary and it was a most difficult thing to change habits formed from an early age. Therefore, if they were to have a change of habits, those things which they deemed as evil habits should not be developed as habits at all. The best time to do this was when people were young and it was absolutely necessary, therefore, to teach the co-operative principles in schools. There must be constant drilling of these principles into their mind. The subject should be included in the curriculum of schools. With proper education and sufficient drilling, they could successfully work out the principles.

Mr. Pushparaj said that they should start more consumers' societies and distribution agencies. He appealed to the co-operators to support the Buy Indian campaign and requested the authorities concerned to do propaganda in vernaculars.

Mr. S. Subbarama Aiyar said that service should be the aim of all co-operators. The movement in India had not failed. But they could achieve still more if there was unity of thought among the leaders in the movement.

Diwan Bahadur M. Ramachandra Rao said that some people in the country were trying to propagate Communistic principles as the last solvent for the present economic troubles. But he was of opinion that Communism would never succeed in India. The present crisis in India regarding the ryots was very great and immediate steps ought to be taken to relieve them. He hoped that the Minister would bestow his attention on these matters and take active measures to help the ryots.

He also proposed a vote of thanks to the chairman after which the meeting terminated.

Extract.

THE CO-OPERATIVES AND THE NRA.

BY JAMES PETER WARBASSE.

The fact that labor was recognized and that a machinery for protecting labor's interests was set up in the NRA indicates that the situation last March was considered desperate. And for the consumers to have been given representation in the administration of the NRA is a circumstance that should make us fear for the security of our institutions. It is doubtful that in any previous economic crisis in this country, things have been so bad that it was felt necessary in rehabilitation measures to give consideration to the public as consumers.

The existing economic system demands that the consumers shall constitute the sea in which business may fish and take out all that it can. To make the consumers the main object of consideration would mean the destruction of the prevalent form of business; and the people of this country are in no state of organization, information, or even intelligence to face such an event. Still a Consumers' Advisory Board was established in the NRA. The consumers were provided with a mechanism to protect their interests, if not to take aggressive steps in their behalf. The need of giving them consideration is pressing, because neglect of the consumers was a contributory cause of the collapse of 1929, and it is that neglect that still helps to maintain the depression. Some consideration, therefore, had to be given them in the rehabilitation movement.

The representatives of the consumers have had to stand aside while industry and labor got all they could out of the codes. But the consumers must ultimately have their turn, a turn which even the Retail Code has given them only in the vaguest and most inadequate way. What are the things that might be considered to be for the good of the consumers by a body devoted to their interests? The following have been presented to the Consumers' Board as the "long term," fundamental matters of most concern to the general public:

1. Statistical research into costs at each stage of the industrial process, placing in the hands of the consumers the information upon which an understanding of profits might be based.

2. The amount of profit that may be taken in the progress of a commodity from the point of production of raw material through its various stages to the consumer.

EXTRACTS

3. The overhead costs, expressed in salaries of officials, payments to subsidiaries, and stock-purchasing privileges, which are factors of concern both to the consumers and to labor.

4. Efficiency methods in the interest of economy and lower prices.

5. The elimination of middlemen and unnecessary handling.

6. Unemployment insurance, provided by the industry, to take care of the unemployed whom industry now turns out on the streets to become a burden upon the consumers.

7. Knowledge concerning unhealthful factors in foods, cosmetics and other commodities, now beyond the control of the Food and Drug Act.

8. Spurious materials, fraud, and the whole question of quality. The services of such institutions as the research laboratories of Co-operative Societies, the Bureau of Standards, and Consumers' Research might be expanded for wider consumers' protection.

9. The organization of the consumers to procure better access to the things they want. Education in consumers' co-operation and promotion in this field are carried on by several agencies of the federal government. Among these are the Editorial and Research Division of the Department of Labor and the Co-operative Division of the Farm Credit Administration. This education is most effectively promoted by the consumers' co-operative societies through methods of their own devising and the object lessons supplied by their successful operation.

10. The use of existing co-operative consumers' societies as nuclei around which to crystallize the interests of consumers. This is an immediate opportunity. There are some 4,500 of these societies in the United States, and many more consumers' supply organizations that could be made co-operative. These societies are more successful than is profit business in the same fields. Their failures have been fewer, their losses less, and the number of employees dismissed smaller, in proportion to capital and number of people involved, than in corresponding profit business. So striking are these differences throughout the world that co-operation stands out in the present crisis as a unique method of business.

In the United States, co-operative societies are engaged in the following services to their members: retail-store distribution, wholesaling, processing and distribution of petroleum products, banking and credit, housing, coal supply, processing and distribution of milk, supply

of feed and farm necessities, restaurants, boarding houses, fire insurance, liability insurance, auditing and accounting, electric supply, telephone service, medical service, undertaking, printing and publishing, education and schools, recreation and entertainment, music and drama, laboratory testing, life insurance.

The circumstance that, with rare exceptions, teachers and experts in economics in this country have not seen fit to inform themselves upon these facts, much less upon the meaning and philosophy of co-operation, seems not to militate against its progress. Possibly academic students and reformers refrain from interest in consumers' co-operation because it is a method of business actually in operation. It is not a theory. If a man goes into it, he not only hazards his capital but he must lay his hands to a concrete job. There are easier things to do than these.

Quite oblivious of the widespread existence of co-operative societies, a political movement is now on foot to organize the consumers. The mayors of municipalities are to head consumers' groups. Something new is to be started. There may be here or there a mayor who is not a candidate for re-election. Such a public official might promote such a project in a mild way, but in doing it he would not last long. Any mayor who attempted to organize the consumers of his municipality to protect their interests would have about his ears the chamber of commerce, the merchants' association, the board of trade, the public utilities, and other groups that control his political destiny. This notion of inviting the local political machinery to damage its masters is a fatuous product of a trying period.

Another provision of the NRA concerns the conservation of natural resources. This means making the natural resources of the country more useful to more people for a longer time. In this connection there is a fine opportunity for consumers' organizations in the field of electric supply. At Muscle Shoals the government is producing electricity and selling it to the Alabama Power Company for two mills a kilowatt hour, under an old contract made during the Hoover regime. The company sells it to its customers at eight cents a kilowatt hour. An agency in the interest of the consumers might show the people of the Tennessee Valley countryside how to organize themselves into consumer's co-operative electricity-distributing societies. The administration has such a project under consideration. These co-operatives might buy electricity from the government at less than a cent a kilowatt hour and distribute it to their members at retail. Co-operative Societies in Minnesota and Wisconsin are doing this with advantage to their members. The 350 co-operative consumers' societies in Switzerland, which not only distribute but manufacture their electricity, are perhaps too far away for us to imitate.

A governmental board, established for the defense of the consumer, is in a position to show consumers how they may organize in co-operative groups to protect their interests. This is a practical and legitimate service. It is in direct line with the President's purposes in the promotion of the recovery act. The President announced four main industrial aims. Consumers' co-operative societies are in the best position of any form of business to comply with the requirements of the NRA. They are promoting the four aims of the recovery program as follows:

1. *The elimination of unfair competitive practices.*—This is the natural result of a system that is not quest of competitive profits, that is established to serve its members, and whose businesses are federated into a single national organization.

2. *The reduction and relief of unemployment.*—This object is already being attained by the business method of co-operative societies, which in the United States to-day have more employees than in 1928.

3. *The improvement of the standards of labor.*—This might well be intrusted to a system of business which in its history of ninety years has always been sympathetic to labor and desires that its employees should be organized in unions of their own.

4. *The Rehabilitation of Industry.*—This is promoted by the kind of industry that is itself in the least need of rehabilitation. We may take as examples the two largest groups of co-operative consumers in the United States—the 2,100 co-operative banks and the 1,500 co-operative oil societies. Of these during the past four years only a fraction of 1 per cent. have failed. The money losses of these concerns amount to so little as to be inconsiderable. Steady growth and expansion have characterized their business during this period. They have produced saving and not losses. The 500,000 members of co-operative credit unions have successfully conserved their \$45,000,000 of assets. None of the 1,800 co-operative banking societies organized by the National Credit Union Extension Bureau have been closed by a State banking department. The chief losses they have suffered have been losses of funds which they had deposited in capitalist banks. The \$15,000,000 invested by co-operative consumers in the oil business is returning to the consumer members a yield on their investment that surpasses the fondest hopes of capitalistic speculation. Still this yield is not an earning but a saving which accrues from the co-operative method of business.

Provisions written in many codes do violence to the co-operative societies. Some of these provisions have been introduced for that specific purpose. It was a significant act on the part of President when

on October 23, he signed a special executive order exempting all "bona fide and legitimate co-operative organizations" from restrictions upon the payment of savings rebates or patronage returns which might be contained in any code. This executive order has a far-reaching power to protect consumers' co-operative societies from the codes written by the industries.

The consumer has been discovered by the NRA. The next thing needed is that the great body of consumers themselves shall discover those consumers who are organized in co-operative societies, and who have learned how to unite with their neighbours to carry on business for their mutual benefit. The NRA is in a position to seize upon these discoveries and turn them to the common good.

The Co-operative movement keeps alive ideals and works for humanity.

It is on faith and not on figures that the Co-operative Movement will grow and improve in the future.

Co-operation demands and develops character. It blends in due proportion individual and social responsibility.

Co-operative trading means good value and good quality for your money.

Co-operation follows nature's method of growth steadily building up the new within the frame work of the old.

The central principle of Co-operation is self-help. Without it so called co-operation has not been successful any where.

The Co-operative Movement is open to all. There are neither political nor religious tests.

The International Co-operative Alliance.

MEETINGS OF THE I.C.A. EXECUTIVE.

Important Decisions at Vienna.

The meetings of the Executive Committee of the I.C.A., which were held at Vienna, together with meetings of the I.C.W.S. and the International Co-operative Banking and Assurance Committees and various special committees, from the 6th to the 9th October, were notable for a number of Important decisions affecting the work of the Alliance in the immediate future. Mr. Vaino Tanner presided at the meetings of the Executive, which expressed its regret at the retirement of Sir Thomas Allen and placed on record its appreciation of his services to the International Co-operative Movement.

I.C.A. Finance.—Among the urgent matters considered was the financial situation of the Alliance which, notwithstanding the economies already effected, has become increasingly difficult as a result of the fluctuations in the exchanges, currency restrictions, and the fact that a number of affiliated Organisations have fallen into arrears with their subscriptions. The loyalty of those Organisations which have come to the help of the Alliance by paying their subscriptions on the gold standard, or by making of their own free will an extra contribution of 25 per cent. was noted by the Executive with appreciation. It was considered, however, that the proposal to adopt an increased scale of subscription, already agreed to in principle, should not be submitted to the Congress next year, in view of the unfavourable circumstances. So long as the economic depression continues, the present system of payment will be maintained, the affiliated Organisations being urged to pay their subscriptions on a gold basis and to make supplementary contributions when they are able to do so.

The Position of the German Consumers' Movement.—Formed the subject of a report by the General Secretary, who pointed out that the dissolution of the Central Union at Hamburg on the 14th August juridically terminated the affiliation of the German Movement with the I.C.A. As the rules of the I.C.A. required an application for membership from the new Organisation, the necessary forms of application had been sent to the Reichsbund der deutschen Verbrauchergenossenschaften so that they might be returned in time for consideration by the Executive at Vienna. The report of the General Secretary was adopted and the

Executive passed a further resolution, expressing the opinion that a first-hand investigation into the constitution and practice of the German Movement might be necessary in order to determine whether the Movement now conforms to the rules of the I.C.A., and asking whether the German Movement would grant all the necessary facilities to enable a thorough investigation to be made. Consideration of the application for admission received from the "Reichsbund," Hamburg, was deferred pending the report of the proposed investigation.

The Next I.C.A. Congress.—The Executive definitely decided to hold the Congress, which had been arranged for 1933 but postponed, in London early in September, 1934. In conjunction with the Congress it is hoped to arrange a full series of Special Conferences on the Co-operative Press, Education and Propaganda, as well as the thirteenth International Co-operative School. The subjects to be discussed at the Congress will include the revised Programme of Economic Policy for the I.C.A., the Present Application of the Rochdale Principles, and the Relation of Co-operation to World Economic Development. A special paper on the last subject will be prepared and submitted by Mr. Albin Johansson, Director of the Swedish Co-operative Union, K. F.

One of the aims of co-operative movement is to develop the social character and intelligence of the people.

Co-operation is built on the great spiritual values of friendship, service, trust and brotherhood.

**

Co-operative success is dependent upon a genuine co-operative interest. Failures are usually due to a lack of it.

**

There is no co-operative substitute for self-help. The more the principle is practised the greater is the success achieved.

**

A co-operative commonwealth does not necessarily imply a socialist State, although a Socialist State could not be successful without Co-operators. There is manifest inconsistency in talking loudly in favour of Co-operative Commonwealth and then taking trade support which might be given to the Co-operative Movement to chain and other competitive stores.

Reviews.

Institutes.—We have received the audit report and administration reports of the six training Institutes in the Presidency. The following table will give an idea of the strength and the results at the annual examination. Any special feature or special features connected with the institutions are given below.

Name of the Institute.	No. of Students admitted in the Institute.	No. of candidates sat for P.C.U. Examination.	No. of candidates passed.	Percentage.
The Royalseema Co-operative Institute, Ltd., Anantapur ...	35	28	10	36%
The Andhra Co-operative Institute, Ltd., Bezwada.	45	42	20	48%
The Coimbatore Co-operative Institute, Ltd., Coimbatore ...	58	53	32	60%
The Ramadas Co-operative Training Institute, Rajahmundry ...	40	38	19	50%
The Hood Co-operative Institute, Ltd., Tanjore.	53	47	23	48'9%
The Gray Co-operative Institute, Ltd., Vellore...	38	31	24	77'4%

Rajahmundry:—The Institute maintains a hostel for the Boarding and lodging of students and the audit report points out certain irregularities which it is hoped will be rectified soon.

Bezwada.—During the year under report Messrs. Ramadas Pantulu, N. Satyanarayana, S. K. Yegnanarayana Iyer, and Lanka Sundaram lectured to the students on various co-operative subjects.

Anantapur.—This institution attempted to put into practice the recommendations of the Educational Committee of the Provincial Co-operative Union regarding practical training to be given at the end of the course, but as it was thought of late the students did not take up the course. It is interesting to note that one poor student who was admitted as a free scholar has secured first class in the Provincial Co-operative Examination. Many lectures of the Ceded District College, Anantapur gave special lectures to the students. It is sad to note that the appeal the institution to get extra fees for library sent to all co-operative institutions within its jurisdiction did not meet with encouraging response.

Vellore.—Messrs. K. C. Ramakrishnan and E. S. Ganapathi Iyer delivered special lectures on Co-operative Marketing and Urban Banks respectively.

Tanjore.—This institute conducted rural training class to which 105 candidates were admitted. They were given special lectures on agriculture, sanitation, co-operation, and education by the Members of the Institute as well as by many distinguished honorary lecturers who were specially invited. The Hon'ble Mr. P. T. Rajan, Minister in charge of Co-operation presented diplomas to those who passed out of the Institution and His Excellency the Governor opened the building named after the Hon'ble Minister.

Coimbatore.—Mr. Jayakaran of the Y.M.C.A., Ramanathapuram, Coimbatore, delivered a series of lectures upon co-operation in Denmark and Mr. Roman, B.A., B.L., on certain aspects of Co-operative Law. In the course of training students were taken to Coimbatore, Peelamedu and Tirupur, and were shown the different types of societies in actual working.

THE REPORT OF THE KISTNA DISTRICT CO-OPERATIVE FEDERATION.

For the Year ending with 30th June 1933.

The Federation consisted of 18 supervising Unions 2 Central Banks and 2 other Societies. Its propaganda officer toured in the villages of the Kistna district and delivered lectures with the help of Magic Lantern on Co-operation and Temperance. He visited 58 villages and conducted as many magic lantern shows as possible. The work of collection was undertaken by the Unions supervisors and Bank Inspectors appointed for the purpose. The federation appointed 8 hands in addition, yet in spite of the overdue arrears in primary Societies are still heavy. On the whole the work of the Federation was satisfactory.

THE TRAINING CLASS CONDUCTED BY THE SUPERVISING UNION OF ARASAVALLI LOCAL CO-OPERATIVE SUPERVISING UNION, GANJAM DT.

The Training Class of Panchayatdars 43 in number was conducted by the Arasavalli Local Co-operative Supervising Union. The Sub-Deputy Registrar Mr. M. Venkatratnam Pantulu, Mr. G. Dharma Rao, Secretary, The Ganjam District Co-operative Banking Union, Ltd., Berhampur, Mr. B. Apparao Pantulu, Advocate, and Dr. S. Venkata Rao also attended the different sessions of the class and addressed the panchayatdars.

District News.

GOLDEN JUBILEE CELEBRATION. THE HODGSONPET DHANARAKSHAKA NIDHI, LTD. CONJEEVARAM.

The Golden Jubilee of the Hodgsonpet Dhanarakshaka Nidhi, was Celebrated on the 24th December, 1933, at Conjeevaram.

Mr. M. A. Muthia Chettiyar, Kumararajah of Chettinad, presided over the celebration. Mr. V. Ramadas Pantulu delivered the Jubilee Address and unveiled the portrait of the late Mr. M. E. Ramanujachariar, the founder of the Nidhi.

After prayer, Mr. M. E. Narasimhachariar, the President of the Nidhi, read an address of welcome to the Kumararajah, and Rao Bahadur C. Sambasiva Chettiyar, the Vice-President of the Nidhi, read an address of welcome to Mr. V. Ramadas Pantulu.

The President of the celebration, the Kumararajah, then addressed the audience in Tamil. We publish below summaries of the speech of the Kumararajah and of the Jubilee Address delivered by Mr. V. Ramadas Pantulu.

SPEECH OF MR. M. A. MUTHIAH CHETTIYAR.

The Kumararajah began by saying that the main reason for his consenting to preside over the function was the fact that he too was a banker. At a time when the general belief was that Indian institutions did not last long and that they were not well-administered, it was a happy augury that the Dhanarakshaka Nidhi had survived fifty years and was in a sound condition. In calling upon Mr. Ramadas Pantulu, he paid a handsome tribute to his further activities specially in the field of Co-operation. He would congratulate the directors of the Nidhi on that score, as there were very few selfless public workers who achieved similar success. Some people were under the impression that the traditional money-lenders could be ousted through Co-operative Societies. But, one must remember that the money-lenders had lent 800 crores to the agriculturists as against 30 or 40 crores by the Co-operative Societies. Experienced Co-operators knew that the ousting of money-lenders was not practicable. The speaker wanted that the money lending system should be reformed. In this connection, he would suggest that if one man decreased his rate of interest, another could not demand a higher rate. The Co-operators should go to the villages and do propaganda by telling the ryots that they should not borrow for paddy interest. They had the solution in their own hands. The Co-operative Credit Societies by their sound working can aim at bringing about a reduction in the general level of interest rates in the locality. Nidhis were good as they inspired confidence and promoted thrift. He was glad that they were having dealings with the Indian Bank of which he was a Director. The speaker then wished the Nidhi a long career of usefulness.

THE JUBILEE ADDRESS.

Mr. V. Ramadas Pantulu, who delivered the Jubilee Address, paid a glowing tribute to the late Mr. M. E. Ramanujachariar, who was the founder of the Nidhi in 1883. After successfully managing it for 12 years, he died at the early age of 39 in the year 1895. The present President of the Nidhi, Mr. Narasimhachariyar, is the son of Mr. Ramanujachariar and deserved to be congratulated on so successfully carrying on the work started by his father.

Dealing with the organisation, development and the present state of the Nidhi, Mr. Ramadas Pantulu said that the first Nidhi that was started in South India was the Suddar Court Fund which was established in the City of Madras in 1850 for the deliverance of officials from the hardship of usury. In the year 1872, it was found that the Nidhis that were formed on the model of the Suddar Court Fund had no legal existence as they were not incorporated under the law for the registration of companies, owing to the oversight of the founders. As they could not go to court to enforce the obligation of their members, many of them were wound up. Between 1872 and 1892, several Nidhis were started, but many of them were not genuine ones. In the five years ending 1892, as many as 260 Nidhis failed and caused great hardship to the subscribers. Since 1892, the development of Nidhis has been more satisfactory. There are now about 230 Nidhis in this Province, handling a total working capital of about Rs. 4 crores, of which Rs. 2½ crores represents share money paid by members. About half the number of these Nidhis are in the Coimbatore District.

The old type of Nidhis charged their members low lending rates of interest, practically the same as those paid on the share capital to members, usually 6½ per cent. They subsisted mainly on the penal interest paid by defaulters and fees and commissions charged for services in connection with the loans. But, the later type of Nidhis charged heavy rates of interest, 12 to 15 per cent. The Nidhi is intended to promote saving habit by the practice of thrift, to relieve its members from the effects of usury and to give them loans for various useful purposes. Charging heavy rates of interest on loans militates against these objects. The Joint Stock Banks, Co-operative Societies and Nidhis must so operate as to bring down the rates of interest in the places where they operate. The money lender will naturally be forced to lower his

rates if these agencies work satisfactorily and reach the people who are in need of credit.

Mr. Ramadas Pantulu, continuing, said that the Nidhis were working as an antiquated system and their articles of association are mostly modelled on the Rules of the English Building Societies and are all registered under the Indian Companies' Act. Many of them provide for withdrawable share capital and terminable membership. But, as share capital cannot be withdrawn under the Indian Companies' Act without the previous sanction of the High Court, it was judicially held that membership in a Nidhi did not cease although a member withdrew all his share capital. There are other serious anomalies in their working. There is a great deal of diversity among the Nidhis. Some of them are indistinguishable from small joint stock banks and some combine chit fund business. Some partake of the character of Mutual Associations, Banks and Chit Funds, in various degrees. A reform of the law regulating them is immediately called for. Recently, a new danger has arisen. By way of provision from profits for remuneration to promoters, directors and officers of Nidhis, they are made a source of huge profit-making at the expense of the members. This must be checked.

Mr. Ramadas Pantulu suggested a separate legislation to deal with the Nidhis and Chit Funds. He said that, if they do pure banking business, they may be incorporated under the Indian Companies' Act or the Bank Act if one is enacted in this country. Otherwise, they must be separately dealt with. He said that if the features of withdrawability of share capital and loans against share money are retained by a Nidhi, then such type of Nidhis must be strictly prohibited from taking deposits or loans from outsiders. He advised the Nidhis to confer over the need for legislation to regulate their working and frame a suitable Bill.

He incidentally said that the Money Lenders Bill introduced into the Madras Legislative Council was a futile measure and better efforts should be made to deal with usury and to bring the honest money lenders and indigenous bankers into the Banking System of the country, for they do the bulk of the banking in this country and serve the nation largely. He hoped that the new Reserve Bank will help this reform.

Concluding his Address, Mr. Ramadas Pantulu paid a tribute to the public activities of the President of the celebration, the Kumara Rajah of Chettinad, specially in the banking field.

THE MADRAS JOURNAL OF CO-OPERATION

The West Coimbatore Co-operative Building Society has passed the following resolution :—

“In view of the general fall in the rate interest in the Money market, the Government be requested to reduce the interest on loans advanced to Building Societies to 5 per cent.

* * *

The President and Members of the Aryapuram Co-operative Urban Bank, Ltd., Rajahmundry, appeal to Members of Urban Banks in the Andhra Districts to come together and think jointly the problems peculiar to Urban Banks. They are of opinion that Urban Banks in the Tamil districts differ in important respects from Urban Banks in the Andhra Districts and therefore, their peculiar problems deserve to be first thought out before the Provincial Conference comes off.

* * *

Under the auspices of the Chingleput District Co-operative Federation, Ltd., Conjeevaram, Mr. A. Anantharaghavan, Secretary of the “Young Co-operators’ League” Madras, delivered an address on “What next shall we do in the Co-operative Movement.”

* * *

The General Body of the Chingleput District Co-operative Federation has passed the following resolution at their meeting held on 4—12—33.

“This gathering of the representatives of the rural co-operators of the different parts of the Chingleput District submits that in view of the general economic depression and the phenomenal fall in the price of the agricultural produce and the utter failure of monsoon this year, the Government may be pleased to sanction an appreciable reduction in the revenue Kist and adopt a liberal policy in the matter of remission.”

* * *

Mr. K.G. Sivaswamy of the Servants of India Society, Rural Reconstruction Centre, Mayanur, Trichinopoly District, toured as a propagandist of the Tamil Nadu Co-operative Federation and visited a number of societies in the area of Tirukattupalli Union. He also attended the General Body Meeting of the Co-operative Union at Karur, where the Union resolved to hold a Taluk Conference of Co-operators and request Mr. Sivaswamy to organise the conference. Among the subjects that are likely to be discussed at the conference the following deserve special mention :—

1. to ease the present situation by giving extensions in deserving cases and insisting upon payment and not paper adjustment ;
2. reduction of the rate of interest on loans granted by Central Banks to Societies ;
3. reconstitution of the Board of Management of the Central Bank of Trichy on a line with other Central Banks ;
4. formation of a loan and sale society at Karur ;
5. improvement of irrigation facilities ;
6. popularising Rao Bahadur T. A. Ramalingam Chettiyar's Debt Reconciliation Bill ;
7. the formation of a separate Land Mortgage Bank for Karur.

Correspondence.

58, Govindappa Naicken Street,
George Town,
Madras, 27th November 1933.

To

THE MADRAS PROVINCIAL CO-OPERATIVE UNION,
ROYAPETTAH,
MADRAS.

I

Dear Sir,

While thanking you for your kind note in the September issue of your Journal under the caption “Co-operative Milk Supply for Madras,” I feel bound to state that the Madras Co-operative Milk Supply Union was thoroughly re-organised in 1930-31 and since then there has been a steady progress. The Registrar of Co-operative Societies (Mr. D. N. Strathie, I.C.S.) has remarked in his Annual Report to Government that the Madras Milk Supply Union has done exceedingly well during 1930-31 and the loss incurred in previous years has been considerably brought down. The Union is now working at a profit and the Audit Certificate for 1932-33 showed a profit of about Rs. 2,400 a moiety of which was disbursed to milkmen as bonus under By-law. The Union at present gets milk from various milk supply societies in Pooneri area and also from the Madras Milk Society whose cattle-yard is located at Inavaram near Perambur. By regular transport arrangement, the milk is received at the Union Office by 5 o'clock in the mornings and 3 in the evenings and immediately distributed in the city. The sale continues till 8-30 a.m. and 7-30 p.m. The statement that the milk is imported from villages near Poonamalle by 9 o'clock in the morning is incorrect.

2. The Union does not entirely depend upon hospitals, hotels and restaurants. Its monthly receipt is about 20,000 measures out of which about 11,000 measures are supplied to Mental and Women and Children Hospitals and the balance 9,000 are sold in the City. Unsold milk is converted into cream, butter, ghee and curd. For the convenience of consumers, the system of selling milk through coupon books has also been introduced and it is working very satisfactorily.

3. In spite of keen competition in the city, the public now evince a keen desire to use the milk and its products of the Union, especially on important occasions like marriages, etc. Milk trade is very peculiar indeed and the public require the milk for their daily use only in the

morning and in the evening. To satisfy them, milk has to be milked very early and distributed as quickly as possible and any delay in the receipt or distribution will cause considerable inconvenience all round. For lack of funds the Union is unable to command requisite transport facilities for distribution of milk in distant parts of the city. Hence the Union restricts its activities for the present in George Town and Triplicane.

4. All difficulties will vanish if milk is pasteurised as suggested by you and I am glad to say that the question of installing a pasteurising plant has already been taken up and it is hoped that the scheme will soon materialise with the support of Government. A correspondent in an article in the "Hindu" dated the 21st October 1933 under the caption "Milk for fighting Tuberculosis" has given us an alarming news that one million persons die in India every year due to Tuberculosis and stated that milk is a valuable aid in treating Tuberculosis patients and it should be pasteurised properly before consumption. It is also very important that cows and buffaloes should be properly fed and washed and cattle-yards should be kept clean and in a sanitary condition. The present practice of milking in public streets and lanes and near gutters and the sale of milk by unlicensed irresponsible dirty people should also be stopped. I trust that the Government and the Corporation would pay serious attention to this matter, immediately arrange for the supply of pasteurised milk to patients in all hospitals and to children in Child Welfare Centres and adopt stringent measures to prevent all offences connected with the supply of milk in the city.

5. I am enclosing for your information copies of the 6th Annual Report and the handbill and shall feel much obliged if you would kindly insert a note in your Journal embodying the above observations.

Yours sincerely,

A. BALASUNDRAM,
Honorary Secretary,
Madras Co-operative Milk Supply Union, Ltd.

THE MADRAS MILK SUPPLY UNION.

The following extracts from the report of the Board of Management of the Madras Milk Supply Union submitted to the Members of the Union at the General Body meeting will be of interest to our readers.

Membership and Share Capital.—There are three nominated Members and 10 Society Members. At the end of the year the Share Capital stood at Rs. 1,285.

Borrowing from Government.—The Union had borrowed from Government Rs. 15,000 and paid over Rs. 8,000 by 30—6—32 and nearly Rs. 4,500 during the year under review. They also paid interest upon the amount.

For the official year 1932-33 the Union secured also the contract for the supply of milk to six child welfare centres under the control of the Madras Corporation. It was not able to get the contract for these centres or for any additional state hospitals for the year 1933-34 owing to unduly low rates tendered by the local contractors.

The number of depots at which the Union milk was sold in the city was 12 on 1—8—32. During the year under review, 7 new depots were opened and 7 depots (old 2 and new 5) were closed. On 30—6—1933 the Union has 12 depots in the city for the sale of milk to the public. The Union has recently started house delivery of milk through rubber tyred hand carts and satisfactory progress is made in this direction. The want of push tri-cycle is keenly felt for this work and it is proposed to provide one during the current year, if there is more demand for the Union milk. The Union has also made arrangements for the supply of milk to leading citizens for marriage and other important functions and butter and ghee to certain customers in their homes.

The Union receives daily about 640 measures of milk (city 510 and villages 130) and supplies to State hospitals about 370 measures. The average daily sale at depots and by house delivery is 250 measures. The total purchase for a year works up to about 2,34,000 measures (city 1,86,000 and village 48,000) and total sale about 2,27,000 measures (hospitals 1,35,000 and the public 92,000). During the year under review, the Union has reduced the selling rate of milk and its products consistent with the fall in prices in the market, and shifted the office to a business locality. There is now a great demand for milk and its products, but the supply is insufficient. The Union is arranging to get adequate supply to meet the demand, but the need for larger co-operation on the part of the members of the milk supply societies in this matter is keenly felt.

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The Union worked at a loss for the past five years, the loss amounting to Rs. 9,500 in one year. Two years ago there was an appreciable decrease and the deficit for 31-32 was only Rs. 872 and it is hoped the audit report for 1932-33 will show that the financial position of the Union to be good and sound.

The Union is now able to pay all its members for the milk purchased, in the first week of every month. Provided the members of the various milk supply societies continue to be loyal, the Union is bound to extent its activities and to prove more useful to the State and the public with the support of the co-operative department and the local government.

II

OFFICE OF THE CO-OPERATIVE UNION, LTD.
Maduramangalam, 14th November 1933.

To

THE EDITOR,

THE MADRAS JOURNAL OF CO-OPERATION,

MADRAS.

Sir,

[Subject.—Voucher from Non-members.—Exemption from Stamp duty.]

May I request you to kindly publish the following in your valuable Journal and to elicit the public opinion on this point.

It is now general in Co-operative Societies to get stamped vouchers from the non-members when the amount they receive exceed Rs. 20. By reading the Government of India Notification regarding the exemption of stamp duty and the Circular of the Registrar published in Your Journal of 1929 December, I think the non-members need not furnish stamped vouchers to the society on the following grounds :—

In para 3 of the above circular, the then learned Advocate-General says that the security bonds executed by the servant of the Co-operative Banks are free from stamp duty as in his opinion the security bonds are obtained in "relation to the business of the society." Accordingly, the vouchers from non-members are obtained in the interest of societies only and naturally they have more relation to the business of the society than the security bonds from the servants.

Thanking you in anticipation.

Yours faithfully,
V. DORASAWMY DEVAR.

CORRESPONDENCE

THE RECONSTITUTION OF THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

BY MR. G. SRINIVASARAGHAVACHARIAR,

Hon. Joint Secretary, The Madras Provincial Co-operative Union.

The question of reconstitution of the Provincial Co-operative Union and improvement of its finances formed the subject of discussion at its last Board meeting and the motion was talked out. In my humble opinion, it is no use leaving the matter there. To those who had followed the discussions of the Tamil Language Federation at its last annual meeting, it must have been apparent that the general feeling among the representatives of the Local Supervising Union was that there is little or no use of their being members of the Provincial Co-operative Union and that they can serve the movement best by being members of Language Federation only, which should, however, be made to function more efficiently and vigorously. The chief reason for the feeling was that they, as a class, being representatives of Rural Societies not knowing English, are unable either to take part in or follow the proceedings of the Provincial Co-operative Union, which are and have to be generally conducted in English and some of which relate to abstruse subjects or matters which, they consider, to be of no direct interest or immediate importance to them. It is unfortunate that these people were not able to give vocal expression to their feelings at the annual meeting of the Provincial Co-operative Union amongst the thundrous speeches of their Educated brethren.

2. As far as I can understand, the most important function of the Provincial Co-operative Union, at any rate, at this critical hour, is to study the course of the movement in its several directions, find out the various pit-falls and suggest not only suitable remedies for them but also ways and means to prevent their recurrence. Another equally important function is to do the necessary propaganda work for the furtherance of the Co-operative movement in all its aspects. The first function can be performed by the Provincial Co-operative Union calling for from each financing bank quarterly reports of its own working and of the Societies affiliated to it, of the difficulties met with by both and of reforms to be made towards the successful administration of societies and the progress of the Co-operative movement in general. It can also require to be sent to it from time to time copies of the important resolutions of the M.P. C.B., the district financing banks and group conferences, Government Orders and Registrar's circulars. The quarterly reports and resolutions, etc., so received, should be carefully scrutinised by a qualified paid Secretary to be appointed for the Provincial Co-operative Union without delay and all important questions arising out of them should be brought

THE MADRAS JOURNAL OF CO-OPERATION

up for discussion before the Board of Management of the Provincial Co-operative Union and action taken thereon. To enable the Board of Management to deal with these questions properly, the Secretary of the M.P.C.B., and of the several District Banks, who are in closer touch with the working of their affiliated societies, must be made ex-officio members of the Board. In order to make room for these men, the Board should be re-constituted. There is no reason why all the persons appointed by the Provincial Societies as their delegates to the General Body of the Union should be on its Board, while the number of representatives to it of all the Central Banks and Urban Banks in the Presidency should be only 8 and 3 respectively. For reasons stated in para I, representation of Local Unions may go, as each Union is represented on the Board of Management of its financing Central Bank, which has its own representation on the P.C.U. Board. District Federations have mostly died and there need be no representation for them. As Urban Banks and Limited Primary Non-Credit Societies have got their own district representation, their representatives on the Central Banks may be prevented from entering the Board of Management of the Provincial Co-operative Union, so that the Central Banks representation on the P.C.U., may be confined partly to individual shareholders and partly to representatives of Rural Societies. If these suggestions are accepted, the Board of Management of the Provincial Co-operative Union, which will be representative of all interests, may be as below :—

BYE-LAW XX.—I.

- (f) *Provincial Societies*—(1) for the M.P.C.B., 1 for C.L.M.B. (1) and 2 for others) ... 4
- (g) *Central Banks*.—(i) Individual shareholders ... 6
for Tamil Districts, 2 for
Telugu Districts, 1 for
Malabar and 1 for South
Kanara District)
- (ii) Secretaries 32
- (iii) Urban Banks 2
- (iv) Limited Primary Non-Credit Societies
not falling under any of the other classes ... 2
- (v) Primary Land Mortgage Banks ... 2
- (vi) Training Institutes ... 2
(1 for Tamil Districts and 1 for Telugu
Districts.)

3. As regards the second function, viz., propaganda, this has to be done mainly by means of English and Vernacular bulletins and leaflets. The Vernacular work, which has been entrusted to Language Federation, is not being done as satisfactorily as it should be. So far as the Tamil Bulletin is concerned, it is in charge of a qualified and full timed Manager, who is trying to improve it on the lines of the suggestions

CORRESPONDENCE

made at the last annual meeting of the Tamil Nadu Co-operative Federation. Similar must be made for the conduct of the Telugu bulletin. As regards the English Journal, the general opinion is that it should be made more useful and popular than at present. In my humble opinion, it ought to deal more largely with the present critical condition of the movement and the steps to be taken both by the Government and the non-official co-operators to remedy the evils rampant in agricultural Societies, and with the immediate problems confronting the ryot population, viz., heavy and growing land burdens, fall in prices of agricultural produce, increasing the land income and suitable subsidiary occupations to be practised. It must also deal with the lines on which rural reconstruction work should proceed. On each of these points, useful information can be gathered from the articles appearing in Newspapers, from the periodicals published by private individuals and from other Government publications which may all be sent for. I am quite sure that men will be available to contribute original and thoughtful articles on these subjects if only they are approached. For instance, we can get plenty of information on Agricultural and Industrial matters from the Directors of Agriculture and Industries not only of our Province but of other Provinces as well. The Journal should be published in four sections, the first to deal with Co-operation, the second with agriculture, the third with Industries and the fourth with other general matters affecting the well-being of the people. It is obviously too much to expect the present honorary Editor to give the Journal this new orientation. The appointment of a responsible qualified paid Secretary referred to in para 2 who can take up this work in addition is necessary on this ground also. With the Journal improved on the above lines, every Provincial Institution, District Bank, Urban Bank and Non-agricultural Society numbering in all 1,500 and every Reading Room and important educational Institutions may be made to subscribe for it, say, at the rate of Rs. 6 per annum if only they are properly appealed to. The Journal will then become more than self-supporting.

4. In an article sent by me recently to the Editor of the Co-operative Journal for publication headed "Agricultural Co-operation in Madras," I have described in full the present critical condition of the movement which the Provincial Co-operative Union should not fail to take notice of. The appointment of a full-timed paid Secretary to the Provincial Co-operative Union at this juncture is very imperative and the expenditure on him should, in my opinion, be the first charge on the Provincial Co-operative Union funds. If the Provincial Co-operative Union is to continue to publish the Telugu Journal also, the Secretary should be a Telugu knowing Graduate, to be able to edit that Journal also.

5. I request that this note of mine be typed and circulated before hand to the Members of the Board and the Executive Committee and brought up for discussion at an early meeting of theirs.

THE MADRAS JOURNAL OF CO-OPERATION

THE CHINGLEPUT DISTRICT GRAY
MEMORIAL FUND.

AN APPEAL.

The public are aware of the sad and sudden demise on the 19th July 1933 at Madura, far off from his country, kith and kin, of the late Mr. Gray, O.B.E.I.C.S., after a service in this country of 27 years and when he was about to take charge of the Office of Member of the Board of Revenue, Madras. All who had the privilege of a close acquaintance with him, know what exceptional qualities of head and heart he possessed, how largely this country was benefitted by his long service in various capacities and what a great loss it sustained by his untimely end. His friends and admirers in this Province are sure to feel it their duty to commemorate his name in a suitable form.

2. At the meeting of the Board of Management of the Co-operative Central Bank, Limited, Conjeeveram, held on the 10th September 1933, it was resolved that in perpetuation of his memory (a) a fund called "THE CHINGLEPUT DISTRICT GRAY MEMORIAL FUND" be opened by the Bank, (b) that subscriptions be invited from Co-operators, his friends, and admirers and (c) that a portrait be put up in the Hall of the Bank, the surplus, if any, left out of the subscriptions being utilised for a memorial in such form as the Executive Committee may think suitable.

3. A sum of Rs. 250 was subscribed towards the fund by the Board of Management from the Common Good Fund of the Bank. On the 14th October 1933 the Gray Co-operative Reading Room already started in the premises of the Bank was opened for public use by M.R.Ry. Rao Bahadur K. Deivasikhamani Mudaliar, Avl., Registrar of Co-operative Societies. M.R.Ry. Rao Bahadur C. Sambasiva Chettiar, Avl., was pleased then to announce that he would present the Reading Room with a portrait of Mr. Gray. M.R.Ry. Rao Bahadur M. K. Venkatachari, Avl., has kindly contributed Rs. 25, as his first subscription to the Fund.

4. All Co-operative Institutions, friends and admirers of the late Mr. Gray are requested to contribute their mite to the Fund in view to establish a lasting and useful memorial in a form which will depend on the amount subscribed. Any suggestions as to the form of the memorial will be thankfully received and considered by the Committee in management of the fund.

5. All remittances may kindly be sent to the Secretary of the Co-operative Central Bank, Limited, Conjeeveram to the credit of the Memorial Fund opened in the Bank. An account of the Fund will be published periodically.

By order of the Executive Committee.

The Co-operative Central Bank, Ltd.,
Conjeeveram.

A. RAJABADAR,
President.

Special Type of Societies.

KURNOOL THRIFT AND LOAN CO-OPERATIVE
SOCIETY, LTD.

1. The year of audit is the 3rd year of the society's working.

2. *Members and Share Capital.*—There were 54 members with a paid up share capital of Rs. 69 at the end of the year as against 32 and Rs. 47 at the end of the previous year.

3. *Thrift Fund.*—The amount of Thrift Fund deposits of members at the beginning of the year was Rs. 820-10-0. During the year Rs. 2,742-11-0 were received while a sum of Rs. 97-5-0 was paid off. At the end of the year the amount of Thrift Fund deposits of members was Rs. 3,466.

4. *Investments.*—At the beginning of the year the society had Rs. 800 invested as Fixed deposits in the Kurnool District Co-operative Central Bank, Ltd.; during the year the society invested Rs. 1,675 and the amount at the end of the year was therefore Rs. 2,475. The society also invested Rs. 720 under recurring deposits in the same Bank during the year.

5. *Loans.*—During the year the society lent to its members Rs. 153 on the security of their Thrift Fund deposits, of which a sum of Rs. 23 was repaid, leaving at the end of the year an outstanding sum of Rs. 130, consisting of Rs. 45 under long term and Rs. 85 under short term.

6. *Overdues.*—The overdue amount under principal of loans due from one member was Rs. 15 only.

7. *Profits.*—The society earned for the year a net profit of Rs. 36-2-0 as against Rs. 9 for the previous year. According to by-law 57 (1) 25 per cent. of the net profits, viz., Rs. 9 shall be carried to the credit of the Reserve Fund. The balance of the profits viz., Rs. 27-2-0 is available for distribution in accordance with clauses (2) to (5) of by-law No. 57.

8. *Reserve Fund.*—The amount to the credit of the Reserve Fund on the last day of the year was Rs. 4-12-0. With the amount now to be added according to para 8 above, viz., Rs. 9 the total Reserve Fund amounts to Rs. 13-12-0. The amount already invested under this head in the Kurnool District Co-operative Central Bank was Rs. 3-12-0 and a sum of Rs. 0-3-0 being the interest thereon was added by the Bank to Reserve Fund account. The Society is therefore requested to remit Rs. 9-13-0 towards this account.

(True Copy)

(Sd.) T. V. N. BABURAU,
Sub-Deputy Registrar.

THE MADRAS JOURNAL OF CO-OPERATION
**THE KULITALAI CO-OPERATIVE LAND MORTGAGE
 BANK, LTD., No. R. 249.**

(Extracts from the visitors book.)

We have much pleasure in putting on record the pleasant impression we have got from our visit to the Kulitalai Land Mortgage Bank, Ltd., in connection with our study of the problem of introduction of Land Mortgage Banks in Bengal. As we have come here more as students and as observers of the system which is successful in this Presidency, it is not for us to give any suggestions, but we must express our gratitude to the Honorary Secretary Mr. Annathurai Iyer and the Deputy Registrar Mr. C. M. Bhimaraya Mudaliar for the facilities they granted us and the information and the explanations they gave us of the mode of working of this institution which enabled it to achieve its present success. The cautious and business-like way in which the affairs are conducted, especially the mode of estimating the repaying capacity of the borrowers before any loan is proposed to be granted, deserves the emulation of all provinces and we are sure that if such a system had been followed, the Co-operative Movement in India would not have been what it is now. As representing our province and our bank, we once again thank our brother co-operators and friends for their hospitality and kindness.

(Sd.) SANAT KUMAR CHATTERJI,
 (Sd.) A. F. M. ABDUL RAHMAN, M.L.C.,
 Directors,

Bengal Provincial Co-operative Bank, Ltd.

G. O.'s and Circulars.
GOVERNMENT OF MADRAS.
Development Department.

G. O. No. 1243, Ms.

Madras, dated 11th October 1933.

ABSTRACT.

Co-operative Societies—Act—Section 30—Stamp duty on instruments etc.—Exemption—Notification—Published.

*Order:—*The following notification will be published in the Fort St. George Gazette :—

Notification.

In exercise of the powers conferred by clause (a) of sub-section (2) of section 30 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932) and in supersession of all previous notifications on the subject, the Governor acting with Ministers is hereby pleased, in the case of all registered societies, to remit the duty chargeable under the Indian Stamp Act 1899 (II of 1899), in respect of :—

(i) instruments executed by or on behalf of any such society or by an officer or member thereof and relating to the business of such society; and

(ii) decisions, awards or orders of the Registrar or arbitrators under the Madras Co-operative Societies Act, 1932. (Madras Act VI of 1932.)

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

C. A. HENDERSON,
Secretary to Government.

OFFICE OF THE
 REGISTRAR OF CO-OPERATIVE SOCIETIES
Madras, dated 4th December, 1933.

Copy communicated to all Deputy Registrars, Sub-Deputy Registrars in independent charge, Sub-Deputy Registrars in charge of Training Institutes, Sub-Deputy Registrars for Land Mortgage Banks and District Superintendent of Police, Madura, for information.

Copy to the Editors, The Madras Journal of Co-operation, and The Tamil Nadu for publication.

5-12-33.

(By Order),
 A. SINGARA RAJU,
Manager.

THE MADRAS JOURNAL OF CO-OPERATION

A. 6766/33. OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 12th December, 1933.

M. R. Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avl.,
Registrar.

CIRCULAR.

I

Central Banks—Expenditure on establishment and contingencies—
Need for reduction.

It is seen from the audit reports of the Central Banks that the expenditure incurred by the Banks on their establishment and contingencies has been on the increase for the last few years while there has been a marked fall in the net profits of the Banks and the loans advanced by them to societies. The following figures for the last four years make the position clear.

Year.	Expenditure on establishment and contingencies.	Net profits.	Percentage of Col. 2 to 3.	Loans outstanding against societies at the end of the year.
1	2	3	4	5
	Rs. (Lakhs)	Rs. (Lakhs)		Rs. (Lakhs)
1929-30 ...	4'21	9'62	43'76	535'94
1930-31 ...	5'18	7'79	66'49	512'45
1931-32 ...	4'79	8'61	55'63	429'94
1932-33 ...	4'89	6'05	80'08	353'663

2. It may be seen that while the percentage of expenses to the net profits was 43'76 per cent. at the end of the year 1929-30, it exceeded 80 per cent. on the 30th June 1933. The loans outstanding against the societies fell from Rs. 535'94 lakhs at the end of 1929-30 to Rs. 353'663 lakhs at the end of June 1933. In view of the marked contraction in the loan business of the Central Banks it is absolutely necessary that the Banks should limit their expenditure to minimum requirements. It is suggested that they may overhaul their establishment and effect all possible economy in establishment and contingent charges. The Registrar feels that if suitable steps are taken and all measures of economy explored, it should be possible for the Banks to cut down their present expenditure considerably. All Central Banks are, therefore, requested to take immediate steps in this direction.

By Order,
A. CUNNIAH,
Manager.

15-12-33.

G. O.'S AND CIRCULARS

F. 6666/33.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 8th December 1933.

M. R. Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avl., Registrar.
II

Liquidation—Passing of contribution orders—Enforcing unlimited liability—Procedure to be adopted.

Under section 47 of the Madras Co-operative Societies Act, the Deputy Registrars and Sub-Deputy Registrars appointed as liquidators of societies whose registration is cancelled have power to determine from time to time the contributions to be made or remaining to be made from members or past members of other persons referred to in that section to the assets of the society. The Registrar has reasons to believe that the liquidators, have not been observing any definite principle in determining the contributions and that there is no uniformity of procedure in this regard. The following instructions are therefore issued for the guidance of the officers.

2. Before proceeding to determine the contributions liquidators have to draw up a list of all loans outstanding against members in a liquidated society and with reference to the solvency or otherwise of members, estimate the amount of debts which may prove bad or irrecoverable. The amount so arrived at should be deducted from the total of the outstanding loans. It should be seen whether the balance of debts would be enough to pay off the liabilities. If the liabilities exceed the sound assets so arrived at, the latter should be deducted from the liabilities to be discharged and then the share capital and the reserve fund invested by the society in the Central Bank should be set off against the balance of liabilities to be discharged. If still, there be a deficit to be made good, the liquidators should proceed to levy contributions from members enforcing unlimited liability. In doing so, the deficit should be distributed amongst all the members with reference to the financial circumstances and solvency of members. But the contribution order should not be enforced until after all steps are exhausted to proceed against the debtors and the debts due from them realised. In the meanwhile, the liquidators can take sufficient security from the contributories to prevent any possible alienation or sale of properties with a view to evade payment of contributions levied on them. If after exhausting all steps the full amount due to creditors is not realised, then the liquidators should execute the contribution orders and recover the moneys.

Where, however, there is fear of alienation of property a contribution order may be passed even before a liquidator had time to make enquiries and determine the contributions to be paid by all members. Such a contribution order need not be enforced if the party concerned gives security for the amount.

3. The attention of all officers is also drawn to Registrar's Circular No. R. Dis. F. 3452/33 dated 5-7-33. As required therein, Deputy Registrars should see that in societies where unlimited liability has been enforced, the balance left over after all the debts of the society have been cleared, is not treated as surplus funds nor used for repaying the share capital of members but that such balance should be returned rateably or in full to the members against whom unlimited liability was enforced.

By order, A. CUNNIAH,
Manager.

11-12-33.

THE MADRAS JOURNAL OF CO-OPERATION

*Copy of Proceedings of the Inspector-General of Registration, Madras
No. 889, Genl. dated 2nd December 1933.*

III

Sub-Deputy Registrars in charge of Land Mortgage Banks—Collection of statistics from Registration records—Permitted.

The Registrar of Co-operative Societies, Madras, brings to the notice of the Inspector-General that certain Registering Officers have objected to the Sub-Deputy Registrars in charge of Land Mortgage Banks, perusing the records, relating to sale and leases in their offices and collecting statistics therefrom free of cost. As the Sub-Deputy Registrars are Government Servants, the Inspector-General directs that Registering Officers should allow them to search registration records and collect statistics free of cost.

R. Dis. B. 1. 4814/33. OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 11th December, 1933.

Copy communicated to all Deputy Registrars and Sub-Deputy Registrars in section charge. Deputy Registrars and Sub-Deputy Registrars, Land Mortgage Banks and Superintendents, Training Institutes for information.

Copy to the Madras Journal of Co-operation and "Kootturavu."

12-12-33. By order,
A. CUNNIAH,
Manager.

Dis. B. 6126/33. OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 18th December 1933.
M. R. Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avl.,
Registrar.

IV

Legal adviser and Vakil—Directors of Co-operative Banks—acting in either or both capacities—Improper.

The Madras Bar Council have ruled that it is improper for a member of the Bar who is a director of a company or a society to appear for remuneration for that company in its legal business. The Madras High Court has also held in Letters Patent Appeal 71 of 1932 that the conduct of a member of the Bar in legally advising the society and appearing as its Vakil in both capacities for a remuneration whilst being a director is without question improper.

2. The Deputy Registrars and Sub-Deputy Registrars are requested to draw the attention of all Co-operative Banks to the ruling of the Bar Council and the observations made by the Hon'ble Judges of the High Court.

19-12-33. By order,
A. CUNNIAH,
Manager.

