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THE

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Editorial Notes.

The Eleventh All-India Registrars' Conference.

The proceedings of the 11th session of the Registrars' conference printed elsewhere are based upon the records made available to every member of the Conference. They are not the official proceedings issued by the Government of India which we hope will be published soon. The proceedings published, however, may be taken as sufficiently accurate and reliable for all practical purposes.

The conference was held at New Delhi on four days, on the 29th, 30th, 31st January and 1st February 1934. It was attended by 48 delegates representing the Government of India, 11 provinces and 7 Indian States and the two All India Institutions, namely, the All India Co-operative Institutes' Association and the All India Provincial Banks' Association. The representatives from each Province consisted of one or two officials and one or two non-officials, though the representatives from the States were mostly officials.

The Hon'ble Khan Bahadur Mian Sir Fazl-i-Hussain, Education Member of the Government of India, who opened the Conference welcomed the delegates and pointed out how the attempts on the part of the Government of India to hold a conference of representatives of various provinces to discuss the question how far the recommendations of the Banking Enquiry Committee so far as they are related to co-operation could be given effect to were not successful on account of the economic depression and how the very same depression assuming serious proportions has necessitated the meeting of this conference in which it is hoped the experience of one province will be made available to workers of other provinces.

He rightly laid emphasis upon the need for looking upon co-operation as inter-linked with many activities all having the same aim of Rural Up-lift in view.

The delegates divided themselves into three Committees—the Sub-Committee No. 1 being in charge of legislation, liquidation and arbitration ; Committee No. 2 in charge of economic conditions and development and the third Committee in charge of Finance. They dealt with as many as 31 items. The proceedings also contain as appendices the draft bill which is expected to supplement the existing law and make it possible to register co-operative societies having jurisdiction all over India ; a note on long term loans by Mr. V. Ramadas Pantulu ; two notes on Land Mortgage Banks, one by the Hon'ble Sardar Sir Jogendra Singh; Kt.; Minister for Agriculture, Punjab, and the other by Mr. V. Ramadas Pantulu and two notes on the establishment of a Central Organisation at the Head quarters of the Government of India, in connection with the Co-operative Movement—one by Mr. Ram Chandra, I.C.S. Joint Secretary, Government of India, Department of Education, Health and Lands, and the other by Mr. V. Ramadas Pantulu.

The need for having a legislation on the lines of the draft was felt and the underlying principles accepted by the Conference ; they also have added that the question of including societies registered in Indian States should be considered.

We are glad to note that some of the most outstanding problems of the movement, namely how to help the ryot in these days of economic depression ; how to expand the movement on healthy lines and arrest the present stagnation which has set in in all provinces ; how to organise societies for co-operative marketing of agricultural produce and what facilities to be given in the matter of long term credit—all these were considered at some length by the conference

and they have passed suggestive and thoughtful resolutions and it is hoped that suitable action will be taken on these matters on the lines suggested by the Conference.

We are glad to note that Mr. Ramadas Pantulu drew the special attention of the conference to the existence of the two All India non-official organisations and pleaded for their strengthening in preference to the formation of a new department under the Government of India.

On the whole the conference, from the proceedings available, seems to have been a great success. It has tackled many an important problem and has suggested useful and practical remedies and it is hoped that immediate action will be taken upon them in all the provinces and states of India.

Benefit Funds *versus* Insurance.

The misfortune of our country is not only that we are very poor but the masses are illiterate and eminently gullible. It is one of the characteristic weaknesses of a poor man to aspire to become suddenly rich and it is a matter of common experience that of those who frequent race course and other similar places, the majority would be poor people.

From the report of the Registrar of Co-operative Societies, Travancore, for the last year, we understand there is a very large number of institutions in that State called Benefit Funds. If we are correctly informed they have grown like mushroom and are to be found in every nook and corner of that state. As we realise that this danger is not confined to that state, but has invaded certain portions of this presidency as well we take this opportunity to warn our readers and through them the co-operative public to be careful against institutions started and run on unscientific lines.

Most of those funds are able to attract a large clientele because they promise to pay a fixed amount on the happening of a particular contingency, like the death of a member, but they are different from life insurance which also promises to do the same, in as much as there is no medical examination in these funds and there is no study from a scientific point of view of the risk run by them in accepting proposals and of the premium to be collected from their members. As a matter of fact they are able to appeal to the ignorant people because they dangle before them the hope, in most cases destined to be falsified, of a person paying a small sum, being able to receive a much larger sum later. The simple fact that if certain number of people get much more than what they have paid certain other people belonging to the same organisation must of necessity get very much less than what they have paid making due allowance for the growth of money when properly invested is forgotten by the masses that rush into such companies and their ignorance of this is exploited by the promoters of such companies. The Insurance scheme on the other hand is scientifically arranged, the risk is actuarially measured and is provided for and hence in well managed insurance companies the element of speculation is reduced to the utmost minimum posible. We would, therefore make an appeal to co-operators not to be drawn into the unscientifically organised companies that promise large returns but to be satisfied with safe investment in properly organised insurance companies. Thrift is one of the chief aspects of co-operation and if co-operators are really thrifty and are free from the weakness of speculation, they must care for safe investment and not become victims of speculators.

The South India Co-operative Insurance Society.

The Inspection notes of the present Joint Registrar who visited the South Indian Co-operative Insurance Society published elsewhere will be read with great interest by our readers and by co-operators in general. Not only does the Joint Registrar plead for the popularising of Insurance among the masses and in this appeal he quotes facts and figures and shows how India stands almost as the last among the great countries of the world so far as insurance is concerned, but he puts in an eloquent plea on behalf of the South India Co-operative Insurance Society in particular and points out the special claims which this insitution has in preference to capitalistic concrens so far as co-operators of this Province are concerned. Last month in reviewing the speech of Professor Kaji, President of the Urban Banks' Conference, we drew special attention to the original plan of the founders of the Insurance Society and pointed out how their expectations have not been quite fulfilled. Co-operative institutions that were expected to take up agency and push the movement in the interests of the masses and in their own interest, as Prof. Kaji has very well pointed out, have not yet come forward as eagerly as was expected. We hope this appeal of the Joint Registrar will be responded to enthusiastically by co-operators in general

and by urban societies in particular who have greater facilities for expanding the business of the co-operative insurance society among their clientele than rural societies have. We hope, when we advert to this subject some time later we shall have the gratification to report about the adequate response from co-operators.

The Annual Report of the United Provinces Co-operative Union, Ltd, for 1932-1933.

This Provincial Union of our sister province, the United Provinces is unlike the Provincial Co-operative Union of Madras, in that it is the Central Supervising Union as a whole for the Province beside being the Central Agency for education and propaganda. It is run mainly with the help of the Government grant and contribution by Central banks at the rate of 12½ per cent of the interest earned. It employs nearly 200 Supervisors.

During the year under review, the Government grant was reduced by about five thousand rupees and this told upon the staff. Their salaries were subjected to a cut of 10 p.c. and the fixed traveling allowance had to be reduced. Owing to this and other causes the report states that the quality of work was not quite up to the mark. "With the exception of a few, supervisors have confined themselves to the routine side of their duties. The supervisor is more or less the reflex of the Inspector, and where the latter is indolent or unenthusiastic, the reaction on the former is almost certain. The consecutive bad harvests and the continued though diminished slump in prices have affected the morale of members, and unless normal conditions are restored, it is not possible to take a very correct stock of the supervisor's work. The reduced emoluments and the difficulties of increment in salary after a supervisor is in receipt of Rs. 36 or Rs. 40 p.m. does not furnish the necessary incentive for good work either." It is sad to note that some of the Supervisors had to be subjected to punishments, either fines or reduction or removal.

The supervising agency was responsible for organising nearly 200 new societies. It is of interest to us in Madras to note that there are some lady supervisors specially trained for work amongst ladies. Even though we do not observe purdha in Madras such arrangements would be highly beneficial for encouraging thrift amongst ladies.

In the absence of a Provincial Bank in the Province the Union acted in a way as the Provincial Bank and brought about the relationship between the co-operative sugar factory and the Central Banks. The Union also conducted a training class for Supervisors and another for Lady Supervisors. The general body of the Union met once, the Provincial Committee met twice and the Executive Committee met 8 times during the year. Some of the members of the Provincial Committee inspected societies in districts and sent notes of inspection to the Union. We hope that in the present year when Government grant would be restored to the normal level, there will be general economic progress and improvement, and the Union would be able to turn out better work.

A New Move on the Part of the C. W. S.

Co-operators in this country who have a blind faith in some well trimmed philosophical looking statements and believe that they are applicable for all time and under all conditions will have a pleasant surprise when they read from the English papers that the English Wholesale Society has resolved to open a retail branch. In the picture the average co-operator has in his mind about the Wholesale there is no place for any retail activity on its part as it is supposed is to cater to the needs of constituent retail societies only and not do retailing business itself. This is poaching into the jurisdiction of a retail society and this will be looked upon as a heresy of the worst type by orthodox co-operators.

England is a land of business-like people who perhaps are not wedded to any abstract theories and who in accordance with their pragmatic philosophy are prepared to conduct experiments in untried fields. At the general body meeting of the Co-operative Wholesale Society held recently the motion of the Directors to have a retail branch started, was approved by an overwhelming majority. Naturally the wholesale will start its retail branches not in places where there exist retail societies at present. They would explore possibilities of expansion and start societies in places which are not catered to by existing co-operative concerns. It is also open to them to take under this retail department of theirs weak and struggling retail societies that are willing to get themselves merged in the Wholesale branch.

The retail societies run by the wholesale will be stocking only co-operative goods. The complaint of the Wholesale is that ordinary

retail societies are not completely loyal to the C. W. S. and they often stock non-co-operative goods in their shops. There would be no room for such complaints in the retail branch of the Wholesale. We wish our English brethren all success in their new venture and may this step be an eye-opener to the co-operative pundits of this land who swear by some old texts and do not move an inch from time honoured orthodox positions.

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Mr. Ramadas Pantulu's Appeal.

Elsewhere would be found an appeal to Co-operators all over India by Mr. Pantulu in his capacity as the President of the All-India Provincial Banks' Association. We earnestly hope and believe that this timely appeal would be generously responded to. As the old proverb has it, " many a mickle makes a muckle." Even the squirrel, according to a well-known Indian tradition, contributed its mite in the construction of dam of Sree Rama to Lanka. We also endorse his suggestion that the Provincial Bank of Bihar should be helped by other provincial banks that have large surpluses to have a ten-year plan of Reconstruction and the existing machinery of co-operative societies should be utilised to the fullest extent in having this plan executed.

The Presidential Address at Cochin Co-operative Conference.

The Presidential Address of Prof. S. K. Yegnanarayana Iyer at the fifth Cochin State Co-operative Conference held in the first week of January last at Irinjalakuda starts on a truly professorial style by emphasising the fundamental principles of Co-operation as opposed to uncontrolled capitalism on a hedonistic basis, which having been given the longest rope has nearly hanged itself. He puts in a passionate plea for the replacement of capitalism by co-operation, for the substitution of *Kakanyaya* in the place of *Matsyanyaya.*

He next goes on to review briefly the history of the movement in the Madras Presidency—in which he has played no mean part himself. He has no difficulty, and he makes no reservation, in recounting the mistakes made by the organisers, administrators and members of various types of societies. The reckless multiplication of societies in unsuitable areas with unpromissing human material, the disbursal of loans irrespective of repaying capacity, the reliance on assets with fancy values, the granting of long-term loans out of funds deposited for short periods, the indifference to and mismanagement of other forms of co-operative activity than credit, the failure to conceive a co-ordinated view of rural reconstruction which should embrace, besides co-operation, improvements in agriculture, cottage industries, sanitation, education, etc,—all these constitute a formidable indictment coming from one of his position in the co-operative world. Some of the observations may seem to savour of wisdom after the event. But they are wise words none-the-less and well-weighed, and convey much needed lessons for younger co-operators elsewhere.

He then proceeds to deal with the movement in Cochin and makes a variety or suggestions, the mere mention of all of which our space would forbid. The following he advocates in particular: a preliminary investigation of local conditions before launching any type of society, a policy of cautious expansion in place of panicky liquidation, loan and sale societies for the specialities of Malabar-bananas and pepper, in particular, land-mortgage banks for the improvement of land as well as for the clearance of prior debts, the grant of loans by urban banks on the pledge of gold and silver-ware, consumers' stores in towns and even in groups of villages, as at Nangavaram, and house-building societies, co-operative to the core—supplying not merely credit but building materiais and technical services. He has drawn liberally from his fresh impressions of the movement in Bombay and Baroda which he recently visited. He invites the Cochinites to support the South Indian Co-operative Insurance Society, to the creation and conduct of which he has contributed not a little. Co-operative kitchens, laundries, clinics and even shaving saloons come under his suggestions.

All this may be a tall order for Cochin to execute, or even contemplate, in the immediate future. But our professor points to the peculiar advantages possessed by Cochin for the development of co-operation—in the high percentage of literacy of the population, in the enlightenment of the women in particular, and in the identity of interests between the rulers and the ruled in that State. 'Where there is no vision the nation perisheth' is the timely warning with which he closes his very comprehensive and inspiring address.

K.C.R.

Madras City Housing Problem.

By K. C. Ramakrishnan.

Housing has not yet become a burning question of municipal politics in this country. But on the initiative of a few earnest and nergetic Councillors, the Corporation of Madras has constituted a Committee to enquire into the existing evils and suggest the best ways of solving the housing problem in the city. The Committee has been sitting for some days past examining witnesses and may soon submit its recommendations. How far these will be given effect to in the shape of legislation and executive action will depend on various factors: a live public opinion, the willingness of city Councillors to deal firmly with vested interests and the will to improve on the part of the suffering residents themselves, not to speak of the readiness of the State to help the Corporation in finding ways and means to solve the problem.

A proper house means much more to the city worker than it can to a villager; for the former seldom works in the open air and even this in the city is dust-laden. It is not given to him to room over wide open spaces or rest in the shade of trees. A condition of congestion exists in several parts of the city that cannot be conceived of by those who are occasional visitors and are acquainted only with the brighter parts of Madras. But they cannot be uninterested in or indifferent to the welfare of dwellers in the city, even as many in the latter are by no means uninterested in problems of rural reconstruction. Considerations of humanity and even of self-interest—for the city is more often the breeding ground or starting point of epidemics and other fell diseases which spread to the country side—and of the welfare of the increasing numbers of labourers from rural tracts who, for lack of employment on land, immigrate into the city should generate sympathetic interest in the study of this vital question. Our readers would also welcome—even though they have ceased to swear by co-operation as a panacea for all ills—a co-operative solution of the housing problem.

EXTENT OF OVERCROWDING

Madras may be expected to be the most overcrowded city in the Province. It has indeed, according to the census of 1931, the highest average of dwellers per house (8·7). Mr. J. C. Molony, a former Census Officer and Commissioner of the Corporation, speaking in 1922, pointed out that the average ranged from 7.5 to 9.1 in the last 40 years and concluded that "Madras is not now worse off in point of housing than it has ever been" and the complaint of growing scarcity of house accommodation denoted to his mind that "Madras, like Paracelsus, 'aspires"; whether it would 'attain' he could not say. In the last decade, however, there has been an increase of 22.8 per cent in the city population, while the number of houses returned is only 14.3 per cent above the 1921 figure.* There has been a slight change in the census definition of a house from "the residence of one or more families having a separate entrance from the common way" to "every dwelling with a separate main entrance"; but this is said to be immaterial as "Madras has shunned the tenement form of building". We are not sure if it is not still true that "For Census purposes Government house is 'a house'. So is Ponnusami's hut in a Paracheri". Here indeed lies the difficulty of estimating the exact extent of overcrowding. There is such a wide range in the size of houses in Madras and in the needs of the well-established and the floating population that such averaging becomes meaningless.

CHERIES.

We plead for a definition of overcrowding and the adoption of some official standard by which every house in the city can be examined and declared to be overcrowded or not. It is only then that the extent of housing shortage can be measured and scientific plans devised to make good the shortage. Meanwhile we have to go by our impressions, our few investigations and the incomplete figures of some aspects of the housing conditions. To take the well-known Cheries, the Madras slum speciality, first, their number is variously estimated from 120 to 150; they shelter a working class population of 125,000 to 150,000 composed largely of Adi-Dravidas, but also including a good number of Caste Hindus and Muslims. They contain more than 25,000 huts; most of them commanding rents from Rs. 1-8-0 to Rs, 3-8-0 have only one room each, with a veranda in addition in some cases; they have low mud walls and thatched roofs, no windows, often no doorposts nor indeed doors at all—so much so that during the last census enumeration 14,000 metal number plates had to be issued as that number of dwellings offered no surface on which a number could be painted!

* Report of the Madras City Census 1931, p. 5.

The huts are huddled together, sometimes with narrow and uneven lanes between offering room for filth and water to stagnate in the rainy season and long after. The inside is dark and damp, the whole air is foul as arrangements for washing and bathing and latrines are provided for common use by a large number in the locality. Attention has been drawn to the utter inadequacy of taps and latrines in several such slums by the Madras Sanitary Welfare League. It is a mockery under such conditions to demand cleanliness on the part of slum dwellers. It is by constant heroic efforts that some keep their places clean. Not only is each house overcrowded as a rule but too many huts stand on a small area. The writer has found cases of 75 to 100 huts per acre in the course of his investigations.

WESTERN STANDARDS

Contrast this with the rising standards of housing accommodation adopted in the west. The old idea, the 'Registrar-General's standard' of a house or tenement being declared overcrowded if only there were more than two persons per *any* room is condemned as crude and old fashioned; and a new standard of not more than two adults and (one child of not more than 10 years) per *bed* room with the provision of separate bed rooms for children of different sexes of more than 10 years has been set up in cities like Manchester. The crux of the question is sleeping accommodation, as 8 hours out of 24 are spent in bed rooms.[1] A pretty old minimum in England is of 500 cubic feet of air space for every individual, so far as the bed-room and living-rooms are concerned.[2] This is not easy of adoption in this poor country; no doubt open space, if it is available, can to a larger extent serve some of the needs in our warm country. According to one authority[3] on Indian conditions, 400 cubic feet of space per person is the minimum *allowable*, though 1000 cubic feet would be *desirable*. Each person should have if possible 90 squire feet of superficial space, but under no circumstances should it be less than 48 squire feet. But even half of this cannot be assured to residents of cheries at present; the habit of 'sleeping out' of several adults and boys on the pials and pavements in the neighbourhood alone saves the situation; and the

[1] E. D. Simon, *How to abolish the Slums* p. 7.

[2] This is the Poor law Standard, while the Army Regulations prescribe 600 c. ft. per individual. Will Reason, *Poverty* p. 23.

[3] P. Hehir; *Hygiene and Diseases of India*. p. 155.

lack of a home has not the terrors here that it has for people in the colder countries. But it is hard to believe that the children in such an environment can be brought up in any country in full health of mind and body.

Overcrowding is by no means confined to the cheries; indeed there are people who take comfort in the fact that our poor labourers in Madras are spread out over a larger superficial area and 'do not live on the top of one another', as the miserable factory hands of Bombay City do in those 'warehouses of labourers', called *chawls*.

LOWER MIDDLE CLASS TENEMENTS.

We fear at least another quarter of the population are living in positively overcrowded conditions—though not in such an obtrusive way as in the cheries, as a decent exterior hides such tenements from public view. As Lauchester says in his *Town planning* in *Madras*: "If Katcha Villages (as he calls the cheries) are isolated, drained and not too closely compacted, no great harm should ensue, though they may be undesirable in the long-run to city development; but even more in need of attention are the closely packed and over-crowded dwellings in South West George Town and Triplicane". *

It is the lower middle classes of the soft handed professions with incomes of Rs. 30 to Rs. 80 that suffer most in these big houses; entire families are 'tucked away in interior unventilated rooms', two or three at the most for each family and not all the rooms close to each other. They are obliged to pay exorbitant rents for insufficient space, with no comfort and no privacy, and therefore for an apology of a home. It is not the outside structure that needs improvement so much as the dark and illventilated rooms within, which must at least be opened up. Even more urgent is the need for more taps and more latrine accommodation. They are people with aspirations for a better life but are continually denied the opportunities. There is no class which is so exploited as this by the landlords; while the poor labourers plead utter inability to pay economic rent, and the richer folk get disproportionately larger accommodation for the rents they pay.

EFFECTS ON HEALTH AND EFFICIENCY.

The incidence of slum-life and overcrowding on the health of the city as revealed in mortality rates and prevalence of diseases has

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been clearly pointed out in the Report of the City High Mortality Committee of 1927 and the same is repeated in the Health Officer's report every year. The total death-rate in Madras is very much higher than that of Bombay or Calcutta, though it is not so over-crowded. While in respect of respiratory diseases, Madras is as bad as the other two cities, the water-borne intestinal diseases rate is higher here on account of the lack of drainage facilities, particularly in slum areas. The infantile mortality rate—"the most sensitive index of communal health"—though only as bad as in Calcutta and less than in Bombay is more serious here as our total death rates are made up of infantile death rates to a greater extent than in Bombay or Calcutta, as there are in this city a greater proportion of infants to total population due to the higher ratio of adult females.* The Health Officer of the Corporation has been drawing attention to the fact that while the population has increased, there has been no corresponding increase in sanitary houses. He points out that more huts are springing up in the outlying Divisions with inadequate piped water supply which return higher mortality figures, in striking contrast to Western cities. The Mohammedan community shows the highest death rate due partly to poverty and bad housing and partly to the purdah habit and lack of open air.

Among Hindus, Panchamas, Patnavars and Vanniars have the highest death rates, a reflection of poverty and slum life. The Brahmins, on the other hand, have the lowest death rates (as well as birth rates) as they pay proportionately to their economic condition higher rents and avoid slums as far as possible. Their personal cleanliness is of an undoubtedly higher standard than the average. The Health Officer reports that divisions inhabited by labouring classes record higher death rates which can be brought down only by improvement of housing conditions. As he says in his Report for 1932, 'Slum improvement has now become the most vital issue for Madras transcending other civic problems.'

It is more difficult to trace the precise influence of housing on the efficiency of the worker. But there is no question that the employers realise the importance of proper housing though the provision made by them is at best inadequate. The Managers of Buckingham and Carnatic Mills have admitted before the Royal Commission on Labour[1] that 'workers provided with houses,

*Report of the City High Mortality Committee P. S.

[1] Evidence, Vol. VII. Pt. 1, p. 136

become more healthy, settled and contented", Mr. B. Shiv Rao, the labour leader, said in answer to a question that inadequate housing was at the bottom of all troubles of industrial labour; if decent housing and satisfactory conditions were given it would pay back in increased efficiency * He also stated in his oral evidence that "the Indian worker appreciates very much the possibility of owning a house. Mr. Mott in Nagpur said he could see a distinct change for the better in the outlook and even in the efficiency of workers who were living in those houses in a colony." [1]

HOUSING BY EMPLOYERS.

The most famous of the housing schemes by the employers is by the Buckingham and Carnatic Mills in their 'villages'. After ten years of effort they have been able to provide for less than 700 out of 9,000 workers in the mills. The accommodation in the earlier type of houses cannot be said to be adequate except for a husband and wife and one or two children. The quality of the house is quite satisfactory, if by it are meant clean and strong construction and provision for ventilation and open space nearby. A rent of Rs. 1-8-0 only is charged, while each house is said to have cost about Rs. 1000. Mill-hands pay at least double that rent for an equal space in inferior surroundings and worse buildings. It is therefore a great boon to employees, to such of them as do not join any trade union to which the company is opposed. The new type of village near Carnbuck club has quartette houses (4 in a block, each having two sides open and in which there is a centralisation of flush latrines with a common drain but a separate latrine for each.) These houses are better built and have more accommodation, Rs. 3 is charged as rent per house, again less than half of what it would fetch elsewhere. There is naturally a scramble for such houses.

The Railways do not provide houses within the city of Madras for any but their traffic and emergency staff, on the notion that houses are easily found in big cities like Madras, unlike in out of the way stations, and such staff are not required to perform duties outside fixed hours of work. Their rules provide for charging rents at 6 to 7½ per cent on capital invested and up to 10 per cent of pay. Housing cannot be an uneconomic proposition for any but the

* Royal Commission on Labour: Evidence: Vol. VII, Pt. 11 Q. 2460.

[1] Ibid, Q. 2578.

menial staff under such rules. It should be easy for them to build beyond the city limits where land is chap and water, roads and lights may be provided by themselves and transport to and fro Madras is no problem for them. Indeed houses for part of the staff are said to have been since erected in the new extensive compound adjoining the Perambur Workshops. Details are not available.

HOUSING BY THE GOVERNMENT AND THE CORPORATION.

The Government of Madras has made an attempt to provide, or help in the building of, nearly 1400 tenements, thatched and tiled, with 1 to 3 rooms, at rents varying from Rs. 1-8-0 to Rs. 3-8-0 each for over 7000 workmen in the city belonging to the depressed classes and working as coolies, cartmen, fitters, spinners, weavers, bricklayers, beedi makers, rickshawallas and motor-drivers. The rents include monthly instalments of capital repayments so that at the end of twenty years houses would belong to tenants. Many of these houses were built soon after the burning down of huts in the labour troubles, twelve years ago. These operations could not be extended as it has been stated that the Government has no statutory power to acquire land in the Madras city for the housing of the depressed classes, though they seem to have this power so far as agricultural labourers in the Province are concerned.*

The Corporation of Madras has for some years past housed 300 of its conservancy coolies on 'model lines', charging but a nominal rent on each house though it has cost Rs. 450 each, while another 150 of such coolies live on huts on Corporation lands.

A new experiment in housing the poor, not necessarily its employees, has been tried by the Corporation at Bogipalayam and Couransmith Nagar, providing for a little over 200 families. Each house in the area is said to have cost from Rs. 1000 to Rs. 1200; but the rent collected is only Rs. 2 per month irrespective of the income of the occupier. The buildings are pucca and conform to the design and dimensions usually adopted in the housing of workers by the Mills and Railways, with the additional boon of a bathing place and flush latrine for each house. While they are far superior to the usual huts and single-room tenements occupied by working classes in general, the accommodation is not adequate for any but the smallest family (a husband wife and one or two children at the

* Royal Commission on Labour. Evidence Vol. VII, Pt. 2 p. 243.

most.) Even for such a family, the kitchen is much too small, the smoke does not escape freely. In the absence of a store room, cup-boards or other arrangements to keep utensils would be most welcome and release the one 'living room' from the heap of things now lying there; more accommodation is essential for larger family with grown-up children or older dependents so often found in Indian families. The design of the outside of these houses is depressing A veranda in front would add to the comfort of dwellers and enhance the appearance of houses so drab at present.

The whole scheme is uneconomic as the rent collected cannot meet even half the interest on capital, not to speak of maintenance, depreciation and other charges; it is very much lower than the economic rent or the market rate which would be Rs. 6 to Rs. 10 and would be readily paid by the lower middle classes for each house.

(To be Continued)

Co-operation and Social Welfare.*

(BY MR. V. SRINIVASAN, M.A.)

CO-OPERATION AND MILK SUPPLY.

Co-operative interest in the matter of the community's milk supply have been very sustained. "So much depends upon the milk supply," wrote the *Co-operative News* "that after the bread supply there is no other food more essential for the co-operative movement from the production to the sale."[8] The C. W. S. owns over 45,000 acres of land in England in connection with the running of the milk unions affiliated to it. There is ample scope for similar development in India where milk supply presents an acute problem in the cities. The uncertainty of the market the malpractices of the goalas and the very unsatisfactory state of the cattle in the country are some of the problems that require to be tackled. Those difficulties notwithstanding some excellent work is indeed being done by the famous Milk Union in Calcutta with its colossal working capital and 120 and odd affiliated societies.

'Clever little Denmark' furnishes the supreme instance of prudent state aid assisting a not over-intelligent peasantry to a place which is among the forefront in the comity of nations. It is her dairy system, her creameries and butteries that have made Denmark Great. The pioneer in this movement was O God (1858) and after him Stiller Anderson revolutionised the economy of the nation. Denmark's butter was formerly detestable, the Forty Rod stuff being well-known from the district odour which drew every one's attention within 200 yards of it.[9] The history under co-operative auspices of the standardisation of this stuff constitutes an interesting record of thoroughness of organisation of the export trade and the right way of combining state enterprise and self-help. To-day 92 per cent. of Danish milk go through the co-operative dairies and Rider Haggard has described[10] the famous Brorup dairy which filtered milk, and warmed it to 140° F. and how milk was skimmed and the cream exported to Germany where at that time no duty was levied on cream though there was one on butter. Danish butter was for a while cheaper in Croatia than Crotian butter itself. This is the wonderful story of Denmark's rural economy and the co-operative

*Continued from page 457 of February issue.
8 q. i. Wolff: Co-operation in India, p. 269.
9 Smith Gordon and O'Brien: Co-operation in Denmark, p. 12.
10 Rural Denmark and its Lessons, pp. 6-11.

movement's part has been noble undero. Competent observers have gained the impression that the co-operative commonwealth may come nearer to realisation in that country than in any other place lying within the ambit of the movement.

The creameries of England have an old story. In the sixties of the last century Lord Vernon and a few other enthusiasts tried co-operative methods and the scheme worked for sometime with a little assistance from the state. But later on the movement received a check and another 40 years elapsed before renewed interest was taken. The Cardiff Conference of the Co-operators in 1900 took up the idea and the movement is now under the National Farmers Union, an institution of growing importance.

Major Warman in his book on English and Welsh agricultural co-operation describes how the surplus milk is made into cheese. Butter making has not been profitable on account of the high cost of production and hence the practice was to take to cheese making. Till recently, the Government in England was assisting cheese making by subsidy which though it went to make good any loss incurred, eventually proved repassive and was given up." [11]

The creameries lend money on the security of milk even as warehousing institutions do on the security of goods deposited with the warehouseman. Occasionally bacon curing is added to creamery work. Both are conditioned by the supply of wellfed animals and in consideration of this good prices are paid and this fact is an incentive to owners of animals to bestow care. The Co-operative Societies have also found some use for skimmed milk in the feeding of calves and pigs. Some experiments have also been conducted by them in the manufacture of milk from cottonseed cake. Sour milk is becoming fashionable with some classes of European society and the granulated substance called curd is also produced in co-operative dairies. Butter making of course is popular in many countries not excluding Russia where A. Balakshin was the pioneer in the line.

Co-operative interest in bakeries and butcheries too has resulted in some improvement in the technique of production. Where slaughter houses abound the use of frozen meat has wrought changes in the consumption of that article, says Gide. Major Warman has indicated the manner in which co-operative effort could reduce the loss caused by the warble-fly in the meat industry. The fly, it appears cannot be detected till the beast is killed and the hide removed. The farmer is not paid directly for the hide and has no interest in eradicating the pest. The butcher does not see the hide until it is too late for him to do anything. Under a co-operative system the great difference between the value of an untouched hide and one which is affected by the warble becomes apparent to farmers. They would be paid directly for the hide they find it work while to take the necessary care to preserve it. [12]

In Flammersfeld, Raiffeisin opened in 1848 a bakery which has inspired all subsequent efforts, those in Belgium being said to have borne the best results. Gide refers to the changes wrought in the technique of production in co-operative concerns and instances the abolition of hand kneading and of night work and labour in underground cellar as substantial gains. The movement is fairly widespread. The Crumpsall Biscuit Works is a hoary institution in England and the co-operators of Hamburg in Germany took to baking as a business long ago and have had from the outset first class equipment which is said to be better than what is met with in Glasgow and London. The purveying of meat is a business which does not however find favour in Germany says Dr. Cassau writing after intimate knowledge of conditions obtaining in that country. [13]

The Stores System.

The stores movement too has spread far and wide. The stores deal in all sorts of articles and we read of co-operative pharmacies vending medicaments in Brussels, Geneva and Milan. Considerable expansion is noticeable even in the Native States of India, a thriving instance being the one at Tirupunithura where members of the Cochin Royal family live and the store intended for their use is managed by a young prince who has had the benefit of commercial education in Bombay.

(To be continued).

11. Major W. H. Warman: Agricultural Co-operation in England and Wales, p. 77.

12. (Ibid) p. 94.

13. Theoder Cassau; Consumers Co-operative Movement in Germany.

Office of the Registrar of
Co-operative Societies,
Madras, 14th February 1934.

THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY—INSPECTION REMARKS.

Anxious to get first hand knowledge of the working of South India Co-operative Insurance Society, an unique Co-operative Institution, ushered into existence by the indefatigable zeal of Mr. Ramadas Pantulu, coupled with the support given to it by the then Registrar of Co-operative Societies, Mr. Strathie, I went down to the office this morning. Mr. Venkatachalam, the Secretary, took me round the various branches at work and explained to me the details of work. I confess I was very much impressed with what I saw there.

It cannot be denied that Life Insurance is altogether the most serviceable invention of the modern times for defeating contingencies, disarming fate, and depriving casuality of its terrors. Life Insurance is all the more necessary, for the problem of every man—in the costly life of the present times—is not so much as how to *earn* as how to *save.* While the average individual income is now higher than ever before, the normal savings of the individuals are more meagre. By the discovery of insurance, a man is enabled to save in the most scientific manner and to acquire at once a position which he could only otherwise reach by long years of studious saving. Life Insurance is an investment which is not liable to shrink to vanishing point. It plays an important part in the economic life of people, and is of immense help to the commercial and industrial activities of the nation. The percentage of people insured in India as well as the sum for which the unit of population is insured are the lowest in the world. While 25 per cent of the people (1 in 4) have insured their lives in America, only ·2 per cent of the people (1 in 500) have insured their lives in India. In the United States of America with a population of 110 millions, each man, woman, or child has been insured on an average to the extent of Rs. 2,000, while Canada comes next with Rs. 1,300. Great Britain follows with Rs. 600 but India's figure is Rs. 4 per head.

The need for Co-operative Insurance in this Province was felt as early as 1921, but the Government then considered that the societies of this type should not be encouraged on the ground that the management of a Life Insurance Society required highly expert control and technical skill which was not available. With the formation of such societies in Bombay and Bengal and with the persistent demand made by the public for a similar society for this Presidency, Government were pleased to remove this ban which interdicted the formation of such societies, and in their Order No. 369, dated 10-3-1931 they permitted the Registrar to deal with the applications for registration of Insurance

societies. Three applications were received, one for a restricted area in Salem, another for a wider area in Andhra Desa, and the third for the whole Presidency. The last was accepted as being a more comprehensive scheme and was accordingly registered on 6-1-1932 and commenced work in March 1932. In the words of Mr. Strathie, "the aim of this society is to carry the benefits of insurance to the houses of the middle and poorer classes, especially in rural areas, and it hopes to attain this object by enlisting the support of the vast co-operative organisation and thus reducing the cost of management." The capitalist insurance concerns compete with each other, and on account of the heavy over-head charges they are not able to reach the poorer classes specially the members of rural societies. They are not able to give them the facilities they want, that is, to insure their lives for small sums and take from them payments in instalments that would be suitable to them. I notice generally that the Agents of Insurance Companies will be busy at work is urban areas, sometimes going to the same man over and over again and requesting him to increase his Policy amount so that he might show more business. Probably because of their precarious means of livelihood, the rural population is generally not tapped. But I should think that any scheme which forces thrift on the impecunious ryot is twice blessed, for the economic prosperity of India depends on him. The South India Co-operative Insurance Society is intended to fill this void. To be within the easy reach of every individual the minimum share capital is fixed at Re. 1 and the minimum value of a policy at Rs. 100. An excellent start has been made and considerable business secured. In accordance with the requirements of the Indian Life Assurance Company's Act, the society deposited with the Comptroller of Currency G.P. Notes to the face value of Rs. 25,000. The work done by the society during the Co-operative years ending 30-6-1932 and 30-6-1933 are as follows :—

			30-6-1932.	From the beginning up to 30-6-1933.
Proposals received	...	No. Amount	235 Rs. 2,63,300	909 Rs. 8,74,100
Proposals accepted	...	No. Amount	219 „ 2,43,300	874 „ 8,28,600
Proposals rejected	...	No. Amount	7 „ 9,000	24 „ 30,500
Under consideration	...	No. Amount	9 „ 11,000	11 „ 15,000
Polices issued	...	No.	148	637 Policies for Rs. 6,33,500
Premium collected	...	...	„ 3,368	...
No. of members	...	Individuals Societies.	134 28	554 55
Paid up share capital	...	...	„ 33,163	„ 41,111
Local Boards	...	...	22	35 and 28 individual agents.

To-day, the society has 940 individuals and 61 societies as members with a paid up share capital of Rs. 4,630 and Rs. 38,110 respectively. 1,075 Policies for Rs. 9,76,700 have been issued. There are 37 Local Boards and 40 Individual Agents at work. It seems to me that the success of this society very largely depends on the work done by the various Local Boards and the Individual Agents. It is therefore up to the rural societies, urban societies, Central Banks, etc., to work up for this important and useful co-operative organisation in the Presidency. The premium in this society is comparatively the lowest and I am sure they will have no difficulty therefore to push on with the work of this society.

Having had previous experience of Insurance, Mr. Venkatachalam, the Secretary, has been able to keep his office trim. The account-keeping in every branch is thorough and I was able to get any information I wanted in a moment's time. The records etc., have been neatly kept and the work has been well arranged among the clerks.

I should again repeat that it has given me great pleasure to visit this society. The President, Mr. Ramadas Pantulu and the rest of the Board of Directors deserve to be congratulated on the successful working of the society.

M. GIRIAPPA AVL., B.A.,
Joint Registrar.

14-2-1934.

PROCEEDINGS*

OF THE

Eleventh Session of the Registrars' Conference.

Held at New Delhi on Monday, Tuesday, Wednesday and Thursday the 29th, 30th and 31st January and 1st February 1934.

PRESENT.

GOVERNMENT OF INDIA.

1 The Hon'ble Khan Bahadur Mian Sir Fasl-i-Husain, K.C.S.I., K.C.I.E., KT., Member in charge of the Department of Education, Health and Lands.	Department of Education, Health and Lands.
2 Mr. Ram Chandra, C.I.E., M.B.E., I.C.S., Joint Secretary.	
3 Mr. M. S. A. Hydari, I.C.S., Deputy Secretary,	
4 Mr. J. B. Shearer, I.C.S., Under Secretary, Finance Department.	
5 Mr. R. C. Srivastava, B. Sc., Sugar Technologist, Cawnpore.	Imperial Council of Agricultural Research.

PROVINCES.

Madras.

6 M.R.Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avl., Registrar of Co-operative Societies.	(Official)
7 M.R.Ry. Rao Bahadur T. A. Ramalingam Chettiar Avl., M.L.C.	(Non-official)
8 The Hon'ble Sir K. V. Reddi, KT. ...	Do.

Bombay.

9 Mr. K. L. Panjabi, I.C.S., Registrar of Co-operative Societies.	(Official)
10 Sir Lalubhai Samaldas KT., C.I.E. ...	(Non-official)
11 Prof. V. G. Kale, M. A., Vice-President, Bombay Provincial Co-operative Institute.	Do.

Bengal.

12 Khan Bahadur A. M. Arshad Ali, Officiating Registrar of Co-operative Societies.	(Official)
13 Mr. S. K. Lahiri, Bengal Co-operative Organisation Society.	(Non-official)

* The official report of the proceedings of the Conference is not yet issued. This report of the proceedings is framed on the basis of the materials made available to the press. If it is found that this report is in conflict in regarding to any matters with the official report, which may be issued later, necessary corrections will be issued to this report in accordance with the official report.

United Provinces.

14 Mr. S.P. Shah, I.C.S., Registrar of Co-operative Societies.	(Official)
15 Pandit Radhe Lal Chaturvedi, Deputy Registrar of Co-operative Societies.	Do.
16 Mr. Brijnandan Lal, Bar-at-Law, M.L.C. ...	(Non-official)

The Punjab.

17 The Hon'ble Sardar Sir Jogendra Singh, KT., Minister for Agriculture.	(Official)
18 Mr. D. J. Boyd, C.I.E., I.C.S., Financial Commissioner and Secretary to the Govt. of the Punjab, Development Department.	Do.
19 Mr. F. W. Wace, I.C.S., Registrar of Co-operative Societies, Punjab, North-West Frontier Province and Delhi.	Do.
20 Sardar Bishan Singh, M.L.C., Lyallpur ...	(Non-official)

Burma.

21 Mr. S. G. Grantham, I.C.S., M.L.A., Labour Commissioner.	(Official)
22 U. Ba Maung, M.L.A.	(Non-official)

Bihar and Orissa.

23 The Hon'ble Saiyid Abdul Aziz, Minister for Education.	(Official)
24 Mr. E. C. Ansorge, I.C.S., Registrar of Co-operative Societies. (Secretary of the Conference).	Do.
25 Babu Mahendra Prasad	(Non-official)

Central Provinces.

26 The Hon'ble Mr. Vithal Bandhuji Chaobal, B. A., L.L.B., Minister for Agriculture.	(Official)
27 Mr. G. S. Bhalja, I.C.S., Registrar of Co-operative Societies.	Do.
28 Rao Bahadur K. V. Brahma, M.B.E., President, Co-operative Institute, Amraoti.	(Non-official)
29 Mr. K. P. Pande, M.A., L.L.B., M.L.C., Governor, C. P. & Berar Co-operative Federation.	Do.

Assam.

30 Mr. I. Majid, I.C.S., Registrar of Co-operative Societies.	(Official)

N. W. Frontier Province.

31 Lt. Col. E. W. C. Noel, C.I.E., D.S.O., Director of Agriculture.	(Official)
32 Khan Bahadur Ghulam Haidar Khan, M.L.C.	(Non-official)

Ajmere-Merwara and Delhi.

33 Mr. Bhanwarlal, Registrar of Co-operative Societies.	(Official)
34 Mr. Ram Pershad, Hon. Secrerary, Delhi Provincial Co-operative Bank, Ltd.	(Non-official.)

INDIAN STATES.

Baroda.

35 Mr. R. R. Powar, Registrar of Co-operative Societies.	(Official)

Cochin.

36 Mr. R. A. Gayatrinatha Ayyar, B.A., Registrar of Co-operative Societies	Do.

Hyderabad.

37 Registrar of Co-operative Societies ...	Do.
38 Registrar's Personal Assistant	Do.

Indore.

39 Rao Saheb S. L. Tambe, Revenue Commissioner.	Do.
40 Mr. Bingley, Registrar of Co-operative Societies.	Do.
41 Dr. K.S. Chaskar, Managing Director, Co-operative Bank.	Do

Jammu and Kashmir.

42 Mr. V. N. Mehta, I.C.S., Revenue Minister ...	Do.
43 Wazir Feroz Chand, B.A., Registrar of Co-operative Societies.	Do.

Mysore.

44 Mr. G. M. Mehkri, B.A.. L.L.B., Registrar of Co-operative Societies.	Do.
45 Mr. S. Venkatakrishnaiya, B.A., B.L., President, Provincial Co-operative Apex Bank, Ltd., Bangalore.	(Non-official)

Patiala.

46 Sardar Salig Ram Hoon, Managing Director, Patiala State Bank.

ALL INDIA CO-OPERATIVE INSTITUTIONS.

All India Co-operative Institutes' Association.

47 Rao Bahadur N. K. Kelkar. ... (Non-official)

Indian Provincial Co-operative Banks' Association.

48 Mr. V. Ramadas Pantulu. ... Do.

The Hon'ble Khan Bahadur Mian Sir Fazl-i-Hussain, Education Member of the Government of India, in opening the Conference spoke as follows:—

GENTLEMEN,

It gives me very great pleasure to welcome you all here to-day and to have the opportunity of inaugurating this conference for the discussion of important and difficult questions relating to a nation-building department—a department which has to its credit such valuable work in some provinces and which has very considerable potentialities for the future. This is the Eleventh Conference of Registrars of Co-operative Societies, to which not only the Registrars of various provinces and important Indian States, but also the Hon'ble Ministers in charge of Co-operation and non-official representatives from several parts of the country have been invited. I am glad that the invitation has had such a ready response. To you all, who have taken the trouble to come long distances at considerable personal sacrifice, I extend a most hearty welcome. I am particularly glad to see amongst those present Hon'ble Ministers from the Punjab, Bihar and Orissa and the Central Provinces, and co-operative veterans like Sir Lalubhai Samaldas and Mr. Ramadas Pantulu, whose past experience will be of great assistance in this discussion and elucidation of the various problems on which you will soon be engaged.

The last conference was held at Simla in 1928. Two years later, when the Government of India thought that a conference might be convened, particularly with a view to examining the recommendations of the Banking Enquiry Committee in so far as they related to the co-operative movement, they did not receive an encouraging response from the provinces. The hesitation on the part of Local Governments was largely due to the unfavourable financial position with which they were faced.

THE ECONOMIC DEPRESSION.

Although the need for economy is just as great now as it was then, I am glad that those on whom rests the responsibility for the success of the movement agreed that it would be useful to meet to exchange ideas and impressions, to take stock of the existing position, and to confer together in the light of their varied experiences to find a solution of the difficulties, which were attributable to a spell of economic depression and which had obstructed the development of an important national activity. Since you last met in 1928, the co-operative movement continued to show signs of progress till 1930-31. The number of co-operative societies in British India and Indian States increased from 96,000 in 1927-28 to 106,000 and the membership rose from 37·8 lakhs to 43 lakhs. The working capital grew still faster; it rose during the same period from Rs. 76·7 crores to nearly Rs. 92 crores. After 1930-31 came a halt and the number of societies and members actually showed a slight decline in the following year. The movement which had withstood a severe test during the war received a set back with the onslaught of general economic depression and fall in agricultural prices. Several societies and banks had to be liquidated and the stability of several others has been threatened. Loans have been restricted at a time when they are most needed and the necessity for conserving resources has led to the curtailment of the benefits which have been associated with the name of co-operation for many years. The strain of agricultural and industrial depression has made itself felt in the various provinces in varying degrees, but none has been able to escape unscathed. One of the items on your agenda is to consider what steps should be taken by Government and by co-operative societies in view of the present economic depression and fall in prices. During the course of discussion of this subject, I have no doubt that the experience gained in one province will be of value to the authorities of other provinces, and I trust that with your collective wisdom you will be able to make a useful contribution to the solution of this difficult and important problem.

CO-OPERATION AND RURAL RECONSTRUCTION.

Another item on your agenda to which I may refer is the place of co-operation in rural reconstruction. The organisation and development of agricultural uplift has secured a wider recognition now than ever and in more provinces than one, special officers have been appointed to attend to the welfare of the agriculturist, who is the mainstay of the country. These officers and their helpers will carry the torch of knowledge into villages and create a new outlook on life for the people, imbuing them with a desire for better living, better cultivation and better animal husbandry. Co-operation cannot but have an important place in the programme of rural reconstruction. It can help in promoting the prosperity of the masses not only by the organisation of rural credit societies to which the movement has so far been largely confined, but also by the establishment of better living societies, consumers' societies, producers' societies, co-operative marketing societies, etc. Any scheme of rural reconstruction must depend for its successful working on the harmonious co-operation of the various departments concerned—Education, Public Health, Agriculture, Veterinary, and by no means the least, Co-operative.

I must not take long over these general observations. You have a long agenda before you comprising as it does all the subjects proposed for discussion by the various governments. It will, however, be for the Conference to decide whether with the limited time at its disposal, it considers that some of the subjects have already been sufficiently discussed at previous gatherings or that some others are not of enough importance to be taken up in the conference and can be discussed privately by the representatives of the Governments who have suggested their inclusion, with those whose help and advice they may wish to seek. Again, the conference may like to divide up its agenda into several agendas to be committed to sub-committees whose reports will be laid before the Conference. I shall be glad to hear how the conference wishes to proceed to work.

ELECTION OF CHAIRMAN.

The Conference unanimously elected the Hon'ble Khan Bahadur Mian Sir Fazl-i-Husain to the Chair.

SUBJECTS ON THE AGENDA.

There were 31 subjects on the agenda, and the Conference divided itself into three Sub-Committees as follows:—

Sub-Committee No. 1. (Legislation, Liquidation and Arbitration) consisting of the following members:—

1. M. R. Ry. Rao Bahadur T. A. Ramalingam Chettiar Avl. M. L. C. (Madras)
2. Sardar Bishan Singh, M.L.C. (Punjab).

3. Mr. Ram Pershad (Delhi)
4. Mr. Bhanwar Lal (Ajmere-Merwara).
5. Mr. G. M. Mehkri (Mysore)
6. Wazir Feroz Chand, B. A. (Jammu and Kashmir)
7. Mr. R. A. Gayatrinatha Iyer, B. A. (Cochin).
8. Mr. K. P. Pande, M.A., L L.B., M.L.C. (Central Provinces).
9. Rao Sahib S. L. Tambe (Indore)
10. Sir Lalubhai Samaldas, Kt., C.I.E. (Bombay)
11. Pandit Radhe Lal Chaturvedi (U. P.)
12. Rao Bahadur N. K. Kelkar (All India Co-op. Institutes' Association).
13. Mr. F. B. Wace, I.C.S. (Punjab) Convener.
14. Mr. M.S.A. Hydari, I.C.S.—Visitor (E.H.& L. Department.)

The Sub-Committee elected Rao Bahadur N. K. Kelkar as its Chairman.

Sub-Committee No. 2. (Economic Conditions and Development) consisting of the following members:—

1. M. R. Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avl. (Madras)
2. Khan Bahadur A. M. Arshad Ali (Bengal)
3. Mr. S. K. Lahiri (Bengal)
4. Dr. D. J. Boyd, C.I.E., I.C.S. (Punjab).
5. Mr. S. Venkatakrishnaiya, B.A., B.L. (Mysore)
6. Mr. R. R. Powar (Baroda)
7. Khan Bahadur Ghulam Haidar Khan, M.L.C. (N. W. F. Provinces)
8. Babu Mahendra Prasad (B. & O.)
9. Mr. G. S. Bhalja, I. C. S. (C. P.)
10. Mr. B. R. Bingley (Indore)
11. Sardar Salig Ram Hoon (Patiala)
12. Mr. Brijnandan Lal, Bar-at-Law, M.L.C. (U. P.)
13. Mr. S. G. Grantham, I. C. S., M. L. A. (Burma)
14. Mr. I. Majid, I. C. S. (Assam).
15. Mr. K. L. Panjabi, I.C.S. (Bombay) Convener.
16. Mr. Ram Chandra, C. I. E., M. B. E., I. C. S., (E. H. & L. Department) Visitor.

The Committee elected Mr. K. L. Panjabi as its Chairman.

Sub-Committee No. 3. (Finance) consisting of the following members:—

1. The Hon. Sir K. V. Reddi, Kt., (Madras).
2. The Hon. Sardar Sir Jogendra Singh, Kt., (Punjab).

3. Mr. S. M. Azam, (Hyderabad).
4. Mr. Fazulullah (Hyderabad).
5. Lt. Col. E.W.C. Noel, C.I.E., D.S.O., (N.W.F.P.)
6. Rao Bahadur K. V. Brahma, M.B.E., (C.P.)
7. Dr. K. S. Chaskar (Indore).
8. Prof. V. G. Kale, M.A., (Bombay).
9. Mr. S. P. Shah, I.C.S.. (U. P.)
10. U. Ba Maung, M.L.A., (Burma).
11. Mr. V. Ramadas Pantulu, (Indian Provincial Co-operative Banks' Association).
12. Mr. J B. Shearer, I.C S., (Finance Department) Visitor.
13. Mr. E. C. Ansorge, I.C.S., (Bihar & Orissa) Convener.

The Sub-Committee elected the Hon'ble Sardar Sir Jogendra Singh, Kt., as its Chairman.

The Conference was adjourned to Thursday, 1st February 1934.

RESOLUTIONS PASSED BY THE CONFERENCE.

I. Matters dealt with by Sub-Committee No. 1 (Legislation, Liquidation and Arbitration.)

Agenda Item No. 1.—To consider the necessity and suitability of proposed legislation to provide for the registration of co-operative societies operating over more than one province. (Recommendation No. 25 of the Indian Central Banking Enquiry Committee). Copy of Bill annexed-*Vide* Appendix I.

Resolution.—The Conference considers that an All-India legislation is necessary for the registration of co-operative societies, the operations of which extend over all India or more than one province.

The Conference also considered the Draft Bill on the subject framed by the Government of India and resolved to support the principle and general provisions of that Bill. Resolved also that the question be examined of the possibility of societies registered in Indian States joining an All-India Association registered under the proposed legislation.

Agenda Item No. 2.—To consider the advisability of restricting by law transfer of property by indebted members without the consent of societies.

Resolution.—It was resolved that a provision restricting by law the transfer of property by indebted members without the consent of societies is neither advisable nor practicable.

Agenda Item No. 3.—To consider the advisability of (*a*) excluding members of co-operative societies from the provisions of the Insolvency Act and (*b*) enacting a separate rural Insolvency Act. (Recommendation No. 5 of the Indian Central Banking Enquiry Committee).

Resolution.—(*a*) The Conference is of opinion that it is not desirable to exclude members of co-operative societies from the provisions of the Insolvency Act; but it is of opinion that the Insolvency Act should be so amended that an order of discharge passed by an Insolvency Court shall not relieve an insolvent member of a society with unlimited liability from the liability for any debt due to the society.

(*b*) The Conference is in favour of the introduction of a simplified Rural Insolvency Bill.

Agenda Item No. 30.—To consider (*a*) the proper agency for liquidating societies, (*b*) how the cost of such an agency should be met, and (*c*) how liquidation proceedings can be expedited.

Resolution.—(*a*) In view of the experience in several provinces that liquidation through non-official liquidators has not been successful, the Conference considers that liquidators should generally be Government officials, but where suitable non-officials are available they may be employed.

(*b*) It was decided that the cost of liquidation should fall on the society under liquidation, or on a group of societies in such proportion as the Registrar may decide.

(*c*) No remedies of universal application can be recommended for expediting liquidation proceedings, but the Conference supports the principle of a proposal that the Registrar be empowered by law to take possession of the books, records and assets of the society immediately on the issue of an order of cancellation, during the period allowed for an appeal against such order.

Agenda Item No. 31.—To consider the difficulties and possible remedies in (i) arbitration procedure and (ii) execution procedure, with special reference to the attitude of Civil Courts.

Resolution. (i)—The Conference understands that the legal position of arbitration proceedings under the Co-operative Societies Act has been questioned in certain quarters. It approves of the provisions in regard to the settlement of disputes embodied in Section 51 of the Madras Act and considers that some such provisions are necessary in order to protect the decisions of the Registrar and of an Arbitrator from interference by the Civil Courts, and to ensure that the actual proceedings are not delayed by orders of injunction in such courts.

(ii) As the practice in regard to the channels of execution varies in different provinces, views differed to some extent. But the general feeling was that as the Registrar has exclusive control over the process of passing decrees, he should have similar control over the process of execution. At the same time it is not desirable that the work of the ordinary staff of the Co-operative Department should include the execution of coercive process. The remedy appears to lie in the institution of a special branch of the Co-operative Department whose officers would be concerned only with the execution of co-operative societies' decrees. The expense of such officers would be largely met by the levy of process fees.

Agenda Item No. 5.—To consider the principles which should regulate the supersession of committees of societies and the conduct of their business after supersession.

A statement by the Madras representative on the practice introduced in Madras of supersession of the committees of societies was heard by Sub-committee No. I. No resolution was, however, recorded by the Committee or the Conference on this item.

II. Matters dealt with by Sub-Committee No. 2 (Economic Conditions and Development).

Agenda Item No. 7.—To consider what steps should be taken (*a*) by Government and (*b*) by co-operative societies in view of the present economic depression and fall in prices.

Resolution.—(*a*) The Conference is of opinion that as a result of the economic depression, the overdues in co-operative societies have increased alarmingly owing to reduced repaying capacity of the borrowers and there is a possibility of decrease of deposits and curtailment of fresh finance. If it should ever become necessary, Government should give a long-term loan to assist such banks as require it.

The Conference is of opinion that in view of the present depression, the duties of the officers of the Co-operative Department have increased greatly, and strengthening of the co-operative staff is necessary, as there is greater need than ever for the activities of the Co-operative Department.

(*b*) The Conference is of opinion that:

(*a*) in view of the present depression, the rate of interest charged by primary societies should be temporarily reduced as far as possible, consistent with the safety of the society, even at the cost of not leaving a margin for contribution to the Reserve Fund;

(*b*) the instalments payable to the societies may be spread over a longer period, as far as the resources would permit; and

(*c*) that fresh finance should be given to the members consistent with the safety of the funds.

Agenda Item No. 8.—To consider what should be the policy of Government in regard to the recovery of the dues of co-operative societies by coercive means such as distraint of property, and the general question of protecting the rural land holder from losing his land.

N.B. (i)—The Sub-Committee No. II. suggested resolutions (*a*) and (*b*) but no resolution regarding them was passed by the Conference as it was of opinion that the matter was one for each province to decide for itself.

(*a*) The dues of co-operative societies should be made recoverable as arrears of land revenue on a certificate of the Registrar in Provinces wherein this facility does not exist at present, and that there should be provision for interim attachment of the property of the defaulter pending award; and

(*b*) that the recovery of such dues should be enforced in case of wilful default or in case of the loans becoming insecure.

N.B. (ii)—The following resolution suggested by Sub-Committee No. II was adopted by the conference, when dealing with item No. 22—Sub-Committee No. III (finance).

The Conference is of opinion that in order to prevent the expropriation of the rural landholder, wherever adequate security exists, Government should provide the long term capital for this purpose, if necessary.

Agenda Item No. 9.—To consider the question of debt-conciliation and how the co-operative organisation can assist in it. (Recommendation No. 4 of the Indian Central Banking Enquiry Committee).

Resolution.—The Conference is of opinion that in view of favourable circumstances for debt-conciliation, co-operative organisations should render all assistance for this purpose and that, where necessary, the long term capital for this purpose should be obtained on such guarantee by Government as would facilitate raising of the requisite amount of money at cheap rates.

Agenda Item No. 10.—To consider by what methods the repaying capacity of members can be estimated and what should be the remedy if such capacity is found to be nil.

Resolution.—The Conference is of opinion that it is difficult to lay down any general rules for this purpose and that the problem must be solved with regard to the actual conditions in different provinces.

Agenda Item No. 11.—To consider to what extent the organisation of new societies should be undertaken at present and the lines on which the future administration of societies should be conducted.

Resolution.—The Conference is of opinion that:

(*a*) Steady expansion of non-credit societies is necessary, provided the requisite staff is available; and

(*b*) cautious expansion of credit societies is desirable as any movement which fails to advance is likely to deteriorate.

Agenda Item No. 12.—To consider the place of Co-operation in Rural Reconstruction.

Resolution.—The Conference is of opinion that rural reconstruction work is essentially the application of co-operative principles to village life. A central organisation is, however, necessary to co-ordinate the work of all the departments (in each province) without affecting their independence, in order to supply the necessary driving force. The agency in the village for this purpose should be the village panchayat; but where the panchayat is ineffective or does not exist, the establishment of better living and other societies for rural reconstruction should be encouraged; and for this purpose the staff of the Co-operative Department should be strengthened.

Agenda Item No. 13.—To consider the feasibility of co-operative marketing of agricultural produce and the establishment of co-operative warehouses. (Recommendations Nos. 90 and 104 of the Indian Central Banking Enquiry Committee.)

Resolution.—The Conference is of opinion that expansion of co-operative sale societies is essentially desirable as profits from agriculture are dwindling. Such societies cannot be formed unless suitable local talent is available, to secure the loyalty of the members. Where it is available, Government should provide trained staff for guiding the societies in the initial stages. Adequate facilities for financing members of these societies for all purposes of cultivation should be provided by credit societies operating in the same area, for otherwise the members are likely to sell part of their produce to the local dealers.

Agenda Item No. 17.—To consider to what extent and in what respects official control should be slackened. (Recommendation No. 27 of the Indian Central Banking Enquiry Committee).

Resolution.—The Conference is of opinion that in view of the present circumstances, time has not yet come for slackening the official control.

III. Matters dealt with by Sub-Committee No. 3. (Finance).

Agenda Item No. 19.—To consider the question of utilisation of surplus short term capital in co-operative banks.

Resolution.—(1) The Conference considers that the seasonal needs of the members for finance should be more closely studied and met as far as possible. It would be inadvisable *to stop the flow* of deposits in the Central Banks either by reducing rates of interest or by any other means, where such funds can be profitably employed, and each province, according to its conditions, should find ways of investing surplus capital such as by advances by Central Banks to members of societies and co-operative institutions against the security of grain, cotton or other produce placed in their (Central Banks') godowns, where expert control and conditions permit.

(2) There should be no bar as to making advances against gold deposit; by members of a society or central bank, where ade-

quate arrangements for testing, valuation, custody, etc., can be made.

Agenda Item No. 20.—To consider the question of the curtailment of cash credit and overdraft facilities by the Imperial Bank of India and whether and in what circumstances Government should stand surety for repayment. (Recommendation No. 39 of the Indian Central Banking Enquiry Committee).

Resolution.—This is covered by the provision in the Reserve Bank Bill as passed by the Legislative Assembly, Section 17 (2) (*b*)*

Pending the establishment of the Reserve Bank the Conference is of opinion that the Imperial Bank should be asked to give similar facilities to those provided for in the Bill.

Agenda Item No. 21.—To consider the desirability of encouraging loans against produce to members of societies and the possibility of raising capital by short term bills. (Recommendation No. 42 of the Indian Central Banking Enquiry Committee).

Resolution.—This is covered by the provision in the Reserve Bank Bill as passed by the Legislative Assembly, Section 17, sub-section (4) (*d*)†. Loans against produce can, however, only be given where adequate warehousing arrangements exist or can be made.

Agenda Item No. 22.—To consider whether and if so to what extent co-operative banks and societies should undertake long

**Section* 17.—The bank shall be authorized to carry on and transact the several kinds of business hereinafter specified, namely:—

(2) (*b*).—The purchase, sale and rediscount of bills of exchange and promissory notes, drawn and payable in India and bearing two or more good signatures, one of which shall be that of a scheduled bank, or *a provincial co-operative bank*, and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within *nine months* from the date of such purchase or rediscount, exclusive of days of grace.

† *Section* 17 (4).—Making to States in India, local authorities, scheduled banks and *provincial co-operative banks* of loans and advances, repayable on demand or on the expiry of fixed periods not exceeding ninety days, against the security of.—

(*d*) Promissory notes of any scheduled bank or a provincial co-operative bank, supported by documents of title to goods which have been transferred, assigned, or pledged to any such bank as security for a cash credit or overdraft granted for *bona fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops.

term business and in particular redemption of prior debts; and how long term capital should be raised. (Recommendation No. 26 of the Indian Central Banking Enquiry Committee).

Resolution.—Primary Societies and Central Banks should not undertake long term business and redemption of prior debts, but co-operative land mortgage banks should be established for undertaking such business *wherever there is a right of free and unrestricted transfer of lands*

Where these conditions do not prevail, or elsewhere as a temporary measure, arrangements should be made to float debentures through the Provincial Co-operative Bank (or through Central Banks where there is no Provincial Bank) with Government guarantee for the purpose of placing on a sufficiently long term basis existing advances which have proved unrealisable within the period fixed for their repayment, provided that the security is adequate and repaying capacity sufficient. The owned capital of Central Banks may, if necessary, be utilised as cover for such long term loans to a limited extent, provided that no portion of the banks' reserves should be so utilised. The question of granting fresh long term credit through the existing agencies where land mortgage banks cannot be started will have to be considered in the light of the experience so gained.

N.B.—Note circulated by Mr. V. Ramadas Pantulu on this item is agreed to be printed as part of the proceedings. (*Vide* Appendix II.)

Agenda Item No. 23.—To consider whether the present system of co-operative land mortgage banking requires modification.

Resolution.—(i) The Conference is of opinion that the present system of co-operative land mortgage banking in the provinces of Madras, Bombay, the Punjab and Assam requires modification in the following directions:—

(1) the maximum period of loans should be extended to 40 years;

(2) the rate of interest should be reduced as low as possible;

(3) there should be a Government guarantee of principal as well as of interest;

(4) efforts should be made to extend the operations of these banks so as to cover the entire existing debt in all cases in which the conditions governing land mortgage banking are satisfied.

(5) The Land Mortgage Banks and the Rural Credit Societies should as far as possible work in co-ordination in supplying the long and short term credit needs of rural co-operators.

(ii) The Conference recommends on the facts placed before it that Government should encourge the establishment of co-operative land mortgage banks in provinces where they do not already exist and where conditions are suitable. (*Vide* notes circulated by the Hon'ble Sardar Sir Jogendra Singh, and Mr. V. Ramadas Pantulu on this item. (Appendix III A & III B.)

Agenda Item No. 26.—To consider the problems arising out of the purchase of lands by banks and societies.

Resolution.—The Conference considers that the problems arising from the purchase of lands, whether by societies or banks, must be dealt with locally according to local conditions, but is strongly of opinion that purchase of lands should be resorted to only as a last resource and to the least extent possible.

Agenda Item No. 27.—To consider the utilisation of reserve funds in societies for writing off bad debts and relieving indebtedness and in central banks as fluid resource.*

Resolution.—The Conference is of opinion that the reserve fund may properly be used for writing off bad debts as a last resort but cannot be used for meeting demands of creditors until liquidation.

The Conference is emphatically of opinion that reserve fund cannot be used as fluid resource in the central banks.

Agenda Item No. 28.—To consider the desirability of reducing the standard of fluid resource prescribed for co-operative banks.

The standards of fluid resource vary from province to province and the Conference is not, therefore, able to make any general recommendation for their reduction.

* Another resolution was also passed to meet the special conditions in the C. P.

Agenda Item No. 29.—To consider the question of the transfer of funds by co-operative societies by means of Remittance Transfer Receipt. (Recommendations Nos. 40 and 41 of the Indian Central Banking Enquiry Committee).

Resolution.—The Conference considers that there should be no restriction on the transfer of funds free of cost by R.T.R. for *bona fide* co-operative purposes, as recommended by the Indian Central Banking Enquiry Committee (Recommendations 40 and 41).

CENTRAL ORGANISATION

The question of the establishment of a central organisation at the headquarters of the Government of India in connection with the Co-operative Movement was discussed as the last item of the agenda. The Chairman explained the proposals contained in the note on the subject prepared by Mr. Ram Chandra, C.I.E., M.B.E., I.C.S., Joint Secretary to the Government of India, Department of Education, Health and Lands. (*Vide* Appendix IV. A.) Mr. Ramadas Pantulu circulated a note on the subject raising the question of the need for such an organisation and its functions, if one is established. (*Vide* Appendix IV. B.)

There was some discussion in which official and non-official members of the conference took part. But no resolution was passed on the subject.

APPENDIX I.

A Bill to supplement the law relating to Co-operative Societies for a certain purpose.

Whereas it is expedient to supplement the law relating to Co-operative Societies in order to provide for the registration as Co-operative Societies of societies whose sphere of operations extends to more than one Province : it is hereby enacted as follows :—

Short title and extent.

1. (1) This Act may be called the Co-operative Societies (Supplementary) Act, 1932.

(2) It extends to the whole of British India.

Definition.

2. In this Act, unless there is anything repugnant in the subject or context, "society" means a society which under the provisions of the Co-operative Societies Act, (II of

1912,) or of any Act of a local Legislature by which this Act has been or may hereafter be replaced in any province, is eligible or would, if its sphere of operations and membership were confined to one province, be eligible for registration as a Co-operative Society.

Power to register as a Co-operative Society extending over more than one Province.

3. Where a society is of such a nature that its sphere of operations or membership extends to more than one province or that component branches of the society are established in more than one province, the society shall, for the purpose of registration as a Co-operative Society, be deemed to be situated wholly in the province in which its principal place of business is for the time being situated, and may, notwithstanding any limitations imposed by the law in force in that province, be registered by the Registrar of Co-operative Societies of that Province, in accordance with the law for the time being in force in that province.

Effect of registration.

4. When a society has been registered under the provisions of section 3 in any province, the society shall, subject to the provisions of section 5, be deemed in any province, to which its sphere of operations or membership extends or in which any component branch of the society is established, to be a registered society for all the purposes of the Co-operative Societies Act (II of 1912), or any Act of the local Legislature by which that Act has been, or may hereafter be, replaced in such province.

Control of societies registered under section 3.

5. A society registered under section 3 as a co-operative society shall be subject for all purposes of control to the provisions of the law relating to co-operative societies in force for the time being in the province where such society is registered, and all powers of audit, inspection, supervision, control and dissolution exercisable under such law shall be exercisable in respect of such society in like manner as in the case of a registered society of that province.

Power to decide question of situation of society.

6. Where any question arises as to the province in which a society is to be deemed to be situated for the purposes of registration under the provisions of section 3, the question shall be referred to the Governor-General-in-Council whose decision shall be final.

APPENDIX II.

Item 22 on the Agenda—Long Term Loans.

NOTE

BY MR. V. RAMADAS PANTULU.

Official as well as non-official co-operative opinion may be said to view with disfavour the combining in one co-operative credit institution short and long term lending to the same clientele and is generally in favour of restricting the operations of the central banks and the rural credit societies to short and intermediate term loans. It is also generally agreed that long term loans for discharge of prior debts should not be advanced through the credit societies, but must be given through land mortgage banks, wherever possible.

To this general proposition I feel two exceptions must be made :—

I. (i) As a mere temporary measure, to meet the special situation created by the economic depression (our short and intermediate term loans having become frozen and converted into long term loans) it will be necessary for central banks and rural societies to renew some of the existing loans (originally given out as short and intermediate term loans) on a long term basis subject to certain definite conditions and safeguards. Otherwise even where debtors are able to offer adequate security and reasonable prospects of the debt being realised in small instalments exist, the debtors get no relief and their lands may have to be brought to sale. So in all cases, when after an examination of the individual loans in the societies and the adequacy of the securities behind them, it is found safe and expedient to give extensions to the members for the repayment of their loans, such loans may be placed on a long term basis giving time up to a maximum of 10 years when adequate security is forthcoming. In order to enable the societies to do so, central banks may finance them by giving extensions in their turn to societies and advancing fresh loans, when necessary, for the purpose. The Provincial Banks may likewise give financial assistance to the central banks.

(ii) This temporary measure of relief will be necessary even in provinces where land mortgage banks are working satisfactorily, for most of the loans in credit societies cannot be transferred to land mortgage banks. We have found it to be so in actual practice after careful investigation in Madras. Moreover, the central banks and credit societies will not agree to such a course, for it will reduce their security when loans of good members with property are transferred to land mortgage banks.

II. (i) The other exception is of a different nature. It is not a temporary expedient. In provinces where there is no prospect of starting land mortgage banks in the near future, something may have to be done, if possible, to give long term loans to members of rural societies, though on a very much smaller scale than what is possible, through land mortgage banks. This, I think, can be done under certain limitations by enabling the Provincial Banks to supplement their working capital by raising some amount of long term funds by the issue of debentures; if the interest on them is guaranteed by the Government they can be successfully floated. I am personally inclined to the view that the holders of such debentures should not be given a charge on the general assets of the Provincial Bank, which issues such debentures, but the charge should be confined to a floating charge on the mortgages executed by the borrowers and which are transferred to the Provincial Bank or to a Trustee, if there is one. But if there are arrangements whereby the difficulties experienced in the past in the Punjab and Bombay by creating a charge in favour of debenture-holders on the general assets of the Provincial Bank are avoided (as I understand they are in Bihar and Orissa), there may be no particular objection to giving debenture-holders a charge on the general assets of the Provincial Bank.

In thus combining short and long term business in the same credit institution I feel that the long term and short term business must be separated right through in the Provincial Bank, the Central Banks and the Rural Societies. This, in my opinion, is quite feasible. In fact the present acting Registrar of Madras once drew up a well considered scheme on the basis of such separation of short and long term loans, working it out in all its details as an alternative for the establishment of separate land mortgage banks.

(ii) In the case of those provinces where land mortgage banks cannot be established, the further question whether at least a portion of the owned capital of the societies may not be used in this long term business deserves consideration. The practice in regard to the employment of reserve funds by societies in their own business varies with each province. But in all provinces some statutory allocation is made to reserves. If a certain proportion of the profits is thus compulsorily set apart for bad debts and unforeseen losses and not allowed to be touched for other purposes, there may not be any serious objection to the share capital and a portion of the reserve fund being invested in these long term loans. This should not, in my opinion, be permitted in the case of the reserve funds of central banks. This is, no doubt, a matter for each province to decide for itself. Nevertheless, the Conference may give a lead to them regarding the general principles that should be observed in making the experiment.

APPENDIX III-A.

Item 23 on the Agenda—Land Mortgage Banks.

NOTE

BY THE HON'BLE SARDAR SIR JOGENDRA SINGH, KT.

The proposal for Land Mortgage Banks has been under discussion for over a decade. The Registrars' Conference in 1926 adopted a definite scheme. The Royal Commission on Agriculture in their chapter on "Co-operation" carefully considered this scheme and found themselves in substantial agreement with it. The Central Banking Enquiry Committee, both in the Majority and the Minority Reports, have made definite recommendations regarding the establishment of Mortgage Corporation.

Land Mortgage Banks so far have not been a success, because they have ignored the meaning of long term credit. The period allowed for repayment of such loans is 30 years in Finland, 33 years in Chile, 36½ years in New Zealand, 42 years in Australia, 50 years in Italy and Japan, 54½ years in Austria, 57 years in Switzerland, 60 years in Denmark, 63 years in Hungary, 68½ years in Ireland and 75 years in France. Long term credit provides low rates of interest and a sinking fund to wipe off the debt. It has been held that a sinking fund of one per cent in 35 years can almost pay off the principal.

The issue of land mortgage debentures almost invariably is supported by a Government guarantee. Therefore if we are serious about it, what is required is as follows:—

The Government of India should immediately constitute an Agricultural Credit Department consisting of a couple of experts who should either prepare a scheme for a central Mortgage Corporation with branches in provinces or help the provinces to form Provincial Mortgage Corporations. This Department can be subsequently absorbed by the Reserve Bank when it comes into existence.

The indebtedness of agriculturists is estimated at Rs. 900 crores. If present creditors were guaranteed payments they would be prepared to accept almost one-fourth of the amount. Therefore, the funds for the Mortgage Corporation can be found:

(i) By Government making advances and establishing a guarantee fund to which the provinces should contribute.

(ii) By making it obligatory on all Insurance Companies and Banks to take a license for doing business in provinces.

(iii) The license should provide that a definite portion of the working capital of:—

(a) Insurance Companies, and

(b) Banks
should be invested in long-term debentures issued by the Mortgage Corporation.

(iv) The Mortgage Corporation should be legally authorised to settle agricultural debts and to issue debentures in payment. It should be obligatory on the creditor to receive such debentures.

The Central Government and the Provincial Governments should undertake to guarantee the debentures.

The advances made by Government shoud be free of interest on the lines of the English Mortgage Credit Corporation set up by the Agricultural Credits Act, 1928.

The debentures stock should be trustee security.

APPENDIX III-B.

Item No. 23 on the Agenda—Land Mortgage Banks.

NOTE

By MR. V. RAMADAS PANTULU.

The three provinces in which Land Mortgage Banks have been set up on any appreciable scale are the Punjab, Bombay and Madras. But these three provinces do not follow the same financial system. In the Punjab and Bombay the Land Mortgage Banks derive their finance from the Provincial Co-operative Banks and the Local Governments. (N.B.—In the Punjab, the Government have guaranteed the interest on the debentures of the Provincial Bank and in Bombay the Provincial Banks' debentures have been made Trustee Securities by amending the Trust Act). In Madras the Primary Land Mortgage Banks, of which there are about 60 working now, derive their finance from the Central Land Mortgage Bank in which the debenture issue is centralised. The Primary Banks transfer the mortgage securities obtained by them from their members to the Central Land Mortgage Bank, which in its turn transfers them to the Trustee appointed by the Government. The debenture holders have a floating charge on those mortgages held by the Trustee. The Government have guaranteed the interest on Rs. 50 lakhs of debentures floated within a specified period which is still running and debentures to the extent of over Rs. 30 lakhs have already been issued. There is now a proposal pending before the Government of India in regard to the Government of Madras guaranteeing the principal also of future debenture issues under certain conditions.

Loans are now given by the Madras Central Land Mortgage Bank not directly but through the Primary Banks for periods extending up to

20 years and in practice only for redemption of past debts, though the by-laws of the Bank include purchase of land and improvement of land among the objects for which loans may be given.

Members of primary land mortgage banks are necessarily not members of other credit societies. There is no attempt to co-ordinate the activities of the primary land mortgage banks and credit societies to supply the short and long term needs of agriculturists. Nor is there any co-ordination of effort between the Provincial Co-operative Bank and the Central Land Mortgage Bank. There is a Bill now pending in the Madras Legislative Council to invest the land mortgage banks in the province with powers of sale and foreclosure of the hypotheca without the intervention of the Courts. Even the crop raised by the members of the primary land mortgage banks can be sold for the dues of the land mortgage bank though the bank has no charge on the crop. In these circumstances it will, in practice, not be possible to admit members of primary land mortgage banks as members of credit societies. It will be positively prejudicial to the credit societies to admit them under the present arrangements. Something must be done to remove this defect in the Madras system.

2. The Madras system may be recommended for adoption by other provinces removing the defects pointed out above. It is also necessary, in my opinion, to raise the maximum period for which loans are given from 20 to 30 or possibly up to 40 years, so as to bring down the annual equated payments to a lower figure and to increase the number of eligible borrowers who will be fewer on a 20 year basis. The size of the annual payment has an obvious bearing on the repaying capacity of the borrowers. The limit of the loan may also be raised to Rs. 10,000.

3. The question of starting land mortgage banks in other provinces is beset with considerable difficulties. I am definitely of opinion that unless legislation is undertaken to give full and unrestricted power of alienation in his holding to the agriculturist, who is to be brought under the scope of these banks, it will not be possible to set up land mortgage banks successfully. If in any area the limitations imposed on the transferability and heritability of land by the system of land tenure are serious and cannot be removed, it is useless to think of land mortgage bank in those areas. Again in places where it is the settled policy to place a restraint on the power of alienation of agricultural land in the economic interests of the agriculturist himself, he must either go without land mortgage banks or the restraint must be relaxed at least to this extent of permitting a mortgage to the land mortgage bank and the sale of the land by the latter to recover its dues.

APPENDIX IV-A.

Establishment of a Central Organisation at the Headquarters of the Government of India in connection with the Co-operative Movement.

NOTE

BY MR. RAM CHANDRA, C.I.E., M.B.E., I.C.S.,

Joint Secretary, Government of India, Department of Education, Health & Lands.

The need for an advisory agency at the headquarters of the Government of India was stressed in paras 202-203 of the report of the Committee on Co-operation in India, 1915, which recommended that such agency should take the form not of a standing committee, but of an individual officer who would be attached to the Government of India and would be expected to tour in the provinces. While some local Governments supported this recommendation, others viewed it with suspicion and thought that it involved the risk of interference and friction with local Governments and with the work of Registrars and might hinder the development of the co-operative movement on the lines most suitable for each province. The recommendation was dropped mainly because it was considered that so long as the officer holding the appointment of Agricultural Adviser had a special knowledge of Co-operation, there was no necessity for the appointment of a separate officer as Co-operative Adviser.

2. The problems with which practically all local Governments are at present faced in regard to the administration of co-operative societies indicate the need for a full and free interchange of information between the provinces. Apart from the circumstances created by general economic depression, which seem to call for remedial measures more or less uniform in character, the co-operative movement shows a tendency to develop in certain new directions, *e.g.*, the establishment of land mortgage banks for the purpose of granting long term credits, the development of non-credit societies such as better living societies, housing societies, marketing societies, etc. There can be no doubt that the experience gained in one province must be of value to the authorities of other provinces. An opportunity to enable the Registrars of Co-operative Societies to make themselves familiar with the co-operative development in provinces other than their own used formerly to be provided by the Government of India, who convened, from time to time, a conference, where subjects of common interest to the various provinces were discussed. With the inauguration of the reforms in 1921, the constitutional position of provincial Governments *vis a vis* the Central Government changed, in as much as "Co-operative Societies" being a provincial transferred subject, the direction and development of the

co-operative movement became the individual concern of local Governments. Two Conferences of Registrars of Co-operative Societies were, however, held in 1926 and 1928 with the concurrence of the provincial Governments and a third Conference is sitting at present. Although such periodical conferences have served a useful purpose, it is for consideration whether in order to secure real and substantial benefit to the movement there should be established at the headquarters of the Government of India a permanent organisation which would in no sense be intended to interfere with the freedom of local Governments in the sphere of administration.

3. On the one hand there is the recommendation of the Maclagan Committee that an officer with a thorough knowledge of co-operation and actual experience of co-operative work in India should be attached to the Central Government. On the other hand, it has been suggested that the organisation at the centre should take the form of an advisory Board which would meet periodically and on which both officials and non-officials connected with the co-operative movement in the provinces would be represented. Such a Board would be able to deal with questions of general importance and would be in a position to ascertain whether any developments in one province need to be examined critically for the benefit of other provinces. It would also function as a clearing house of information and ideas relating to the co-operative movement with the assistance of a small permanent staff, maintain a reference library of co-operative books and journals, supply information at the request of provincial authorities, issue periodical reports on the progress of co-operation in India and publish from time to time monographs likely to be of interest and value to provincial Co-operative Departments. Further, it has been suggested that without the help of a whole-time officer possessing special knowledge of co-operation the sphere of usefulness of such an advisory Board would be necessarily restricted.

4. The Government of India would be glad to have the advice of the Conference, firstly on the desirability of establishing a central organisation, and secondly, if it is agreed that a central organisation should be set up, on its constitution and functions.

APPENDIX IV-B.

Establishment of a Central Organisation at the Headquarters of the Government of India in connection with the Co-operative Movement.

NOTE

BY MR. V. RAMADAS PANTULU.

The proposal to establish a central organisation at the headquarters of the Government of India must be considered along with two other matters.

Firstly, there are at present two non-official All India organisations, the Indian Provincial Co-operative Banks' Association and the All India Provincial Co-operative Institutes' Association which have been functioning for sometime without being registered as co-operative bodies. There is a proposal to put both of them on a corporate basis as registered institutions as soon as legislation for registering All India organisations is passed by the Central Legislature. The matter has been before the Government of India already for some time past. Conferences of these organisations have met at Simla in 1928 and at Hyderabad in 1931 and transacted much useful business. Each of these two organisations has a Standing Committee which is working all through the year. Joint meetings of the Standing Committees were held at Nagpur and Bombay. These organisations do now function as clearing houses of information and ideas relating to Co-operative Movement and when they are incorporated as co-operative organisations, this function will be considerably strengthened. There is a proposal pending before the Standing Committees of these two organisations to publish an All India Co-operative Journal for supplying information about the activities of institutions in each province and for publishing co-operative news of general interest to all provinces. Under the auspices of the All India Provincial Institutes' Association, some books dealing with co-operation have already been published.

The Government can recognise and strengthen these two organisations. If periodical conferences of these All India Organisations are held alongside those of the Registrars, ample opportunities will be created for comparing notes and exchanging ideas between the provinces. The provinces can take their own action thereafter in regard to any reform.

Secondly, there is a provision in the Reserve Bank of India Bill, 1933, as passed by the Legislative Assembly to create a special Agricultural Credit Department the functions of which shall be :

"(*a*) to maintain an expert staff to study all questions of agricultural credit and be available for consultation by the Governor General in Council, Local Governments, Provincial Co-operative Banks and other banking organisations ;

(*b*) to co-ordinate the operations of the Bank in connection with agricultural credit and its relations with provincial co-operative banks and by any other banks or organisations engaged in the business of agricultural credit."

So, in regard to the main co-operative activity, *viz.* Rural Credit, (which includes land mortgage credit) this expert staff is expected to do things which the proposed new central organisation is expected to do.

The question then is whether there is any need for another central institution of the kind proposed under these circumstances.

If, however, a central organisation is decided upon, it must be of a purely advisory character. It must consist only of persons (officials and non-officials) who are closely and intimately connected with the actual working of the co-operative movement. There may not be any necessity to appoint a full time secretary for the advisory board to look after its work and to circulate its proceedings and minutes to the several co-operative organisations in India. One of the officials in the Department of Education, Health and Lands may be entrusted with this work. In any case, an officer who will tour through the provinces or criticise under the guise of advice the working of the Movement in the several provinces should not be appointed. Such advice and guidance as may be desirable must come in the form of resolutions and proceedings of the Advisory Board. The recommendation of the Maclagan Committee about the appointment of an officer who would be attached to the Government of India and would be expected to tour in the provinces should not be carried out in this manner by making him the official head of the advisory central organisation. In other words, the establishment of this central organisation must not be made the occasion of indirectly giving effect to the Maclagan Committee's recommendation to appoint an All India Officer.

Any control of the co-operative movement (which is a provincial transferred subject) from the centre, however attenuated, is opposed to the spirit of the present constitution of the Provincial Governments and of the promised full provincial autonomy alike. There is a real danger of a Provincial Minister and a Provincial Registrar being pressed, no doubt gently and politely, by such an officer to start a new experiment in the province which may result in a set back of the Movement there. The object in view will be better attained by affording greater facilities to the Provincial Registrars to study the movement in provinces other than their own, whenever necessary.

So, the proposal may be circulated for the opinion of the Provincial Governments, and Provincial Co-operative Organisations and the two All India Co-operative Organisations before taking final decision.

Registrar's Scheme.

A SCHEME FOR ADOPTION BY THE CENTRAL BANKS FOR AN EXAMINATION OF ALL OUTSTANDING LOANS IN PRIMARY SOCIETIES.

Every loan in every society shall be examined with a view to find out whether it stands on adequate security and whether action should be taken at once to collect it or time can be given to enable the borrower to pay it of his own accord. For this purpose a classification of borrowers will have to be made as detailed below after full investigation :—

(i) Those whose loans stand on good security and who can be expected to pay out of income within the period given, or within the period to be extended.

(ii) Those whose loans stand on inadequate security but who can give and are willing to give additional security, and who can pay out of income within the period given or within the period to be extended ; and

(iii) Those against whom action should be taken at once either on account of their inability to pay out of income or on account of inability to give additional security or for other reasons.

The history of such loan should be written and suitable action suggested. In the course of investigation the amount of debt which will prove bad or is doubtful of recovery should be ascertained and noted.

In the matter of giving extensions of time, great care should be taken. Only borrowers who can be relied upon to pay out of income should be given extensions of time. The period of extension shall not ordinarily exceed one to three years. Where it is found inexpedient to take action against a very large number of persons at the same time in a single village, action in regard to some may be postponed for a time. In making the selection of persons against whom action may be postponed, the case of those who can raise credit elsewhere or who can sell their property of their own accord should be considered. In such cases extensions of time should not be given although action may be deferred. If postponement for a *little time* will enable the borrower to get a higher price for his land or to get an outside loan at an advantage, there is no objection to such postponement. The previous approval of the Central Bank is necessary for giving extensions of time. The object of the scheme is not to reduce the overdues by the grant of extensions. For the purpose of the presidency administration report the amounts involved in extensions granted will be treated as overdues. Any attempt to grant

extensions for this purpose should be avoided. Where extensions are given, there should be no debit and credit entries in the day book, that is to say, there should be no book adjustments. Where additional security is taken encumbrance certificates should be obtained wherever required. This is particularly necessary where the loan involved is large. The additional security should be taken by means of a supplemental bond without varying the original conditions. If in the course of investigation, cases are found which are fit for transfer to Land Mortgage Banks, the parties should be asked to apply to them. The test for transfer is this. The income from the land to be mortgaged should be sufficient to pay the annual instalment including interest and the income from *other* lands or from other reliable resources should be sufficient to maintain the family of the borrowers. If in the course of investigation it is found that if certain concessions are given, the borrowers are likely to pay their dues in full without compelling the societies to resort to coercive action which will cause some loss to the society, such concessions may be given with the previous approval of the Central Bank, for example, waiving of penal interest. This concession can be given only in the case of societies where unlimited liability is not likely to be enforced against members in order to pay the outside debts. Penal interest can be waived only by means of a transitory by-law which may run as follows :—

> "Notwithstanding anything contained in by-law Nos: . . . interest on all loans outstanding on . . . *shall be charged only at the original rate of $9\frac{3}{8}$ per cent per annum if the borrowers repay their loans completely on or before . . . * No part of the interest collected at any higher rate before this date of . . . * shall be refunded or taken into consideration in calculating the amount of interest to be paid on the loan outstanding on the date of payment."

The work should be entrusted to a special staff under the control of a small committee appointed by the Central Bank. The head of the staff shall be called the 'Executive Officer' and the subordinate staff shall work under his direction and control. The staff shall examine the loans and suggest suitable action in regard to each of them. The Executive Officer shall decide what action should be taken with reference to each of the loans. Only in cases where the Executive Officer decides extensions of time should be given, the previous approval of the Committee will be necessary. He should be careful in all cases where supplemental documents are executed. He should see that the original conditions or securities are not varied. If in any case any variation of the original conditions is found necessary, the previous approval of the Committee should be obtained.

* Here enter date.

The staff should carry the panchayats of the societies concerned with them in the matter of this work. The work should, as far as possible, be done by persuasion. Where this is not possible, the help of the Department should be sought either for superseding a panchayat or for liquidating a society. The staff should also work in close association with the departmental officers entrusted with the power of distraint and sale of property so that much time need not be wasted in correspondence.

With a view to minimise the time in travelling from one place to another, the scheme should be worked in one area after another, that is to say, an area should be taken first and after the work in that area is finished, another area should be taken up. The advantage of working in a compact area is this. A society will have to be visited more than once before the work can be completed. A visit will be necessary to do the preliminary work, that is, examination of loans and suggestion of action. After the Executive Officer indicates the action to be taken, another visit and possibly a third or fourth visit may be necessary on the part of the staff to take the action required. In the matter of coercive action, the help of the regular staff working in the area will also be found necessary.

If, for the purpose of taking coercive action, the society has no funds, the Central Bank will have to advance the money if, in its opinion, the advance can be safely made. If in the course of investigation the staff finds that in any case coercive action will be useless for the reason that the loan cannot be recovered, the previous appproval of the Committee will be necessary for writing off the amount.

It should be borne in mind that the entire work is done in the name and on behalf of the society concerned and every action should be supported by a resolution of the panchayat or the general body as the case may be.

A monthly review should be issued on the action taken.

Unlimited Liability-An Important High Court Judgment.

IN THE HIGH COURT OF JUDICATURE AT MADRAS.

Monday, the 16th day of October 1933.

Present:

THE HONOURABLE MR. JUSTICE SUNDARAM CHETTI

AND

THE HONOURABLE MR. JUSTICE PAKENHAM WALSH.

Appeal Against Order No. 304 of 1930.

The South Kanara Central Co-operative Bank, Ltd., by its Secretary G. Venugopal Rao ... ... *Appellant (Petitioner).*

1. The Chikumudnur Co-operative Society, Ltd., No. 1759 by its President ... ...
2. Bellipadi Narasinga Rai ... ...

} *Respondents. (Respondents).*

Appeal against the Order of the Court of the Subordinate Judge of South Kanara, dated the 8th day of February 1930 and passed in E.P. No. 225 of 1929 in Claim No. 183 of 1927-1928 on the file of the Court of the Deputy Registrar of Co-operative Societies, Coimbatore.

This Appeal Against Order coming on for hearing: the Court delivered the following

JUDGMENT.

The decree-holder in claim No. 183 of 1927-28 on the file of the Deputy Registrar of Co-operative Societies, Coimbatore, put in an execution petition praying to recover Rs. 5,407-8-8 by arrest of 2nd defendant and by attachment 2nd defendant and by attachment of his moveable and immoveable properties. The decree was against "Chikmudnur Co-operative Society No. 1759 represented by (1) its President B. Narasinga Rai and (2) the said B. Narasinga Rai. The lower Court refused execution on the ground that the decree is against the Co-operative Society as a corporate body and not against the share-holders or members of the society in their individual capacity. Against this order the present appeal has been filed.

The respondent is not represented. The learned advocate for the appellant quotes *Kuppu Govinda Chetty* v. *Secretary Co-operative Central Bank, Conjeevaram* 1932 Madras W. Notes page 18. That ruling is in his favour though the point was hardly discussed and seems almost to have been considered as incontrovertible. He has however with great fairness pointed out to us a Full Bench ruling in *Harihar Prasad* v. *Bansi Messir* 11 Patna 174 in which the matter is most elaborately discussed and it is held that the individual liability of members of a corporate does not arise until the stage of winding up is reached. In that case the defendant was a Village Co-operative Society registered under the Act of 1912, and having members with unlimited liability. The first part of the argument in that case is founded on general principles. It is pointed out that the effect of incorporating a number of persons into a body corporate is to make that body corporate a separate legal entity of *persona*, and the remarks of Justice Cave in *In Re* Sheffield and South Yorkshire Permanent Building Society 1889, 22 Q.B.D. 470 is to the following effect are quoted "A Corporation is a legal *persona* just as much as an individual; and, if a man trusts a corporation, he trusts that legal persona, and must look to its assets for payment: he can only call upon individual members to contribute in case the Act or Charter has so provided." Then the learned Judges say that this was conceded, but that the learned Government Pleader contended that the provisions of the Act are such as to take it out of the ordinary rule of law and for this reliance was placed upon Section 4 Sub-section (2). The learned judges in considering this objection remark "At Common Law the Crown could create a body corporate under its prerogative but the Crown had no power to create a corporation and at the same time to render its members liable for its debts." This they support by the authority of Lord Justice Lindley in *Elve* v. *Boyton* in (1891) 1 Ch. D. 501, 507. Of the creation of such a liability under statute they quote one instance. 6 Gev. 14 Ch. 91. They then proceed to point out that the Act of 7 and 8 Vict., Ch. 110. Section 25, is an important piece of legislation on the point. After providing for the existence of bodies corporate under the Act, it provides that such company shall continue incorporated until it is delivered . . . . but not so as in any way to restrict the liability of any of the share-holders under any judgment . . . . which shall be obtained against such company or any members thereof in any action . . . . but every member of the company shall continue to be liable as if the said company had not been incorporated". This provision as to the liability to execution against a member was omitted not only in the later Companies Act in England but in the Companies Act of India of 1882 and the later Companies Act of 1913. Then they proceed to remark that "Under the present Statute law it is conceded that no execution can levy against individual members, and this state of affairs has been

brought about not by any provision in any statute relating to corporations but by the mere omission of any provision to the effect that a judgment creditor or decree-holder may execute against a member of a body corporate". They then say that the same principles apply to societies incorporated under the Co-operative Societies Act and quote Lord Lindley in the 6th edition of his book on Companies at page 1229. While speaking of an Industrial Provident Society spoken of as the Co-operative Societies in England, he states that "As in the case of Companies registered under the 'Companies Act, 1862, so in the case of Societies registered under the Act now in question, the members are not liable to have execution issued against them in respect of judgments obtained against the society. The members can only be reached individually by the process of winding up". The learned Judges then proceed to consider Section 4 of the Co-operative Societies Act and again they quote Lord Lindley at page 363 of his work on Companies in dealing with limited liability the members are liable to the full amount of the Company's debts and engagements, whatever that may be. The liability, however, is a liability to contribute with others and such liability can only be enforced upon the winding up and no execution can proceed against a member". They reject the argument of the learned Government Pleader on what he deemed to be the policy of the act and say that the short answer to that the Act has provided a method and that method must be adopted by any creditor excepting the Crown in which case an exception appears to have been made in section 44. After dealing with rule 13, sections 18 and 39 they point out that Section 44 is a complete answer to the whole argument. Section 44 allows the Government, in cases where there are sums due to it from a registered society or from an officer or member or past member, to recover such sums, first from the property of the society, secondly in the case of a society of which the liability of the members is limited, from the members subject to the limit of their liability, and thirdly in the case of other societies from the members. They point out that this is an exception in favour of the Government and if indeed it is an exception in favour of the Crown then the rule to which it is an exception must be contrary to the exception, the rule being that a creditor cannot recover from the member of the society. They then state that "it is common sense and a rule of common law that a judgment against one person (and a Co-operative Society is a legal *persona*) cannot be executed against another (see Lindley Page 390). There is no method in the Civil Procedure Code by which the judgment could be executed against any other person than the society." They then point out that "Under the rules of the Supreme Court in England provision is made under Order XLII, rule 23 for execution against any of the share-holders of the Joint Stock Company in a judgment recorded against such company." This rule under the Judicature Act was in substitution for the method of proceeding by way of a writ of *Scire Facias* under which a judgment creditor could pursue his remedy against a member of the Company where the Act incorporating the Company allowed him to do so, such as in the cases under 7 and 8 Vict., Ch. 110 Section 25. There is no similar provision in the Civil Procedure Code in India, and indeed there is no statute which allows a decree-holder against a registered society or other body corporate to pursue his remedy in execution against a member ".

As noted above the matter was hardly discussed in Kuppu Govinda Chetty *v.* Secretary Co-operative Central Bank, Conjeevaram 1932 M.W. Notes page 18. We have no hesitation in following the Full Bench decision in 11 Patna 174, which has been brought to our notice by the learned advocate for the appellant, since the other side is not represented. We find also that in Madras the Co-operative Societies Act section 4 has been amended subsequent to the judgment of the Patna High Court and probably as a result of it. We are not called upon to say whether by the view that each member can be proceeded against individually before liquidation has been definitely negatived by the amendment though it may be argued that this follows by implication. The said amendment was not in force at the date of the execution petition and it is therefore unnecessary to discuss its exact scope. In the result the order of the lower Court is confirmed and the appeal dismissed. No costs.

(Sd.) S. SRINIVASA AYYAR,
Assistant Registrar, App. Side.
(31—10—'33).

(True-copy.)

(Sd.)

Superintendent. of Copyists.
(5—12—'33).

Relief to Bihar.

APPEAL TO CO-OPERATORS.

BY MR. V. RAMADAS PANTULU

(President, Indian Provincial Co-operative Banks' Association.)

The response to appeals for the relief of sufferers in Bihar has so far been generous and encouraging. But, having regard to the harrowing accounts of the immense loss of life and property and the magnitude of reconstruction work that awaits Bihar the funds hitherto collected cannot go very far. Unless there is a nation-wide effort to help the people of Bihar to reconstruct their devastated towns and countryside there will not be adequate relief. If the millions of India give their mite, however small it may be, much more can be accomplished that is possible merely by the liberal gifts of the rich few though they are very welcome and helpful.

There is something which co-operators can do in this connection. The Madras Provincial Co-operative Bank has subscribed Rs. 1,000 to the Relief Fund and sent out an appeal to the co-operative societies in the province to subscribe liberally. Subscriptions are being received by the Madras Provincial Co-operative Bank in response to that appeal. I would earnestly request all the other Provincial Co-operative Banks in India to take similar action and to collect as much as they can from the co-operative institutions in their respective provinces.

There are over 100,000 co-operative credit societies, about 600 co-operative central banks and about 10 provincial co-operative banks in India. If all of them exert to collect funds for the relief of Bihar, a very considerable sum can, in my opinion, be found. It is well known that most co-operative societies set apart a portion of their profits for purposes of 'common good.' The relief of distress is one of statutorily recognised purposes for which the Common Good Fund may be spent. There is, therefore, no legal impediment to co-operative societies all over India donating such sums as they may choose from out of their common good funds for the relief of suffering in Bihar. If the Provincial Registrars and the Provincial Co-operative Banks send suitable circulars to the co-operative institutions in each province, there is sure to be spontaneous and generous response from co-operators. I, therefore, earnestly appeal to the Provincial Registrars and Provincial Co-operative Banks to issue such circulars.

In reconstructing devastated areas and homesteads in North Bihar, I feel that the co-operative organisations can play some useful part. The process of reconstruction must necessarily be a long and arduous one. The Government alone cannot find much of the money that will be necessary for the purpose. It must mostly be found by the people themselves, and several agencies must be set in motion to tackle the work of reconstruction. Charity could not obviously go far enough in such matters. It will be necessary to provide the people in the devastated areas with cheap money for their reconstruction programmes. There is something which the co-operative organisations can do in this sphere. The Bihar Provincial Co-operative Bank should, in my opinion, be helped with loans by the other provincial co-operative banks in India at as low a rate of interest as possible on the guarantee of the Provincial Government of Bihar and possibly of other agencies in that province. If the Provincial Co-operative Bank and the Provincial Co-operative Federation of Bihar, with the active help of the official and non-official co-operators of the Province evolve a ten-year plan of reconstruction, the money so lent to the Bihar Bank can be utilised through co-operative organisations for carrying out that plan. I, therefore, most earnestly appeal to co-operative institutions and co-operators all over India to do their bit for the relief of suffering in Bihar.

Special Type of Societies.

THE CONJEEVARAM CO-OPERATIVE THRIFT AND LOAN SOCIETY. NO. G. 982.

This institution was started in 1930 under the auspices of the Madras Provincial Co-operative Union, by its propagandist member Rao Bahadur A. Rajabadar Mudaliar with the object of developing the habit of Thrift among the people of this town and to train them also in the careful observance of the rules regarding punctual payments of their subscriptions and loans to the society so that their good example might teach a more effective lesson to members of other credit societies than mere propaganda in that respect.

There were 12 members on the roll at the time of starting on 4-10-'30 and the strength has since increased to 87 on 30-6-'31, 107 on 30-6-'32 and stood at 105 on 30-6-'33. All classes of people chiefly the poor wage-earners employed in various industries joined the society. Their contributions as savings to the Thrift fund and the Provident fund amounted to Rs. 5,919 and Rs. 914 paid by 132 and 6 members respectively upto the year 1932-33. Some contributed also to the Recurring deposit or the Savings deposit, the total under these heads amounting to Rs. 3,049. The total contributions under all the above heads amounted to Rs. 9,882 upto the year 1932-33. The members having desired to withdraw their savings in the Thrift fund which have accumulated for a period of three years, the by-law was amended to permit such withdrawal and 40 members have been permitted under the amended rule to withdraw Rs. 3,090 which they saved during three years.

The most noteworthy feature in the working is that members on the whole were very regular and punctual in paying their subscriptions and in repaying their loans taken on the security of their savings and the society had the gratification that on 30-6-33 there was not a single case of default.

Loans were given to members on the security of their deposits as noted below since the year of starting of the society.

Year.	No. of Loan.	Amount.	Overdues
1930-31	1	6	Nil
1931-32	29	417	"
1932-33	52	1437	"

Under the rules a loan is permissible only after six months from the date of membership. The loans were limited to 90 per cent of the amount saved by each member. All loans were repaid without default.

Another matter of gratification for the society is that after its establishment in the year 1930 (October) several of the local credit societies introduced into their by-laws provisions similar to those of this society for a compulsory saving of a definite sum by each member every month. This may partly account for the number of members not growing after 1931-32.

The society worked at the minimum possible cost employing only a part-time peon on Rs. 3-8-0 per mensem to collect the dues from members, the honorary secretary, M.R.Ry., C. Arumuga Mudaliar Avl., Retired Tahsildar, undertaking to do all the scriptory work. As with his other duties including those of the President of the first class Bench Court he has not found it possible to continue this scriptory work, the society has recently employed a part-time clerk on Rs. 4 per mensem, the funds having permitted this expense. There was naturally a loss of Rs. 32 in the working of the society during the first year which the P.C.U. was pleased to make good. In the next year there was a profit of Rs. 33-12-0 which rose to Rs. 100-11-0 in the third year. But for the severe economic depression affecting the income of all people the society should have shown even more satisfactory results than it has. All thanks to the P.C.U. which has been instrumental to the starting of this society.

District News.

THE MADRAS P. C. U. FREE READING ROOM.

The Reading Room of the Madras Provincial Co-operative Union, Royapettah, Madras, is kept open to public from 8 to 10-30 A. M., and from 5 to 7-30 P. M., on all days of the week except Monday. The Reading Room is becoming more and more popular. The number of readers during the month of January 1934 was 1110.

THE GOVERNMENT TELEGRAPH EMPLOYEES' CO-OPERATIVE SOCIETY, LTD., MADRAS.

FREE PUBLIC LIBRARY.

The number of readers during January 1934 was 1115 and the number of volumes issued for home-reading was 633. The Library is kept open on all working days of the society from 10 A. M. to 5 P. M.

THE CARDAMOM PLANTERS' CO-OPERATIVE BANK, LTD., BODINAYAKANUR.

The above Bank has donated a sum of Rs. 100—to the *'Viceroy's Bihar Earthquake Relief Fund'*.

MR. K. G. SIVASWAMY'S PROPAGANDA TOUR.

Mr. K. G. Sivaswamy, Propagandist of the Tamil Nadu Co-operative Federation undertook a propoganda tour in the last quarter of 1933 and visited the following Institutions:—(1) The Mallasamudram C. S., (2) The Salem Urban C. S., (3) The Shevapet C. Urban Bank, (4) The Salem Weavers' C. S., (5) The Attur C. Union, (6) The Omalur C. Union, (7) The Harijan Conference at Coimbatore, (8) Health Week at Peelamedu, (9) The Salem Union, (10) The Belur C. S., (11) The Neikarapatti C. S., and (12) The Poolaveri C. S. In all the places he visited he explained the present situation and how co-operative societies should thrive their best to meet it without prejudice to themselves or to members. He speaks highly about the work of the Salem Weavers' Co-operative Society and the Salem Urban Co-operative Society.

PUBLICATIONS RECEIVED.

From the University of Columbia—

1. Columbia University in the City of New York—University Library—Masters' Essays, 1933.

From the Ontario Department of Agriculture—

2. The Fifty-eighth Annual Report of the Ontario Agricultural College and Experimental Farm, 1932.

From the Department of Agriculture, Union of South Africa—

3. (*a*) Bulletin No. 126—The Construction of an Intensive Poultry House in Brick, *by Mr. E. J. Van Meerten, B.Sc., Engineer, Potchefstroom School of Agriculture.*

   (*b*) Bulletin No. 127—Fruit Production in the Union Report No. 14, The 1932, Citrus Export Season.

4. The Sixth Annual Report of the Madras Co-operative Milk Supply Union, Ltd., No. X-37.
5. The Eighth Annual Report of the Puvalur Co-operative Union, Ltd., Puvalur, for the year 1932-33.
6. The Thirteenth Annual Report of the Prudential Co-operative Credit Society, Ltd., Secunderabad (Deccan), for the year ending 6th July 1933.

Western Australia—

7. Annual Report of the operations of the Department of Agriculture for the year ended 30th June, 1932.
8. Do. for the year ended 30th June 1933.
9. Annual Report on the working of Co-operative Societies, Travancore, 1107, M.E.

PRESIDENTIAL ADDRESS.*

BY PROFESSOR S. K. YEGNANARAYANA IYER, M.A.
Of the Provincial Co-operative Union, Madras.

LADIES AND GENTLEMEN,

I am very grateful to the authorities of the Cochin Central Co-operative Institute under whose auspices this Conference is being held for inviting me to preside on this occasion. Cochin is one of the most advanced States of India in point of literacy and general culture and the honour of presiding over the Co-operative Conference in that State is a covetable one and I fully appreciate the high honour done to me. I am not altogether a stranger to this beautiful land. Being born and brought up in the neighbouring State of Travancore, Cochin is familiar to me and in recent times I have come into intimate contact with your workers in the field of Co-operation; and as your Registrar has been pleased to state in his report of 1106, I did go in his company to some of the village societies and delivered a lecture on Consumers' Co-operation in the Maha Raja's College, Ernakulam.

This address will fall into a few main sections. First I shall deal with Co-operation as a Dharma or principle of conduct. Secondly I shall state our own mistakes so that you may avoid them and try to benefit by our experience. Thirdly, I shall make some observations on the movement in your State and suggest some lines of development.

I

I attach great importance to a correct understanding of the fundamentals of Co-operation and I feel strongly that unless one is sure of the fundamentals one often goes wrong in the details. Very slyly un-co-operative principles come in insinuating themselves under the cloak of business propositions. We have to guard against this intrusion and we can effectively do so only if we have with us that touch-stone of fundamental principles.

* At the Fifth Cochin State Co-operative Conference held on the 5th and 6th January, 1934, at Irinjalakuda in Cochin State.

Co-operation is sometimes looked upon as a device of the weak to protect themselves against the strong in the struggle for existence. Such a view takes the existing economic arrangement of Society for granted as being founded on some unshakable rock and then looks upon Co-operation as one of the measures of self-protection which the struggle for existence has enabled the weak to adopt in order that they may not be extinguished. I entirely dissent from this view. *On the contrary I look upon Co-operation as the principal upon which society has to be rebuilt if it is* to have a better chance of permanence that it has at present.

We are so obsessed by the temporary success of the present economic system that we are blind to its fundamental defects and we even fail to realise that in the long history of the world the present system is only one of the many that have had their day and have passed on. Taking our own country into consideration, w' know that society in this ancient land was organised on the basis of groups, each having its special duties and rights; but owing to impact with an alien civilisation and to the play of world-forces which have in our recent times becomes more and more effectively operative, this ancient system is slowly disappearing, if it has not altogether disappeared giving place to the competitive capitalistic system of the West. To take the characteristic features of the system in their extreme form, it is based upon a belief that if everyone be extremely selfish and look after his own interest irrespective of principles of Ethics and Religion, some how or other the world as a whole would be happy. This form of extreme selfishness and individualism has been given some support from the misapplied lesson of Biology as expounded by Darwin and others which is supposed to teach us a universal prevalence of struggle for existence and the survival of the fittest. Ever since the advent of what is generally known as the Industrial Revolution in Europe, Society got re-built on this ricketty foundation of Capitalism and Individualism, principles, which is a other sphere, appear as a Nationalism, and which in recent times led to the World-war and its disastrous consequences political and economic, and to the so-called Peace wherein general sufferings of Humanity seem to be more even than during the War itself.

Advanced thinkers of the West like Bertrand Russel and H. G. Wells have begun to realise the utter rottenness of this foundation and they are attempting to have Society reconstructed on a different basis. The acquisitive instinct has been the bane of civilisation and Bertrand Russel hopes that if the creative instinct be develped society would be more stable; and Mr. Wells is of opinion that the whole world has become so small owing to modern facilities of transport that there is space only for one state, the World-State, into which the existing States should be federated. These wise men are convinced that the next war would see the end of humanity.

If as these modern teachers advise and as all the great religions of the world have been teaching us from time immemorial that society should be constituted on the basis not of selfishness and competition but of altruism and self-sacrifice, there is no doubt that the chances of continuance of social order are very much better. The fundamental unity of mankind taught by all great religions has been forgotton and each small section thought that by exploiting others, it could lead a happy and prosperous life; an error which was possible to be believed in when the world was vast and communication between different parts difficult but which is now seen in all its naked ugliness when every little section of humanity is trying to exploit others at the same time refusing to be exploited by others. The victor in the recent war is suffering as much as the vanquished and the blizzard of economic depression has blown over the whole world not excepting the United States of America, which was considered till recently to be the richest and the most prosperous country of the world. When a nation inebriated with its victory tries to extort what it calls penalty from the vanquished nation and wants to bleed the latter to death, the fond hope of the victor that somehow all the disadvantages would be on the enemy's side and all advantages on his own side is soon found to be an illusion. Therefore it is that all great teachers now want to reconstruct Society on a better basis and it is my humble opinion that Co-operation which is based upon service and sacrifice is a surer foundation of Society than the present basis which is crumbling.

If we examine the economic history of our land, we find this basic principle of Co-operation was operative in our social structure. The various units constituting our society were knit together by a bond of mutual obligations and in the worst days of degeneracy there was a real human bond between the high and low, the rich and the poor. This bond of union was far more intimate and vital in the case of all members of the same group or caste because within a group there was almost perfect equality. Between the richest Jenmi and the poorest Kudiyan there was practically very little difference in their ways of life and the gulf that yawns between the luxuries in which one is rolling and the misery in which the other is grovelling did not exist in the old days, because the rich man looked upon his wealth not as intended for his own private gratification but as a trust for the Samooham at large. To adapt Kalidasa's statement, if the rich gathered wealth, it was for being returned to the people and several rich house-holds felt it a matter of family honour to spend large sums of money in feeding the poor on particular occasions, in encouraging arts and science by the construction of temples and by the celebration of festivals. In recent times all this has changed. Mammon worship has insinuated itself silently as the guiding principle of life and rich Jenmi whose ancestors were gifted by kings of old with vast estates because they were spiritual giants and would not find time to look after the need of the inner man, has become so avaricious that he is ready to work with other selfish minded people like himself irrespective of their caste or creed to exploit the poor. He tries to make retrenchment in the celebration of festivals and in the giving of charities and tries to invest him money in a saw-mill or a tile factory, not because he is actuated by any socialistic motive of giving work to the unemployed and creating articles of utility for Society at large, but because he is guided solely by selfish motive for gain.

All this must go and we must once more listen to those divine voices that have been neglected for centuries, the voices of the great religions of the world which have been preaching to us the eternal truth of the fatherhood of God and brother-hood of man. We must regulate our relations with each other not in a spirit of rivalry and exploitation, but in a spirit of love and self sacrifice. This is the underlying principle of Co-operation and this may be applied to all the various departments of the economic activity of man, namely, Production, Distribution and Consumption. As our ancestors would say, Matsya Nyaya should be replaced by Kakanyaya, the strong devouring the weak should be replaced by "Each for All and All for Each", the basic principle of Co-operation.

My justification for dwelling at such length on what may be considered to be an irrevelent discussion of an abstract nature is the good old practice of our land, namely, to have a comprehensive view of the fundamental as a sort of background even in discussing small matters. It is well-known that our Puranas which teach us some basic principles of religion and conduct by means of popular stories are envisaged against a cosmic background. Every

Purana deals with the process of evolution and involution of the Universe and with the history of mankind in general, as history was then understood before beginning to deal with the minor problems peculiar to it. Curiously enough, this ancient custom of ours is corroborated by the experience and practice of great thinkers of the West. Mr. Wells begins his Outlines of History with an account of the evolution of the world millions of years ago and traces the slow evolution of life and then comes to the Stone-age and pre-historic times and from these beginnings he traces the modern history of man. The present problems are always envisaged against the cosmic background of what Carlyle would call Immensities and Eternities and it is only then that the problem is realised in its proper perspective. This is my excuse and justification for this digression.

II

Coming to deal with the Co-operative Movement as it is technically understood, I find that you are going through the same experience as Co-operators in other parts of India. Your problems are similar to ours in Madras and elsewhere and the lines of development and working are almost identical. You too have given prominence to Co-operative credit and you are confronted with the problem of overdues; you too are thinking of striking new lines of development and finding further scope for the practical application of the principles of Co-operation.

You would find, therefore, an examination of the mistakes we have committed to be of great use to you. You can profit by our experience. Men may rise on the stepping stones not only of their own dead selves but of others as well, to higher things.

There is no denying the fact that during a certain period in the history of Co-operation the powers that be realised its highly beneficial effects and wanted that this benefit should be extended to as many people as possible and therefore, they launched a campaign of rapid expansion. In this period of enthusiasm, quality was sacrificed to quantity. They hatched a large number of new societies by an incubation process as it were. The full implications of unlimited liability were not clearly explained to the would-be members; emphasis was laid more upon the privileges of members than upon their duties and the bait of facile credit was dangled before them. Not enough stress was laid upon the need for thrift and the available human materials to run the institution was not sifted too critically. The result was phonomenal growth of societies with what permanent success we all know.

There was another basic mistake we committed and that was to believe that cheap credit would be a panacea for all the economic evils to which the agriculturist was subjected. There was no attempt to increase his productions by improved agricultural methods nor any steps taken to enhance his scanty income by introducing any subsidiary cottage industry. The producer was given no marketing facilities which alone would enable him to get a good price for his produce; much less was any deliberate effort made to reduce his wasteful expenditure as on drink and on social functions. The life of the agriculturist instead of being viewed as a comprehensive whole was looked upon as being cut up into water-tight compartments and the honest Co-operator sincerely believed that he was ushering in a millenium for the peasant by the mere starting of a Co-operative Society in his village. It has taken us so much time to realise our fundamental mistake in this direction.

Thirdly, the limitations of Co-operative finanace were not fully recognised. The financial stream that ultimately reaches the agriculturist through his rural credit society derives its supply from the reservoir of the District Bank, which gets its own supply in the shape of short-term deposits by the public or in some cases by a loan from the bigger reservoir of the Provincial Bank. The Provincial Bank also depends mainly on deposits for its own finances. Finance thus secured which was mostly for short-term was utilised in lending to agriculturists for periods extending from 6 months to 10 years. Business requires that deposits should be lent out for a shorter period than the period of deposits and if this safe rule was departed from on the supposition that most of the deposits would be renewed, it was nothing short of speculation. The argument that this faulty step led to no untoward results is no sound defence. The Townshend Committee, therefore, recommended that the movement should concentrate its attention upon short-term finance and leave long-term finance necessary for the redemption of prior debt or for land improvement to be attended to by a special institution like the Land Mortgage Bank which by floating debentures would be able to attract long-term money.

Equally fundamental was another mistake we committed in attaching too much of importance to property statements of members and not investigating their capacity for repayment when loan applications from them were considered. A man may be quite solvent and yet his existing committments may be such that he may not be able to repay any moiety towards the new loan he is applying

for. In such a case if loan be granted to him on the strength of his net assets only, the results can be saily anticipated. In his anxiety to get money he would give *that purpose* for loan and *that period* of repayment which would be most acceptable to the sanctioning authorities and once the loan is sanctioned the inexorable laws of arithmetic will operate. His repaying capacity being nil, the short-term loan will automatically become converted into a long-term loan and that into an over-due loan.

Moreover, owing to inefficient and hasty organisation mentioned above, there was lack of effective supervision and the authorities were satisfied so long as transactions were expanding. No body took the trouble to see whether the loan was utilised for the purpose mentioned in the application or whether monies collected are being remitted to Central Banks.

Let me hasten to remove a possible misconception. All these causes did not operate in all societies and at all times. There are many good societies even to-day classified by the Registrar as 'A1' which are completely free from all these defects; there are many others classified as 'B' where only some of these defects are to be found and even they, not in a very acute form. There is absolutely no justification for any panic on the part of depositors. As has been pointed out there is enough money in the movement as paid-up share capital and reserve fund to cover all the deposits; but still these defects are there and you would do well to note them and avoid them; or if you also have committed these mistakes to take prompt steps to rectify them.

In recent times in British India, we had the advantage of having a number of comprehensive inquiries about the economic conditions of people conducted by competent authorities. The Agricultural Commission, the Labour Commission, the Banking Enquiry Committees, Central and Provincial and the Committees appointed in various Provinces of India to study and report upon the working of Co-operative Movement in those Provinces, all these have thrown a flood of light upon problems connected with the Co-operative Movement. Taking into consideration the problems connected with the agricultural credit which is 90 per cent. of Co-operation in most of the Provinces, these various enquiries have enabled us to realise that the defect with our arrangement hitherto has been that we took a narrow and isolated view of the agriculturist and his problems and the remedy lies, therefore, in a comprehensive and well co-ordinated view and activity. It was the Agricultural Commission that gave a correct lead in this matter and suggested that the various problems connected with the villager and his life should be tackled as one inter-related one.

The sum and substance of the new all-round activity suggested is denoted by that word which is becoming more and more popular, that is, RURAL RECONSTRUCTION. The late lamented Desa Bandhu Chitaranjan Das was the first to draw pointed attention to it and our National poet with the unerring vision of a Seer started this Village up-lift work in his Sreeniketan, which is an adjunct to Santiniketan at Bolpur. The Y.M.C.A. has been doing the same work in centres like Ramanathapuram and Marthandum and the Madras Provincial Co-operative Union with the financial support of Banks, Provincial and Central, has been doing Rural Reconstruction work in selected areas of which the most successful example is the work done in Alamuru in East Godavari by my friend Mr. N. Satyanarayana. Mr. Brayne near Delhi attempted it and brought the centre of his activity Girgam, before the public attention. Sir Frederick Sykes the retired Governor of Bombay adumberated a detailed scheme just before laying down the reins of Government of that Province. In Mysore and more especially in Baroda, the scheme has been working for some time. The Baroda plan which I had the privilege of seeing in working order the other day seems to be worthy of following. Some groups of villages are chosen and all workers concentrate their attention on these villages for a year or so. Authorities of all Departments engaged in nation-building activities, such as Education, Co-operation, Sanitation, Industries, Agriculture, Village Panchayats etc., all work in co-ordination and there is a Taluqa Development Association which is in charge of the development work in that area. Heads of all nations-building departments are members of the Board and formerly there was a special Commissioner in charge of this work, which post though at present abolished would, I understand, be very soon revived. What interests us as Co-operators is, that the Taluqa Association is a registered Co-operative Society and therefore, there is somebody to look after it. Otherwise, being everybody's business it would have been noman's business and would have been neglected. They hold periodical exhibitions and conferences and real work is being done. I don't advocate that you should follow that system in its entirety, but the spirit thereof may be studied and copied.

III

I now come to the next section of my address, and shall offer a few practical suggestions for expansions and better working of Co-operative Movement in Cochin.

In the first place, I feel it my duty to state that there is ample scope for further expansion. You have ——— villages in the State but you have only ——— Co-operative societies and you must not rest satisfied till you get a Co-operative society in every village. This ought to be kept as an ideal steadily in view and definite steps should be taken every year towards reaching that ideal. In British India there is a tendency to stop further registration and concentrate all attention upon consolidation and rectification. Rectification is necessary if disaster is to be averted and consolidation of existing societies requires immediate attention; but side by side with this we must have cautious expansion as well. Let us avoid the mistakes of our predecessors, let us conduct a thorough preliminary investigation but having done all this, let us go ahead. To stop further registration because some of the existing societies are not functioning properly would be like stopping supply of water to some streets wherein pipes have not been laid because where they have been laid water has been wasted or misused. I would in this connection suggest that a society may be started and allowed to run for a year or two before it is formally registered; it may be put on probation for sometime before it is confirmed.

Similarly with the opposite process of liquidation or dis-registration, let there be no haste. Very often an ugly situation arises in a society which gets into the clutches of an undesirable clique and the Registrar feels that the only way to get rid of them is to liquidate the society. In such cases, it is far better to arm the Registrar with the necessary powers for suspending the Panchayat and getting the society administered by a nominee of his, a policy which the Madras Government finds it necessary to adopt in the case of Municipalities.

There are some new lines (confining myself to Agricultural Co-operation) which may with advantage be tried especially in places like your Depressed Class Colonies where society is getting newly organised unhampered by an inconvenient part. These colonists may carry on their agriculture on co-operative lines, their society may own ploughs and other agricultural implements which may be given to them for hire or they may in common instal a pump to irrigate or to drain their lands. Baroda has pumping societies. Bombay has some irrigation societies that dam up a stream and make its waters available for irrigating the fields of members.

It is high time you recognise the limitation of ordinary co-operative finance and devise an effective method of giving the much needed long term credit to the heavily indebted agriculturist. This may be given not merely to enable him to wipe off his previous debts; but also to improve his estate so that out of the improvement thus effected he may be able to repay the debt. The minimum period of these long terms loans should be 20 years. The maximum may be anything reasonable seeing that in more advanced countries it is as much as 90 years. Conditions of the money market to-day are easy and the credit of your State stands deservedly high and now is the time propitious for the starting of a Land Mortgage Bank. If your Government were to guarantee principal and interest of debentures floated by the Land Mortgage Bank money would pour in and you can give substantial relief to the ryot. If I may venture to offer a hint it is far better to start a separately registered Land Mortgage Bank than to open a section in the Central Bank to deal with long term credit.

From the Producers', point of view there must be societies for marketing the produce. As a preliminary step thereof, you can start Loan and Sale Societies where the agriculturist can get the credit accomodation he needs on the pledge of produce and wait till the opportune moment comes for its favourable sale. Along with Malabar and Travancore you have almost a monopoly in certain articles and when your harbour develops and your business expands you must have your agent in all important places of business where your articles are consumed. A Commissioner of yours at Bombay can do very much to develop your business in and around that great city and Co-operators may make a beginning in that direction by the appointment of an agent to popularise your articles in the Bombay market. Pepper and Bananas, to take only two examples, if brought to Madras will fetch a very much better price there than they can hope to get here in the place of production and if this business be co-operatively organised, the producer will be benefitted instead of the enterprising middleman who has already anticipated you in this field. Granting of loans on the pledge of produce which I consider as a preliminary step to Co-operative marketing, if carried on successfully would have this additional advantage of easily absorbing all the surpluse of Banks. The financing Central Bank will naturally proceed cautiously and will have to own its godowns and warehouses in which the pledged articles may effectively be secured.

I have devoted so much attention to the Rural Co-operation, because agriculture still continues to be our main industry and if that prospers, the country will prosper. But Urban Co-operation too has assumed respectable proportions and a word or two on that may not be out of place.

Urban Co-operation has flourished best in Bombay and I do not see any reason why it should not flourish in a place like Cochin. Even important town should have an Urban Bank and people should be educated in course of time to banking habits of civilised nations. In olden days when there was not much security of person and property, each man took care to have before him in some tangible form his hard-earned wealth. In these days, instead of allowing it to remain idle at home, it should be invested in a Bank where it can do some useful service to other and more needy members. It is an error to support that a Bank must deal always in large figures. In Scotland, it is said, there are village Banks where the widow's mite is gathered and this is looked after for her, and people have been trained take out of the Bank the sums they require as and when occasions arise. This banking was possible in Scotland because of the spread of Universal Education, and you in Cochin that have this advantage of almost universal literacy should follow the example of Scotland and make Banking habit more popular with your people.

Recently, in my Upper India tour, I had the privilege of visiting the famous Urban Bank of Surat. It has succeeded in developing itself into a real Peoples' Bank so that the average member does not think of it only when he wants a loan. It has trained its members to send to itself their spare money to be taken good care of and to be returned to them whenever they want it. It has popularised the cheque system very efficiently amongst its members who are mostly middle class people and it is thinking of starting a Co-operative Investment Trust. Briefly it is this. A poor man having only a small amount will not be able to get a good return for that amount if it is invested as deposit; if many such small sums be pooled together the amount thus collected would be quite respectable and would be able to command a very much better return if judiciously invested. Moreover, this has another advantage, namely, the Trust will invest its money in different ways so that it would be only a fraction of the poor man's small amount that will be in a particular investment and, if some of these investments fail, the poor depositor's money would not be entirely lost as all his eggs were not in one and the same basket.

Another successful experiment in Urban Banking that may be tried is lending money on the pledge of gold and silver. Borrowing money in this way has been the practice in this land from time immemorial and this method avoids the unpleasant necessity of getting a surety as co-signatory to the pro-note. I am not forgetting the fact that this would be put down as pure Banking with very little of Co-operative element in it. The so-called Reiffeisen ideal is possible only in a small community as in a village where every member can and does know all the financial transactions of every other member. In Peoples' Banks, on the other hand, where membership runs into thousands, there is absolutely no harm in adopting these methods for securing the loans advanced. I saw during my recent visit to Baroda the famous Urban Bank of the City popularly known as 'ANYONYA' carrying on successfully this business of lending on the pledge of jewls and what surprised me most was they have been advancing money on jewels made of diamonds and other jems, which to us lay men would appear to be rather risky. If you have a realiable goldsmith or some technical expert to appraise the value of golden or silver ornaments or vessels bought as pledges there should be no difficulty in running this line of business.

Moreover, in Urban areas, where you have a large population getting fixed monthly income, steps should be taken to start thrift societies if not among the salary-earners, at least among their women folk who, I am sure, would respond more satisfactorily. Women in our parts run very successful Kuries or Chits for purchase of silver vessels, Sarees or ornaments and under proper directions they would from excellent material for the running of Thrift Societies.

There is one aspect of Co-operation with which I am vitally connected at present—that is, the Consumers' Co-operation. I presume you have all heard of the Triplicane Urban Co-operative Society of Madras. I have been connected with for nearly 12 years and I happen to be at present its Managing Director and hence know fully its strength as well as its defects. I am anxious that Consumers' Co-operation should flourish in all parts of the country and I wish that there be many successful Stores spread all over the land which could, in course of time federate themselves into a Whole-sale as it has been done in many countries of the West; but unfortunately the history of the Store movement has not been very encouraging so far as India is concerned, and the success of the Triplicane Urban Co-operative Society is more an exception which, according to the old saying, proves the rule. Still, I really think that our soil is not quite uncongenial to this branch of Co-operation. A store should be started only in localities where there is a genuine demand for it and where we have got proper human materials to run the institution. These are the two conditions precedent to success and where these are absent, if Stores be started for statistical purposes, they are bound to come to grief. In urban areas where you have a fairly large body of wage-earners, who have to depend upon local retailers for their food-supply and where they are being exploited, there is a chance of Stores succeeding as it has done in Madras and in Matunga, Bombay, where our South Indian brethern have taken the Triplicane spirit with them and are running a successful Store. But even in the remote villages, people require many articles and we can arrange to have them supplied to the villagers in a Co-operative way as is being done by them my friend Mr. Annasami Aiyar of Nangavaram in Trichy. Dt. There is ample scope for Consumers' Co-operation to flourish provided it is well organised and well-conducted.

This brings me to another related topic. Stores need not be confined to rice, chillies and other household requirements. All of us are consumers and wherever we feel we are being exploited, we can join together and get the supply of that item of utility ourselves, thus knocking off some bit of middle men's profit and diverting it into the pockets of consumers. House-building Societies, Milk supply Societies and Students' Books and Stationary Societies will all come under this category.

Bombay has done better than other provinces in Co-operative house-building and we have to learn much from her. In the cities of Bombay and Karachi there are many successful Co-operative house-building societies. Sometimes these societies confine their attention to getting only the necessary credit accommodation to their members who are left to themselves in the matter of getting materials and in the actual construction of houses; but the principle of Co-operation can be carried to these as well and I would commend to you the example of a Co-operative house-building society of the Reddies of our Province settled in Dharwar for study and imitation. That society intended for the benefit of that particular community organised the whole-process of house-building on a Co-operative basis, and had the plans of buildings prepared, materials got and construction executed under expert supervision. If ever building-societies are organised in the State I recommend this completely Co-operative organisation for imitation and not the type of ordinary house-building societies in Madras, that are organised only for getting the necessary credit accommodation for members.

It is a hopeful sign of the times that co-operation is becoming popular with the rising generation of our young women and men in Schools and Colleges. Many schools in your state have got co-perative societies that are said to be working satisfactorily. From my own experience in other parts of India I would say there is one danger to be guarded against. There are Teachers' Associations in Schools and Colleges that run Book Stores for the benefit of the boys, because the margin of profit in the book-trade is very appreciable and I know of Teachers' Associations that depend for their successful working entirely upon the profits of the School book-selling department. It requires a certain amount of altruism on the part of teachers to sacrifice this source of income and allow the school co-operative society to flourish. Moreover, when a society is run, it should, as far as possible be run *by* students themselves and not *for* them *by* teachers. If Students Co-operative Societies become universal and if they are genuine Students' concern and not elders' business, parading in Students' name, in less than two generations, you will have an army of Co-operators going out into the world carrying the gospel of co-operation to every nook and corner of the country and the future of the movement would be very bright indeed.

Another experiment that can be tried with good chance of success in Urban areas is that of having Co operative Milk Supply, Societies. These can be organised either on the basis of producers or of consumers. In most places they are run by producers, the famous Calcutta Union for example and another we are having at Madras. Milk is an article of necessity with most of us and where, as in Urban areas, it may not be possible for each household to maintain its own cow there is scope for the formation of a Milk Consumers' Union. It was only in the city of Baroda that I saw a Co-operative Society of Milk Consumers as well as another of Milk Producers. It is unfortunate that both are actuated by profiteering motive. Producers, try to sell their milk as *dear* as possible and Consumers try to get their milk as *cheap* as possible. I hope in course of time, better sense will prevail and the Consumer and the Producer would be brought together which is the ideal we have to strive for. I hope that in Cochin also Co-operative Milk Supply Unions would soon be organised in important urban centres.

Still another aspect of non-credit Co-operation I would commend to you is Co-operative Insurance. In Madras we made an attempt to start a Co-operative Insurance Society some 15 years ago, but the Government of India turned it down, because they said that

Insurance was a complicated affair and ordinary men who become members of Co-operative Societies would not be able to run an Institution like this. We persisted in our agitation and recently our popular Registrar was able to persuade the Government to allow us to start an Insurance Society on Co-operative lines and the result is the South India Co-operative Insurance Society was launched into existence in 1932. Within about 20 months, we have done paid-up business for about 8 lakhs and the Institution has a bright future before it. In our country before Indian Insurance Companies were started there were many Foreign Companies doing huge business and taking away un-told millions of money from the land. The natural line of development in all our Industrial and Commercial Concerns seems to be that foreigners start concerns and then national concerns are started more or less on the lines of foreign Companies on capitalistic basis and ultimately co-operative concerns take their place. In Banking this has been our experience and let us hope that this new concern will have the same bright career that Co-operative Banking has had in spite of various vicissitudes. Those who know anything about Insurance would realise, that success depends upon the company having as wide a field as possible and hence recent attempts to start Insurance Concerns confined to a small area as a State is not sound from the business point of view. Unless, therefore, your State has an idea of starting an Insurance Society of your own under its auspices and intended for all the people of the state the wiser course for you would be to avail yourselves of the existing Co-operative concerns. I take it that the South Indian Co-operative Insurance Society would be glad to offer their Agency to any Central Institution in your State to the Institute or to the Financing Bank so that the benefits of Insurance may become popular amougst the masses here. Unlike capitalistic concerns, the Co-operative Insurance Society issues policies to suit the conditions of all and sundry ; they insure for such a small sum as Rs. 100. I commend this proposition to your careful consideration.

The Gospel of Co-operation is for all and not only the middle-classes, to whom alone it has been hitherto confined. Its benefit should reach even the lowest stratum of society and one section where you can do useful work is the menials of municipalities, sweepers and scavangers. They are generally over-worked and underpaid. Being illiterate and having little guidance they are improvident addicted to drink and lead on the whole a very miserable life Co-operation can being sum shine to their clouded life and uplifting this class of the down-trodden is social service of the highest kind

It was with very great pleasure that I visited the Narayanapur Colony of the Street-sweepers of Karachi where owing to the munificence of the Municipality and the sacrificing work of some Councillors, these Bhangies are housed well and lead a decent life. They have got a Co-operative Bank of their own managed almost by themselves with some outside help and what is of great interest they run Co-operative Store of their own. They have their own tea-shop where they are not slighted as they used to be if they went to the ordinary tea-shop. If Karachi can do so much why not Trichur or Ernakulam ?

I have only one suggestion to make regarding your Central Financial Bank and that is, that it must look upon the propaganda Institute as doing a good deal of work whose ultimate effect would be all for the benefit of the Bank itself, and therefore, should very freely give all financial help it can to the Institute. It very often happens that those who are not successful in getting into the directorate of the Bank, get into the managing body of the Institute, and there they vent forth their ill-will against their successful rivals by following obstruction tactics. This can be avoided by modifying the constitution of these two bodies in such a way that they would have some common members in both. I would, for example, suggest that the President of the Bank should be EX-OFFICIO President of the Institute as well. I know how very well the plan has worked in the case of the Madras Provincial Co-operative Bank and the Provincial Co-operative Union; also in the case of District Banks and Federations when the latter bodies were effectively functioning. If such an inter-linking be effected, I am sure both the institutions will improve and the Institute will be able to run Training Classes for recruits more efficiently than hitherto. Not only Training Classes but education in the wider sense of the term of the masses in the principles of Co-operation should be undertaken by a central agency by means of lantern shows, lectures, talks and so on, and it is the duty of the Central Bank and the Government to see that this educational agency is properly financed.

We must also make co-operation popular amongst the masses by getting ballads, poems and songs composed by really gifted people and allow the fundamental ideas to sink amongst the masses. To-day, if some of the most important ideas of Hinduism have percolated to the lowest strata of society and if even the most ignorant could speak of Karma, Brahma and Maya and so on, it is because these great truths have been embodied in popular literature and have been

rendered easily accessible to the masses. A similar service should be rendered to co-operation. I do not see why some gifted author should not write a *Thullal* or an *Attakatha* on Co-operation ; I do not see why there should not be a popular drama on the benefits of co-operation.

IV

As I had defined Co-operation as more a principle of life than an economic device, that spirit can permeate every activity of ours and absolutely boundless are the forms of Co-operative activities that may be undertaken. It may be of some interest to you to know that in some countries of the West there are not only Co-operative Restaurants but Co-operative Health Resorts. Just fancy how happy we all would be if by being a member of a Co-operative Society, we have the right to get accommodation in a bunglow at Ootacamund or Kodaikanal and have all our conveniences attended to at as cheap a rate as possible. There are Co-operative clinics where members are entitled to get medical assistance. In America there is a Co-operative Park which is the exclusive property of the Co-operative Society and its members alone have got the right of access therein. There are Co-operative Societies which take care of us even after we are no more. There are Co-operative Burial Societies where for a small sum a member has been contributing during his life, his body would be taken care of after his death and given a decent burial. In short wherever a Capitalist, big or small, actuated by selfish and profit seeking motive is rendering some service to the public, a Co-operative Society can come in with real service as its motive. Co-operative Launderies and Shaving Saloons may be attempted in the West Cost where the services of the washerman and the barber are utilised much more than on the East Coast. I wonder why it has never occurred to us to run a Co-operative Kitchen. Four or five families of more or less equal status and similar tastes can employ a cook and get their food from the Co-operative Kitchen and this will give much more free time to our Women-folk than they get at present and this spare time can be utilised for effective social service.

To conclude: your enlightened state of Cochin has certain advantages over other parts of India and as good business-men you must take the fullest advantage of them. British India is agitating for Swaraj. British Indian politicians, at least some of them, say that there is not that complete identity of interest between the Governor and the governed which is absolutely necessary for the successful working of any measure for national improvement. You have no such trouble and under the enlightened and patriarchal rule