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Editorial Notes.

Annual report on the working of the Madras Co-operative Societies Act VI of 1932 for the Year 1932-33.

I

Administration reports of departments are generally dry records containing bare statements of facts and there is very little scope for any personal factor in them; but co-operation being a nation-building department which is barely three decades old) where results of previous experiments are still being carefully watched, a false step taken soon retraced and new lines of development cautiously pursued, there is ample room for the free play of personality of the Head of the Department and Mr. Deivasikhamani Mudaliyar the present Registrar is perfectly right in concluding his report for the year 1932-33 with the remark that "in the usual course this report should have been submitted to Government by Mr. Strathie but for the fact that he proceeded on leave..............Probably this report would lack the warmth of his personal observations on many matters touching the movement which he guided during the last three years." Yet Mr. Mudaliyar has succeeded in making the report as interesting and suggestive as possible.

The report is, as usual divided into two main parts; a general survey and detailed account of some prominent institutions and types of societies. It is obviously impossible to do full justice to the report in a short note like this. We can at best deal with a few salient features of the report.

II

All impartial observers agree that we are passing through very critical times. There are, however, some stout optimists who generalise from the satisfactory state of their own societies and say that nothing is the matter with the movement and we would soon be all right. There are others (these are very much more in numbers than the first group) who, again generalising from their knowledge of co-operative societies in their immediate neighbourhood or in the District, would say that we are heading towards a disaster. Some honest co-operators of experience who find that things are not now as they were a decade back at once jump to the conclusion that everything has degenerated since their days and is going to the dogs. The Registrar is the official head of the movement armed with vast powers. He is the captain of the ship and hence instead of either living in a fools' paradise or getting panicky about the ship, let us hear what the Man at the bridge has to say on the matter. Are we heading towards a disaster? We ask and his answer seems to be "Yes and No"; yes, if we drift along as we have been doing; no, if we grow wiser in the light of our experience and change our course under his guidance. The President of the Provincial Bank, another person who constantly feels the pulse of the movement has said the same in his address welcoming the delegates to the Bankers' Conference. Let us examine the situation a little more in detail.

III

The Primary societies consisting of village co-operators or the middle class townsmen are still the bedrock on which the whole structure is built and surveying their conditions we cannot but feel some-what concerned. There has not been steady and healthy growth and the malady from which our societies are suffering is not a simple thing. The following symptoms which a careful reader of the Registrar's report would gather are somewhat alarming especially when taken all together in their cumulative aspect. First we have the symptom of arrested growth. If things are all right, if we have been going on proper lines, the benefit should be not confined to the few but should be made available to all by the starting of new societies, a definite number every year so that at the end of a specified period the country would be covered by them; but this steady progress has been arrested. Secondly even in the existing societies, there is not the normal activity of borrowing and repaying. Members conscious

of their inability to repay are unwilling to borrow (except of course the reckless ones who are always willing to borrow because they never worry themselves about repayment) and the financing banks think four times before lending. There is universal shrinkage of transactions all through. Thirdly, there is the alarming symptom of the steadily increasing overdues which shows no tendency to get diminished naturally. Fourthly, the enormous expenditure of money on Rectification is a sure indication that something has gone wrong and it has to be set right before we can go further along the path of progress. The coercive process that we have perforce to take and the difficulty experienced in realising overdues even after such a step is taken constitute another unmistakable symptom of the malady. The increasing number of misappropriation of societies' money by responsible office-bearers and criminal prosecutions that have to be launched against them is yet another symptom. The recent G. O. turning down the proposal of the Provincial Bank and making audit by Government officers the rule and that in a movement which from the very beginning is supposed to have had deofficialisation as its goal, the supercessions of Panchayats by an agent appointed by the Registrar and last but not the least introduction of local and communal politics complained of by the Registrar, all these taken together are enough to make the stoutest heart quake.

IV

The doctor in charge of the patient thinks that there would be some appreciable change for the better when the general economic situation improves. May we take the liberty of offering to the expert a few suggestions that others have made, men who have grown grey in the service of the movement? There is urgent need for the reintroduction of the idealism of the pioneers which has slowly ebbed away. Idealism is not to be got to order. A general atmosphere congenial to its growth has to be created in which that fragile plant would grow naturally and that brings us to the question of general co-operative education dealt with elsewhere. Secondly, the whole fabric is getting loose and disjointed and it must be better knit together. Under the influence of abstract theories disintegration has gone on too long and it is high time we reintegrate and the movement learns to think, speak and act as one man. Thirdly, there may be need for mercilessly lopping off rotton branches so that others may be safe; but it is equally necessary to counteract this waste by wise plantation and new societies should be started where circumstances are favourable. A policy of cautious expansion has always been advocated by us. Fourthly in these days when money is cheap and is to be got in plenty it must be made available to the honest member who must be differentiated by a careful process of sifting and helped. This would make the stream of finance flow once more along the dried up channels and the Bankers' Conference which recently met has passed a comprehensive resolution on this point. Then again there is the whole field of non-credit co-operation which has not been fully tapped and which when properly guided and utilized would be of the utmost help to the credit movement. Thus in short remedies are manifold as the symptoms of the disease are many and here again we must attach importance to the cumulative effect. With confirmed faith in the movement we must try all these remedies simultaneously. Counter attack must be all along the line and not confined to a point.

V

Coming to detailed working of societies, we are told that the Provincial Bank made "satisfactory progress"; Deposits and hence working capital increased; but owing to shrinkage of transactions, the net profit underwent further diminution. The Central Land Mortgage Bank also made satisfactory progress. "The utility of the Land Mortgage Bank for the supply of long-term credit" is being more and more recognised by the Agriculturist class and debentures floated by the Central Land Mortgage Bank are becomming more and more popular among the investing public. Central Banks showed an unhealthy tendency to have their individual shares split up. This is believed to be due to the attempt on the part of some "to get support from as many voters as possible with a view to keep themselves in power or to get into position of influence." The Registrar defends the departmental policy in effecting retrenchments in profits with a view to provide adequate reserves against bad debts. Reference is made to the G.O. refusing to permit central banks to lend to non-members on deposits of merchandise or gold and silver though such non-members may be members of affiliated Primary Societies.

Among the important societies doing non-credit work we have already extracted the Registrar's remarks upon the South India Co-operative Insurance Society*. We are glad to note that the Madras Milk Supply Union did good work and has considerably retrieved its

* See page 623 of this Journal.

position. We hope the Government would accept the Registrar's recommendation and grant the Society enough funds to purchase pasteurising plant. Loan and Sale Societies also did good work.

VI

The rules under the act were issued in August last and hence the new machinery created by the revised act came into full operation only this year. Let us wait and see how far these enhanced powers have enabled the Department to effectively check some of the abuses that have crept in and to pull up the movement.

The following statements will throw light on the remarks made already.

I. General.

		As on 30-6-32.	30-6-33.
1. No. of societies	...	14,540	13,956
2. Total Working Capital	...	1,700 Lakhs.	1,735 Lakhs.
3. Reserve Fund	...	133 „	144 „

II. Classification of Societies.

		Year 1931-32	1930-31
1. *A.* Thoroughly good societies	...	348	363
B. Societies with some defaulters and some mistakes in account	...	2,081	2,311
C. All other societies that do not come under Class D	...	8,951	9,016
D. Bad societies which probably have to be liquidated should they fail to come under class C within two years.	...	1,718	1,735
Total	...	13,098	13,425

2. Number of societies in which collections were :—

		Year 1931-32	1930-31
95 per cent	...	662	935
70 „	...	1,159	1,407
55 „	...	847	935
40 „	...	967	920
Below 40 per cent	...	3,791	4,947
Dormant societies	...	5,447	3,829
Societies in which no loans fell due		225	452
		13,098	13,425

III. Percentage of balance to demand.

	Societies to C.B.	Amount due by. Members to Agr. Sos.	Members to Non-Agr. Sos.
(a) Principal.			
As on 30-6-31	42·54	59·31	22·71
,, 30-6-32	45·37	62·95	23·13
,, 30-6-33	44·86	67·09	23·21
(b) Arrear interest.			
As on 30-6-31	42·73	65·16	49·54
,, 30-6-32	27·79	62·26	52·65
,, 30-6-33	41·24	65·81	54·37
(c) Current interest.			
As on 30-6-31	8·29	49·92	19·37
,, 30-6-32	8·03	51·96	20·00
,, 30-6-33	9·37	59·39	21·74

IV. (a) Arbitration etc.

	Arbitration.	Civil disputes
Pending at the beginning ...	11,898	555
Filed during the year ...	41,323	25·96
Claims satisfies before decree...	3,038	222
Decreed during the year ...	30,740	2,276
Pending at the end ...	10,443	653
Amount involved ...	19 lakhs	58 thousand.

(b) Executions.

No. of decrees to be executed	1,35,405
Satisfied before execution ...	10,384
,, after taking execution proceedings...	9,931
Executed through the village courts ...	718
Pending executions at the end of the year ...	1,15,090
Amount involved ...	137 lakhs.

(c) Liquidation.

No. of societies dissolved during the year ...	691
Finally closed ...	449
No. of societies under liquidation at the end of the year ...	1,153
No. of societies that have been under liquidation for over 3 years ...	119
,, 4 years ...	158
,, 5 years ...	80

Central Banks' Conference.

This conference which has now become an annual function is of great importance. The Central Banks in this province occupy

an unique position. They are not the sole financing Institutions as in the United Provinces which has not yet got a Provincial Bank, nor are they overshadowed by an all-powerful Provincial Bank sending out its own branches in areas not covered by them. They occupy really the central position in the co-operative financial structure of this Province as they practically own the Provincial Bank as its shareholding members. The annual conference of ~~their~~ representatives is naturally an event of great importance.

45

Mr. Ramadas Pantulu welcomed the delegates and in ~~doing~~ so he laid stress on two points; namely, that there is absolutely no justification for the panic that exists in the minds of some depositors and individual members and that the shock, if ever the movement experience it, would be absorbed by the movement itself and would never be transmitted to Depositors. He also pleaded for a united policy and concerted action on the part of all central Banks in the matter of consolidation work that is going on.

We are glad to note that a resolution of which notice was given to approach the Government with a request to waive the registration charges and fees on Encumbrance certificates that have been recently imposed was not moved. The movement that has been in existence for over three decades ought not, at this stage, follow a policy of mendicancy whatever the justification for it in the earlier stages of its existence. The conference after passing one or two minor resolutions on honouring each others drafts and on charging a uniform rate of commission went on to consider the resolution of the session, which was an adaptation of a resolution on the subject passed by the Registrars' Conference. It dealt with certain practical steps to be taken by financing banks with a view to ease the situation in these days of economic depression. It contemplates the three definite measures of relief, namely (*a*) reduction of interest charged (*b*) reasonable extension of the period of repayment and (*c*) continuance of financial aid to regular members. The resolution is buttressed by certain conditions that only societies that have paid interest due in the current year will get the benefit of the reduced rate of interest from their financing banks and that the interest paid by a society be out of the interest collected from its members.

We hope all central banks will immediately implement this resolution and that its good results in stimulating transactions with honest and loyal members would soon become apparent and will start the movement once again on its on ward march.

In this connection the circular of the Registrar (A. 6510/33 dated 18-4-34 which is published elsewhere) embodying the results of investigating carefully every individual loan in 187 societies would be read with interest. It shows not in a vague way but by actual statistics that the movement is still sound and could be pulled up. (*Vide* para 13 of the Registrar's report for 1932-33 on Rectification and Consolidation")

Mr. V. L. Mehta's Presidential Address.

The presidential address which Mr. Mehta the well-known Bombay Co-operator, delivered as the President of the last Provincial Co-operative Conference of United Provinces (extract from which are published elsewhere*) was, as might be expected from the worthy son of a worthy father, an illuminating and suggestive survey of co-operative problems in general and therefore many of his remarks apply to Indian Co-operation as a whole and not exclusively to United Provinces only.

After a few preliminary remarks he plunges into the heart of the question and states that so long as the Government continue the present policy of imperceptibly slow advance in education very little progress can be expected in co-operation. He also accuses the Government of being lukewarm and not taking practical steps to get the burden of agricultural debt reduced and put down usury. In fact he goes to the extent of saying that almost alone among modern governments in the world, the Government of India refuses to have a policy of financial and economic reconstruction.

He pleads for a sympathetic policy on the part of Government regarding co-operative marketing and the encouragement of cottage industries to augment the limited income of the peasant.

He lays great emphasis on the need for the formation of an apex bank for the Province which will have very important functions to discharge when the Reserve Bank gets established with its Rural Credit Department.

Having said so much on agricultural co-operation he turns to the urban side of it and lays great stress on co-operative housing, Insurance and Stores. He conluded with an eloquent plea for deofficialisation and quoted the late Sir Horace Plunkett in support of his view.

Every thoughtful co-operator would agree with Mr. Mehta in his accusation of the Government of India for following a rather lukewarm

* See page 715 of this Journal.

policy, in the matter of co-operation and in their not having a definite agricultural policy calculated in every way to strengthen the economic conditions of the peasant. The Government have to do much, but we the non-official co-operators also have to do much and it is only by concerted action on the part of these two wings of the movement that the evils we are suffering from can be avoided and the goal of contended and prosperous peasantry reached.

We offer our hearty congratulations to Mr. Mehta who, as is well known, carries a very sage and practical head over his young shoulders.

The need for a Central Education Agency.

Mr. Ramadas Pantulu in his Vizag address pleaded eloquently for a reintroduction of the idealism of pioneers which enabled them to function very efficiently as Co-operators 'What has happend in the meanwhile and why is not the present generation of workers actuated by as high an idealism as the pioneers of the movement three decades ago' is a question that rises to our mind when we contrast the worker then and now.

Nature always takes care to do very effective 'propaganda' for the perpetuation of its own species and like the shrewed old Dame she is, she makes allowance for wastage and broadcasts her seeds with characteristic prodigality. Is there any arrangement in our movement whereby fresh men could take the place of veterans who drop out by the efflux of time, men who by their enthusiasm and equipment would be not bad substitutes for the persons replaced ?

When the movement was started about thirty years ago there was a wave of general enthusiasm which swept over the land and which in course of time waned away as the novelty wore off; but the first recruits especially among the ranks of non-officials were the pick of the land and enthusiasm of Ramachandra Rao or Hemingway was infectious; in recent times the work entrusted to Registrar has grown so much that a good deal of his time is taken up by routine matters and he has every little time for propaganda even if he has the will and the equipment for it. The work however has to be done and it is in the fitness of things that the Provincial Co-operative Union should be recognised as the agency for doing this work. Some critics would at once add that it is so recognised ; but has it got the necessary funds and facilities for doing that work efficiently ?

The Provincial Co-operative Union is in charge of Training Institutes and even if the proposed scheme of a Central Co-operative College at Madras were to mature it would solve the problem of equipping the hands necessary for running the movement. What about the leaders ? What about the rank and file ? It is here that our educational agency is somewhat defective.

It is not at all difficult to devise a scheme which would meet our present requirements; but that would mean money. Not that money is not available for the purpose in the movement but that for lack of a rigorous policy and definite objective it is being inefficiently used. We could suggest as a tentative measure that every Central Bank and prosperous Urban Bank having a working capital of Rs. 50,000 and above do set apart every year 1/5 of its Common Good Fund for the Central Educational Agency. The only difficulty would be how to overcome the narrow parochialism which expects every pie of such amounts to be spent locally. It can be got over if co-operators recognise the federal nature of the Central Agency and look upon it not as an outside Institution, but their very own in every sense. We hope the Provincial Co-operative Union will thus be financially strengthened and asked to go ahead with a constructive educational policy and the necessary machinery for it which would effectively repair the damages of time and keep the workers ever efficient and trim.

Fundamentals reaffirmed.

When persons of wide culture and vast experience come to deal with co-operation even though they may not be in active and intimate touch with it they bring a freshness of outlook to bear upon it and generally deal with fundamentals of the movement which the actual worker is likely to neglect in his attention to the details of every day problems. We find it this amply illustrated in the speeches reproduced in our journal last month delivered by two eminent South Indians whose fame however has travelled far beyond the limits of South India. Rt. Hon'ble Sastriar speaking at Sivaganga laid great stress upon the fundamental ideal of Dharma which underlies all activities of men as conceived by our ancient Law-givers and advised his audience not to neglect it in their scramble for Artha Quoting Bhartrhari he placed before them the high ideal of ministering to others even at the sacrifice of our own interests and warned them against unscrupulous self-seekers who crowd out men of principles in modern elections.

Sir C. P. Ramaswami Iyer speaking at Kumbakonam in throwing open the new buildings of the Central Bank drew attention to the fissiparous tendencies like the law of partition among the Hindus and held up for imitation the exalted examples of Holland and Denmark where principles of Co-operation have achieved wonderful success, and advised his audience to develop the spirit of true Co-operation.

We fully endorse the wise advice of these sage counsellors. Such advice comes timely to us now and we hope the movement would again be pulled up from the Slough of Despondency into which it has apparently fallen by persons actuated by the high ideals preached by these illustrious leaders.

Development of Village and Domestic Industries.

ORGANISATION OF HANDLOOM WEAVING.

BY MR. V. RAMADAS PANTULU.

Cottage Industries vs. Organised Industries.

The Royal Commission on Agriculture drew pointed attention to the fact that the agriculturists in India, who formed the bulk of the population, had ample spare time at their disposal to pursue one or other of the small domestic and village industries to supplement their slender income from their hereditary occupation of agriculture. They stated the problem in these words: "As agriculture in the greater part of India cannot offer employment for the whole of the year, the problem is to suggest lines of work which can suitably be undertaken by the cultivator or his family in their spare time." Among such village and domestic industries, the Royal Commission discussed the potentialities of the following industries: (1) the industries pursued by the village artisans; (2) the handloom, pottery and rope making industries; (3) sericulture; (4) poultry making; and (5) lac industry. The Provincial Banking Enquiry Committees, who went into this question in greater detail with reference to the special conditions of the several provinces in India, have added to this list some more industries. The most important ones discussed by those Committees are handloom weaving, silk, gold and silver thread, brassware, bell metal, bidi and charoot making, mat making, gur making, hand hulling, extracting of oil in village oil press, dairy, farming and work of the village artisans generally. (See page 239 of the Indian Central Banking Enquiry Committee's Report.)

The accounts given by the Provincial Banking Enquiry Committees of the condition of these rural and cottage industries form very painful reading. These industries, which still give work to a large number of people, are said to be mostly declining. In some quarters there is a conviction that energy and money spent on reorganising these industries will be wasted, for these cannot stand competition with organised factory industries. The Royal Commission on Agriculture were themselves very sceptical about the future of these industries and consequently there is no evidence in the Commission's report of any enthusiasm for their revival. Here is the Commission's conclusion: "Even with the aid of new ideas and assistance in training and marketing, the contribution which several rural industries can make in reducing the heavy pressure on the land is infinitesimal *and in the nature of things they cannot as a rule hope for ever to survive the increasing competition of organised industry.*" Some of the Provincial Banking Enquiry Committees have struck a similar pessimistic note. But a careful study of the data collected by these very Committees about the existing condition of some of these industries, the causes that contributed to their decline in the past and the remedial measures that may be taken to reorganise them will show that this pessimism is unjustified and that there is sufficient vitality still left in some of these industries, which, if properly nourished, will be able to revive them and to enable them to furnish subsidiary occupations to the agriculturists. The Indian Central Banking Enquiry Committee, after a careful review of the evidence collected by the Provincial Committees said : " From a study of the Provincial Committees' reports, we have come to the conclusion that by the introduction of new and the expansion of the existing industries, much can be done to provide the cultivator with a suitable subsidiary occupation for his spare time."

Need for State's intervention.

Dealing with the causes that contributed to the deterioration of these industries, the Central Banking Enquiry Committee says: "There is little doubt that one of the main reasons for the decline of the cottage industries is the lack of interest taken by the Government in the past, at any rate up to 1921, in the fostering and developing of these industries." The policy of the Government was one of non-intervention in the development of Indian industries, except by way of some provision for technical and industrial education and collection and dissemination of commercial and industrial information. Since the introduction of the Montagu-Chelmsford Reforms in 1921, industries became a transferred department in charge of ministers in the provinces. The Montagu-Chelmsford Report distinctly said that "the Government must admit and shoulder its responsibility to the industrial development of the country." The meagre financial assistance given to the ministers for development and the limitations placed on their spending powers, among other causes, however stood in the way of any marked improvement in the matter of industrial development. Nevertheless, there has been a change in the outlook in regard to the duty of the Local Governments ' responsibility to play an active

part in the development of the industries in the provinces. But, this benevolent mental attitude is by itself not enough. The Provincial Governments must have active industrial programmes and pursue them with enthusiasm and vigour, if the surviving rural and cottage industries are not to become gradually extinct. It is pointed out in one of the reports that in Germany small scale industries employ about two-fifths of the population and 90 per cent of the industrial establishments and that those results were achieved by the State's economic policy in regard to State aid and supervision of those industries. Similarly the development of industries in the U. S. A., and Japan is due to the necessary and opportune intervention of the State. Without such intervention the advantages which a country may possess in regard to capital, labour and raw material will not by themselves avail. In regard to the phenomenal progress of the U. S. A., Professor Taussig says: " Rich natural resources, business skill, improvements in transports, widespread training in applied sciences, abundant and manageable labour supply, these perhaps suffice to account for the phenomenon. But, would these forces have turned in this direction so strongly and unerringly but for the shelter from foreign competition ? "

Handloom Weaving.

The most important of the Indian cottage industries is of course the handloom weaving industry. The Provincial departments of industries have realised the great importance of this industry to the people and have been trying to do something to arrest its decline and to organise it. Nevertheless, the industry has been declining and showing signs of its inability to withstand the growing competition from the Indian textile mill industry. Interest in this problem is now revived by the offer of the Government of India to find Rs. 5 lakhs an year, for the next five years, from the central revenues, to help the Provincial Governments to organise handloom weaving in their provinces. In this connection the Madras Government has been asked to submit a scheme for the development of the Industry in this province. It is not known what scheme the Madras Government has submitted or intends to submit to the Government of India and how the subsidy by the Central Government is proposed to be spent.

It may, in the meantime, be interesting to know the existing position in regard to handloom weaving industry in India, the nature of the handicap from which it suffers and the reason for the Central

Government coming forward with offer of financial assistance to this industry. The Tariff Board estimated the number of handlooms in this country at about 2½ millions and it is said that about 10 million people are still supported by this industry wholly or partly. The textile mill industry gives employment to about 4 lakhs of people and supports about one million persons. In the year 1933, the handlooms produced about 1700 million yards of piece goods, valued at about Rs. 37·46 crores, while the Indian Mill Industry produced about 2899 million yards of goods, valued at about Rs. 65·76 crores. Before 1910 the handlooms produced more cloth than the powerlooms in India. So, even in its present decadent condition, the handloom industry clothes a large section of the population and it supports ten times more people than the powerloom industry does. If the capital invested in the handlooms is compared with that invested in powerlooms, the former will be found to be an insignificant fraction of the latter. It is estimated that 1000 power looms for weaving dhoties and sarees cost about Rs. 5 lakhs; and these 1000 looms yield an average daily output of about 50,000 yards and give employment for about 500 weavers. If the same sum of Rs. 5 lakhs is invested on handlooms, it is estimated that the daily output of cloth will be 1,60,000 yards and the number of weavers employed in the process will be 16,000. The permanent or block capital invested on lands, buildings, machinery and motive power in the textile mills is colossal. In regard to cost of upkeep also, there is no comparison between the two. Compared with the huge sums spent on the upkeep of powerlooms in repairs, renewals, wastage, insurance and the like, the money spent on the upkeep of handlooms is negligible. Again, the handloom weaver is content with smaller wages than the worker in the textile factory, for life in the village is less costly than in the town and the supply of labour is more abundant in rural than in urban areas. Notwithstanding all these advantages on the side of the handloom weaving industry, the products of the handlooms have to be sold at prices higher than those of the mills. What is the reason for this disparity? It is not the greater economic efficiency of the powerloom.

Conflict between handloom and powerloom:—Need for internal adjustment.

It will be found on an examination of the question that schemes for the simultaneous development of the power and handloom industry side by side are somewhat difficult to work out. As matters stand at present, there is a clear conflict of interests between the powerloom and the handloom. Excise duty on the

Indian mill-made cloth gave some economic advantage to the Indian handloom product over that of the powerloom product. The abolition of that excise duty and the imposition of duties on imported cloth and yarn placed the handlooms at a disadvantage, specially because the Indian mill-made yarn has become dearer to the handloom weaver than the imported foreign yarn before the levy of the import duties. The extent of the dependence of the handloom weaver on the Indian mill-made yarn will be evident from the following figures: Indian mills produce in a year about 950 million pounds of yarn; about 10 million pounds of it is exported and about 600 million pounds is consumed by the powerloom. The balance of 340 million pounds is purchased by the handloom weavers. The rise in the price of Indian mill-made yarn is not however accompanied by a corresponding rise in the price of cloth made on the mills with that yarn, while it is accompanied by such a rise in the products of the handlooms, which are obliged to buy that yarn at the prices fixed by the mills. The advocates of the development of handloom industry, therefore, urge that the real solution for this intriguing situation lies in making a suitable adjustment in the spheres of production of cloth on the handloom and powerloom or, as an alternative, in fixing a quota for the production of cloth by the mills. But any such arrangement should not relegate the handloom weavers to the position of those who cater to the clothing needs of only a section of the people or who supply only some kind of stuffs to the people which the powerlooms cannot economically produce. The proper solution, dictated by true national interests, will be for mills not to produce the varieties of cloth which form the bulk of the output of the handlooms. The problem that confronts us is that while Indian textile mills seek protection from the competition of cloth and yarn imported from outside, the Indian handloom weavers demand internal adjustment between the powerloom and handloom. It is feared by many competent authorities that in the absence of some such adjustment the handloom weaving industry cannot withstand the competition from mills in regard to the price of the cloth and may continue to deteriorate more rapidly than it did in the past, *pari passu* with the development and rationalisation of the textile mill industry.

Proposals for the adjustment of the spheres of production or fixing quotas have naturally not met with the approval of the mill owners in India. So, some less drastic suggestions were made to help the handloom weavers. One such suggestion was that a small cess of three pies per pound of yarn consumed by the powerlooms be levied to create a central fund for organising the handloom industry. In view of the fact that handlooms are the main purchasers of the Indian mill yarn the proposal was a reasonable one; nevertheless, it was not accepted by the mill owners. The proposals of the Madras Government to levy a cess partly on yarn manufactured in India and partly on yarn imported into India with a countervailing duty on both yarn and cloth, from the proceeds of which the handloom weaving industry may be reorganised, have been turned down by the Government of India on the ground that the proposals trench upon central taxation. With effect from 1st May 1934, the Government of India revised the duties on imported yarn and cloth; yarn of British manufacture of counts above 50 *s*. pays 5 per cent *ad valorem* and non-British $6\frac{1}{4}$ per cent *ad valorem*. On counts below 50 *s*., yarn of British manufacture pays 5 per cent or $1\frac{1}{4}$ anna per pound whichever is higher and the non-British yarn $6\frac{1}{4}$ per cent or $1\frac{7}{8}$ anna per pound, whichever is higher. The revised rates of import duty give no relief to handlooms which depend mostly on yarn supplied by the Indian mills. The Government of India, it is said, now propose to find from these customs duties Rs. 25 lakhs to be distributed to the provinces during the next five years for organising the handloom industry. The country awaits with interest the proposals of the Local Governments in this matter and the mode in which assistance will be given to the handloom weaving industry.

Co-operative organisation of handloom weavers.

Several commissions and committees have hitherto examined the question of arresting the decline of and reorganising the handloom weaving industry. The Royal Commission on Agriculture, who entertained grave doubts whether the industry, in spite of all the help it might get, could in the long run withstand the competition of organised textile mill industry, said, that, besides provision for finance, the other modes of assistance consisted in "(i) development of new ideas such as supply of attractive patterns, (2) careful and thorough instruction in modern processes and (3) finding of markets in and outside the locality." The Commission's constructive suggestion was that such assistance would best be given to artisans, ***organised on a co-operative basis***, by the Industries and Co-operative departments of the Local Governments. This recommendation to organise weavers on a co-operative basis received little attention and evoked no response, for weavers' co-operative societies were not, generally speaking, found successful in the

past and there was a deep prejudice against them in responsible quarters, including the Department of Co-operation. I am of opinion that this condemnation of the possibilities of co-operative handloom weaving is both hasty and unjustified. The so called failure of co-operative weaving societies in the past was mainly due to avoidable causes. There were localities in which the societies worked satisfactorily in regard to production of cloth. If they did not flourish, it was due mainly to difficulty in distribution, that is, in finding a ready sale for the products, to overcome which adequate effort was not made. Where such societies failed to function effectively even in the matter of production, it was due to defective organisation, absence of necessary technical assistance and inadequate or unregulated finance. Where sound organisation, proper technical assistance and requisite finance and adequate marketing facilities were forthcoming, the societies did prove a success. The indebtedness of the weavers, lack of organisation among them and marketing difficulties are urged as the main obstacles to the success of the weavers co-operative societies. It is precisely these difficulties that co-operative enterprise is intended to solve. To urge them as reasons against organising weavers on a co-operative basis is to reverse the process of thinking over the problem. To my mind, any proposal that the organisation of weavers' societies on a co-operative basis should be put off till these difficulties are first overcome or partially solved, is to argue in a vicious circle and will not take us anywhere near the solution of the problem.

The position in Madras.

The position of the handloom weavers in Madras is thus summarised by the Indian Central Banking Enquiry Committee:

"*Handloom weaving, Madras*. There are four classes of weavers:—

(1) Those that weave cloth for ryots who give the yarn and pay for the labour. This system is no longer common.

(2) Those who buy yarn, make cloth, sell it in the local *shandy* or hawk it round the villages, and carry on with the sale proceeds.

(3) Those who buy yarn from the local dealer on credit, selling back the cloth to him.

(4) Those who are supplied with yarn and finance and return the cloth to the *sowcar* or master dealer."

"The fourth class is generally seriously in debt, while those in the third class are slightly better off. The former are not at liberty to sell when they like, and are bound to sell their goods at an agreed price to the master-weaver or the merchant to whom they are indebted. Those in class (2) are in a somewhat higher stage economically. The difficulty of marketing is great on account of the fact that the mill-made cloth governs the price of all."

This statement of facts shows that the initial factor that enters into the pursuit of handloom weaving as a remunerative occupation is supply of yarn and other raw materials at a reasonable cost. This is intimately connected with the question of finance which is the second factor. The third factor is finding markets for the handloom products. Let us examine how these three factors can be created.

Supply of yarn and raw materials.

Bringing down the price level of products of the handloom, at least to that of those of the powerloom, in order to save the former from unequal competition with the latter, is the first object which must engage the attention of those who set about the organisation of handloom weaving industry. The cost of yarn and other raw materials is naturally an important factor which enters into the price of the finished product. Even if we cannot control the prices of the Indian mill yarn, we can do much to reduce its actual cost to the handloom weaver who now buys it mostly on credit from retail dealers or middlemen in the industry at uneconomical prices. It is the same case with other raw materials such as dye stuffs and chemicals. Similarly, the cost now paid for weaving appliances and machinery for dyeing and finishing, etc. may be brought down. The Department of Industries may undertake these services preferably through co-operative organisations. Under a proper system of co-operative joint purchase of raw materials and duly regulated financial aid by the State and Co-operative Banks, these modes of assistance can be effectively rendered and the cost price of the handloom products can be brought down and the margin of profit to the handloom weaver on sale of the products increased.

The Indian Central Banking Enquiry Committee, after a careful and exhaustive review of the position in all provinces, said :—"The result of working on raw materials supplied by dealers on credit and selling the finished products to the dealers is said to

be generally to the detriment of the artisan, as he has to pay a higher price for the raw materials supplied on credit in addition to interest on their value, and is allowed lower prices on the manufactured goods. In our opinion, *the remedy for this state of affairs lies in the formation of co-operative societies for helping the artisans*, though the general experience of the working of co-operative artisan societies has not been satisfactory so far in most of the provinces. Some industrial co-operative societies are, however, working successfully. For instance, the Basin Weaver Society is reported by the Central Provinces Committee to be working very successfully. Other instances are also found in other Provincial Committees' Reports."

Handspinning.

There is of course the question whether handspinning cannot be encouraged and developed as a spare time occupation by millions of rural population who are not fully employed for several months in the year, in order to supplement the supply of mill yarn to handlooms by hand spun yarn. Mahathma Gandhi's dream is to ensure the entire supply of such yarn to handlooms through the *charka*. I am aware of the fact that expert opinion in the textile branch of our industries department is that feeding the handloom with handspun yarn is not a good business proposition. It need not be accepted as the last word on the matter which deserves further examination with the assistance of the informed enthusiasts among the advocates of the cult of the *charka*. I understand that in Assam and Bihar some good work has been done in the promotion of handspinning and supplying the handloom with hand spun yarn.

Finance.

The financial needs of the industry are summed up under three heads: (1) Purchase of raw materials; (2) working expenses during the period of production; and (3) financial accommodation between the period of production and final disposal of the product in a suitable market. The Government through the Departments of Industry and Co-operation, the co-operative banks and the commercial banks are the agencies which must provide the finance. I think co-operative banks must shoulder the responsibility to a larger extent than the other two agencies. But this will be possible only if the weavers are organised on a co-operative basis. We must rescue the weaver from the usurious money-lenders, the merchant middlemen who deal in raw materials and other classes of intermediaries who exploit him.

I commend to the friends of the rural industrialists the following recommendation of the Indian Central Banking Enquiry Committee :—"A proper agency for financing the rural industrialist on cheap terms and for rescuing him from the clutches of the money-lender and the middleman, where these drive unfair bargains with him regarding supply of raw material and sale of finished product, appears to be very essential. In spite of the not very hopeful experience in the past, we think that co-operative industrial banks or well organised co-operative urban banks are the best agencies to meet the requirements of these industries satisfactorily. We recommend that co-operative institutions should be established to finance the rural industries on a larger scale than at present. Such institutions should be able to tackle the problem of indebtedness of the artisans, and by propaganda and education remove the existing defects in their character and efficiency. We recommend that Government should give assistance in connection with propaganda and education and should also be prepared to provide funds for the movement, if it grows on a large scale and is in need of such funds."

Marketing.

The marketing of any commodity is dependent on its suitability for the market and its price as compared with those of its rivals in the same market. So it is with the handloom cloth. If the handloom product can be sold for about the same price as the mill cloth of the same variety and made to suit the tastes of the rural population in general, the local markets in and around the places of production will normally absorb the bulk of the products. Our primary endeavour must therefore be to cheapen the handloom cloth and make it attractive to the local consumer. I feel that undue emphasis is sometimes laid on the need to organise central depots in large cities and towns to find a sale for these products. So long as the price of mill cloth rules the market and the handloom products are not supplied in suitable designs so as to satisfy changing needs and fashions, the cities are less suited as markets for them than the villages. The mill cloth sold in the retail village shop or by the hawker and the itinerant agent of the mill cloth dealer is dearer to the rural consumer than it is to the urban consumer who purchases it directly from the city shops. So, the disparity in the prices of the mill cloth sold in the village and the handloom cloth sold locally will be less than

what it would be in the city emporiums where both may be stocked together. Moreover, the average villager is less sanctimonious about colour, design and pattern and less insistent on a wide field for choice in varieties and more alive to quality, durability and utility than the average urban consumer. The interest charges on the capital invested in wholesale purchase of handloom cloth by the big urban middlemen and the rent and other incidental charges for running these central depots will add a good bit to the price of these products. The bulk of the products after all has to be ultimately brought back to the rural consumer, necessarily through another set of middlemen. Will this arrangement make these products cheaper and more economical in the long run? I think not. Thus, if we place excessive reliance on wholesale purchases by big capitalist middlemen and distribution through central depots of stocks of the handloom cloth, the profits of the intermediaries employed in the distribution of the products may more than counterbalance the savings effected in the cost of production by supply of cheaper raw materials and appliances. Moreover, is it not strange that, while the problem with the Indian mill owner and the wholesale importer of foreign cloth is to find widespread distributive agencies to retail the goods in rural areas where 80 per cent. of the Indian consumers live, the problem with the handloom weaver who produces on a small scale mainly for local consumption should be to find facilities through big urban middlemen for initial transfer of his products to central emporiums in the cities? Our primary endeavour must therefore be to encourage the local consumer in and around the places of production to prefer the handloom cloth to imported or Indian mill-made cloth of the same variety.

The problem may be different in regard to handloom products which are chiefly intended for export trade like Madras handkerchiefs and lungees or those made for city consumers and distant internal markets like the Salem silk and lace border cloths and Madura sarees. The traders in Madras and large capitalist purchasers may be of use in the case such products. But, in the case of goods made for normal local consumption, it is more desirable to dispense, as far as possible, with capitalistic middlemen and to organise marketing through co-operative sale societies and small depots in the nearest marketing centres. In order to aid these societies and depots to establish connections with the actual consumer, central display houses in cities where samples are stocked and information is given both to producers and consumers, will be useful. In addition to technical advice about designs, patterns and economic methods of production, adventitious aids for marketing by display, advertisement and other methods must be rendered by the Departments of Industries and Co-operation, marketing boards and marketing offices to popularise the handloom products. The problem of marketing can, in my opinion, be better solved by these modes of assistance than by the creation of central emporiums for the stocking and distribution of handloom products.

I earnestly hope that the provincial Departments of Industries and the Central Government will explore the potentialities of co-operative organisations of handloom weavers for joint purchase of raw materials, production and distribution and not be influenced by the prevalent prejudice against such organisations, which is unjustified. The Department of Co-operation must put a little more idealism and enthusiasm into this business and give a helpful lead. The subsidy that the Central Government proposes to give to the provinces would, in my opinion, be best utilised in organising co-operative weavers' societies giving direct financial assistance to them, on measures to improve the quality and bring down the price of the handloom products and in meeting the cost of display, advertisement and the services of officers who give technical advice both in regard to production and marketing. The revival of the handloom weaving industry which still maintains millions of rural population, which can never be absorbed by the mill industry, however much it may be developed, is an economic issue of the greatest national importance.

Co-operation and Social Welfare.

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

CO-OPERATION AND AGRICULTURE.

Above all that have been recounted, stands the record in the domain of agriculture which is now recognised to be the principal concern of Co-operators in rural areas, efforts in that region contributing much to the economy of the nation. There has been of late persistent effort to co-ordinate the work of the state in the departments of Agriculture and Co-operation. A prominent ideal now held up is to have applications for loans scrutinised by the officers of the Agricultural department. Such a course is deemed necessary as Mr. S. V. Ramamurthy would put it, for preventing the Co-operative hen laying infertile eggs by fertilising her with true agriculture. The Royal Commission on Agriculture was gratified to note that the better farming societies in the Punjab numbering over a hundred were composed of men who had pledged to follow the advice of the agricultural department and appreciative reference has also been made in their report to the Co-operative propaganda conducted in that province in favour of consolidation of agricultural holdings. The Commission commended the example of the Bombay Government who had ordered agricultural propaganda to be done through Co-operative agencies. That Government had also ordered in 1925 that co-operative products should be preferred in the Governmental purchases whenever such a course was feasible without causing any loss. The Linlithgow Report welcomed such synthetic efforts and advised the purchase of wheat or rice required for gaols from co-operative institutions. Such a course would really be of great assistance to the movement.

Perhaps the most useful service that Co-operative Societies could render to the agriculturist is to bring home to him the benefit of the latest advances in agricultural research. Knowledge of improved methods of cultivation, of newer modes of raising crops are very essential to a vigorous village life and organised co-operative efforts would place at the command of the humble tiller of the soil, practically gratis, the resources of perfected science and either in securing for him improved manure or assisting him in ginning his cotton or in installing machinery, the society can bring to bear on his affairs, the results of experience and research that have cost tremendously. Germany led the way in the application of electric power to agriculture and agriculture in many other lands is saturated with co-operation. H. H. The Yuvaraja of Mysore referring last year to the aeroplanes scouring Bengal advising ryots to restrict output of jute, put up an eloquent plea for greater efforts of that kind. "Central Banks," observed His Highness, "should not be content to confine themselves to mere borrowing and lending but should intelligently help the ryots with timely advice as to what crops it will pay him to grow and where he will find the market for them," and His Highness pointed as a nostrum for all ills to co-operation, yet more co-operation, not only in borrowing and lending but in buying and selling, in knowledge and enterprise, in thinking out new ways of reducing cost, gaining new markets, in helping one another in riding over difficulties". The goal of co-operative endeavour was never more clearly defined than in these wise words.

The counselling societies of Germany are among that country's contributions to agricultural co-operation and they furnish models for the rest of the world. It is gratifying to learn that in Bengal there are about 40 co-operative associations which run demonstrative farms and that the co-operative Museum in Sabour (Bhagalpur) where the Durga Prasad Co-operative Training Institute is working serves as a sort of information bureau answering all questions relating to marketing and sale. The better living societies in the United Provinces appear to arrange periodical group conferences and take up and discuss such questions as agricultural improvement, irrigation, consolidation of holdings, village sanitation and education, promotion of thrift and curtailment of ceremonial expenditure.

Encouragement to co-operative institutions is the pivot on which depends much of the economy in marketing and active development of ware-housing is an integral part of any state policy designed to encourage agriculture. In the March number of this Journal the present writer had occasion to dwell in detail on the economic aspects of the warehouse system and to indicate the great extent to which ware-housing can relieve agriculture of some of the disabilities it labours under. In the considered opinion expressed in a Report of the International Institute of Agriculture, grading and standardisation are the great hope of economy in marketing; they are the most important function in the marketing of agricultural

produce[14]. And conceding that grading and standardisation depend on high quality in goods, can we gainsay the fact of co-operative ware-housing having immeasurably benefited agricultural production ?

Cattle breeding is another sphere of extreme usefulness in the co-operative field. Half of the cattle in the cantons of Switzerland are said to be bought of co-operative agencies and the breeding societies of that country are among the farfamed in the continent. They enjoy a strong state aid. According to the Cahill Report there are over 300 cattle breeding societies in Germany all of which are institutions assured of state aid. The horse-breeding societies of Denmark conduct stud farms and the enthusiasm of the cattle-breeding organisations of St. Ivan Zalino received a stimulus when the Croatian government imported for them some Simmenthall cattle of pure breed—a proceeding which led to considerable improvement in the state of livestock in that country.[15] As regards India there are some breeding societies working in the Punjab and in Bombay. The movement however is reported to have failed in the Central Provinces and to have been only partially successful in the United Provinces but efforts already taken in the line have been held by persons in authority to represent in an encouraging degree organised public opinion being in favour of adopting the advice of agricultural and veterinary experts.

Such of the matters co-operators are interested in in relation to social welfare receive due attention in the rural reconstruction centres that have appeared all over the land, those of Alamuru Lalitadripur and Marthandam coming uppermost in our mind. We know of the work identified with the Benares experiment of Mr. Mehta who seeks to resuscitate select villages in his district as also of the praiseworthy efforts in Rasipuram. And no praise is too great for other unostentatious work done elsewhere. The campaign against dirt disease and death that the Salem District Central Bank has set its mind on and the scheme of temperance propaganda initiated under that Bank's auspices are typical of the way in which co-operators have dealt with some of the pressing problems of rural welfare.

We have had in our country examples of agricultural colonies too *e. g.*, those in the Sundarbans of Bengal with which the honoured

[14] G. O'Brien : *Agricultural Economies*, p. 108.
[15] D'Coffey : *The Co-operative Movement in C'Zeoko-Slovakia, Jugo-Slavia and North Italy.*

name of Sir Denzil Ibberton is associated and the ones sponsored by Mr. Hilton Brown in Mannargudy. Apart from colonies of this type, co-operative societies of the west have taken to large scale farming itself long ago, for instance the Rathlahine experiment in Clare now nearly a century old. And the co-operators of the United States and Italy grow orchids even as Denmark has developed her butter and bacon and Croatia her potato farms at Veliki Bukovec. And the world has been profoundly impressed by the great farms run by the Lombard Co-operators whose jam factories get the fruits grown in their own farms worked under the Mezzadria system.[16] It may also be added that the Canadian Government have been popularising up to date methods of picking apples.

Co-operation in Poultry farming.

Co-operatives have also been interesting themselves in poultry farming an aspect on which the rural reconstruction centres bestow some pointed attention. Here again the classic example in Denmark. England was till recently importing annually Russian eggs to the value of several millions and a colossal sum was saved for her with the successful and rapid growth of egg societies on the model of the Framlingham Society founded by Canon Abbay about 30 years ago. And notable strides in the direction of poultry farming are reported from Finland where the eggrelling business of the nation is done by what are known as Martha Societies. Indians too have taken to poultry farming. No wonder that they have; India is the reputed home of the Cock. The United Provinces Government have started a school wherein is imparted instruction and training in poultry farming and the rural reconstruction centres in our Presidency have included poultry farming among their activities, the well-known centre being that of Ramanathapuram in the Coimbatore District.

There are several other ways of the co-operative movement benefitting the mases. Arbitration societies have been initiated in the Punjab thanks to the interest and sympathy evinced by Mr. Calvert and Mr. Darling and their work has been reviewed favourably by the Civil Justice Committee presided over by Lord Reading. Some other co-operative societies have distributed improved seeds far and wide and in Burma co-operative pumps have watered for irrigation. Societies also assist in the sale of produce. The provision of co-operative sale societies and other suitable organisations for the pur-

[16] *Ibid*, p. 93.

pose was among the factors enumerated by the Indian Central Banking Enquiry Committee[17] as contributing to the promotion of orderly and profitable marketing of agricultural produce. Institutions in the west have been for a long time interesting themselves in this sort of work. In Finland societies push the sale of Vasarye and there as well as in Austria and in Denmark numerous societies for the sale of cattle are functioning. According to Mr. P. M. Kharegat's reports for United Provinces, societies for selling sugarcane and ghee function with success in that province. Equally successful have been the cotton sale societies of Bombay and the Punjab. And efforts are being taken to make the Jute societies of Bengal work on profitable lines. Societies for the sale of tobacco, chilly and arecanuts too have had a career in some parts of India. Flax growing is also taken up by some co-operative societies and some give loans to obtain fodder and agricultural implements—and organisations are not wanting which were formed for sinking wells and installing saw-mills and for production and sale of footwear or for selling fish as in the case of the societies in Helsingfors where the members are provided with fishing gears and a motor-boat as well for transporting fish.[18]

Industrial Co-operation.

There have also been societies for growing limes and co-operative Vintries exist in Transylvania, France and Cyprus. The forest laws of Finland rendered it possible to organise co-operative societies devoted to carrying on sylviculture as a result of whose labours rational principles have been applied in the utilisation of forest products. There have been societies of beekeepers in Ireland where honey to-day is being graded according to well recognised canons and the tobacconists of the Island have been favoured for a long time past with prudent state subsidy. There are several other industries which have been worked on co-operative lines. Electric societies constitute another example and some of the largest gas companies in London appear to be co-operative owned and co-operative worked. Dr. Ogata also speaks of drying houses for the Cocoon of Japan as well as of the facilities given by co-operative Societies for strawplaiting and reeling and re-reeling of silk in that country.[20] Even in our own country the cottage industries have

[17] pp. 213-214.
[18] Dr. H. Gebhard. Co-operation in Finland.
[20] Kiyoshi Ogata: The Co-operative Movement in Japan, pp. 179-180.

been seized by the co-operative societies. There are hand spinning and hand weaving operations carried on by co-operatives. The Ellur dhuppathi's are justly famous and the record of work done in this and in other spheres is indeed creditable.

Finland- an Object Lesson.

Before we leave this part of the subject we have to hold up Finland as the instance of a nation poorly blest by nature and oppressed by a spiritually stifling Czardom which found in co-operation the way for its salvation. Its co-operation is about 35 years old and during its brief career it has embraced every sphere of national life. We have in that land egg sale societies, flour mills, telephone exchanges available for use to the poor in need, purchase societies, well societies, cattle insurance societies, forest associations and factories for producing matches, sweets and wood work—a bewildering variety of organisations, all models of efficiency while the banks supply credit to the needy. A nation of small landholders have thus their requirements supplied by special societies which dot over the face of the land and the way in which agriculture has been co-operatised in Finland should inspire hope in the workers elsewhere.

Workers Co-operative Movement.

It is not surprising that the co-operative idea has worked itself into the favour of the workers and artisans. Sgr. Mussolini viewed with sympathy the development of co-operative organisations among that class of society. "Co-operation well organised and directed is capable of making a powerful contribution to the moral and material elevation of the working classes. It should be encouraged and perfected", observed the Duce once. Such workers unions are dotted over the face of Europe. Several labour societies had sprung up in the parts of Finland even before the war and unions of dockyard labourers owned extensive property in derrick cranes, tug-boats and the like. The hackney drivers of Paris have organised themselves for group purchase of cabs, harness and the other requisites of their occupation while the Zapateros of Spain combine to buy leather required for boot making.[21] The Zviza Slovenskih Zadruga the premier co-operative organisation in Slovenia has a printer's society as also a boot-makers union and co-operatives salt and export the mackrel and the sardines of Dalmation fisheries. Societies for such bewildering purposes are not working in Europe alone; they are met within

[21] Smith Gordon. Co-operation in many Lands. Vol. I. P. 130.

our country itself as is evidenced by their existing in Behar and Orissa alone, of societies for weavers and spinners, carpenters, blacksmiths, tailors and even for dealing in betel leaves. The classic example of artisan and workers organisation in the field of co-operation is however to be found in Italy where groups of braccianti or labourers are wont to combine into unions for securing and executing work. Mr. Llyod says that 15 per cent of the contracts of the public works department in the peninsula and almost the whole in Ravenna and Ferrara are executed by the labourers' unions.[22] They manage great printing works in Milan, and have constructed streets of marble houses, the bridges of Bologna, the drainage of Rome, the magnificent Post Office and Library in Florence besides owning several railways. Official enquiries appear to have found their work quite satisfying from the standpoint both of efficient service and of the time taken for the execution of the work let on contract to them, with the added advantage of absence of litigation. There is evidently nothing like this in any other country. The workers Co-operators of Milan have erected dormitories and libraries and halls and conduct several glass works and also run their own organ, Il Lavaro, a paper of considerable circulation and finally the Milanese Co-operative. Federation has furnished in the Gioisa system one of the world's most interesting experiments in child education. All things considered the progress of the Co-operative Movement in Italy has justified the dream of her gereat statesman Luzzatt who had once expressed the view that co-operation was never and ought never to be the monopoly of any school or of any sect or of any party but it ought like the light of the sun to shine upon the heads of all miserable mortals.

Co-operation, Public-health and Education.

A passing notice should be made of the contribution of the co-operators to the public health activities of the community. D'Coffey tells us that agricultural Societies in Markovec have attached medical services as a part of their work and that several societies have added bathrooms in their premises for the use of their members. The Movement towards better health has naturally brought on woman. The women's co-operators Guild in England include the imparting of lessons in sicknursing and cooking as part of their social uplift work, and the care of the convalescents is one of the objectives of the Guild. Instances there are of co-operative societies

[22] E. A. Lloyd. The Co-operative Movement in Italy.

financing the erection of hospitals and nursing houses. The Members of the United Irish Woman Society have taken to the better living part of Plunkett's famous formula and have been encouraging home industries. They have also established milk depots, in slums, egg circles for the poor and also garden clubs and village nurseries.[23] In India also some work is to the credit of co-operators in the matter of organising public health. There is a leprosy clinic in Elur, a medical and general store in Masulipatam and a co-operative anti malarial society in Bengal which owed its existence to the initiative of Rai Bahadur G. C. Chatterjee.

It is necessary before we close to refer to the educational work of the co-operative movement. In England the honoured name of Vansittant Neale, the late Secretary of the Co-operative Union is associated with the movement which has been instrumental in starting hundreds of libraries, and reading rooms in the United Kingdom. Swiss co-operators have interested themselves in primary education and the kind of adult education given in Denmark's rural high schools is well-known all the world over. The Co-operative Federation in France has established a committee which looks after groups of pupils and to this body has been assigned the task of keeping the fire of learning among the members of the co-operative community. A few societies in that country have established libraries, theatres, motehalls and gymnasiums, such institutions being known as Maisons du people (peoples palaces)[24]. The students co-operative movement has made much headway in Switzerland and Finland and Belgian co-operators have assigned education an important place in their plan of work and much the same success has been achieved in Spain where the schools established for the children of co-operators are said to be remarkably kept up and such as to supply the deficiency in secular education in that peninsula.

But for the most instructive instance of co-operative educational institution we should turn to Milan where in the Gioisa system inaugurated in 1919 the world has had an illustrious manifestation of the power of the movement to leaven the masses with true culture and to lighten the greyness of their lives. Here is a centre of free studies and recreation for children hundreds of whom a special service of cars take in squads on educative excursions on Sundays

[23] L. Smith Garden: Co-operation in Ireland, pp. 26-27.
[24] Gide: Consumers Co-operative Movement, p. 71.

an experiment which seeks to harmonise aesthetically the body and the mind, an enterprise without a peer in the varied annals of the co-operative movement itself.[25]

Conclusion.

These are some of the aspects which should be borne in mind when assessing the positive achievements of the co-operative movement on the side of social welfare. What has been said discloses the very wide range of activities which may receive greater and greater attention at the hands of co-operative bodies in our country. Many and various are the forms of non-credit work that yet remain to be tried and much can be done if the hands of the co-operators are not tied up by the 10 per cent limit provided for by the legislature for co-operators to confine themselves to under section 34 of the Co-operative Societies Act. It is necessary that the resources of the movement should be increased if the fullest benefits of its work are to be secured for the people. Our difficulties are there but given a will there is no reason why fortified by the success achieved in the past here and elsewhere we should not take to the untrodden and baffling yet happier forms of co-operation. There is no denying the gradually extending appeal of the movement and the salutary and wholesome influence of its principles and according to a recent report more and more depressed classes people are admitted in ordinary societies. Tendencies like this encourage the hope that it would be possible to step beyond the bounds delimited by early co-operative idealogy in this land.

[25] See E. A. Lloyd: Co-operative Movement in Italy, Chap. VI.

Madras City Housing Problem—III.

By K. C. Ramakrishnan, M.A.

It must be clear from what has been said before that the real solution of the housing problem lies in an increase in the supply of houses of all types and sizes, to suit the needs of the middle clases as well as of the poorer. It is unfortunately difficult to estimate the extent of the shortage to be made good in the absence of any authentic survey of conditions of overcrowding at present. Such a survey, we are glad to note, has been already taken on hand by the Madras Corporation which has the greatest facilities for doing it and is the most concerned in finding out the magnitude of the housing problem. This depends on what standards of housing are considered as adequate for various classes of people. Such standards should be based not merely " on ethical considerations or motives of social convenience " but to a great extent, if not entirely, on the capacity of the individual to pay. For no private enterprise would undertake the supply of houses on any other basis and it would be an impossible burden for the State, much more for the corporation, to subsidise all classes of housing, when those that badly need it cannot get the full measure of it.

Provision for people without families.

To provide a separate house for every family is no doubt the ideal to be worked at. But there are several people in the city who need no such provision, for they are obliged to live without families. It is not known how many are merely sojourners in the city for business or study and so reside in hotels and hostels; how many seek temporary shelter in hospitals, how many stay for short or long periods in asylums or orphanages or mutts. Vagrant beggars of whom there would be, in our estimate, at least 1500 in the city are not in crying need of houses to live in. If the beggar problem is to be tackled at all, they require a different kind of accommodation altogether. The cooly immigrant population, camping on the open spaces, as on the Esplanade, and on sidewalks and pials live largely without families, though women are not so uncommon among them as commonly imagined. They again need to be accommodated in a way different from regular, permanent resident families. Choultries and Langarkhanas on the model of the sheds at Avadi for emigrants may be constructed in different parts of the city to serve the needs of Casual

labourers and domestic servants who need to live near their place of work. Kitchens may be provided for them to arrange among themselves, if possible, the cooking of their meals in groups as Andhra labourers usually do. Licensed restuarants and hotels may be attached to each of these sheds or groups of sheds for providing simple and wholesome food at as near cost as possible. A small rent may be charged per head per week for sleeping accommodation in the sheds. The success of the above scheme depends on the vigour with which rules against insanitary living and vending of food are enforced by the corporation. It should also be pointed out that many of these coolies that immigrate do not find enough work in the city. Demoralisation sets in among such unemployed and underemployed. Decent standards of housing and living are difficult to enforce under such conditions. It is a serious problem how far this rural exodus can be checked in the interests of the villages and the families of immigrants as well as of the city. A strict prohibition of living on the open may to some extent arrest this flow.

Middle-class Housing.

People with incomes ranging from Rs. 400 to Rs. 2,000 per annum would be a class for whom house-building schemes should be financially successful, if the tendency to be extravagant in the style of building by individuals be kept in check. Landlords get the largest returns from this class of people; rent payments are usually very regular. It is not the case that all these people desire to, or ought to, own the houses in which they live. Several of them are engaged in pursuits which render them liable to be transferred from the city; or on retirement they may choose to go back to their native place instead of settling down in Madras. There are more who have not the means to pay, in addition to interest on capital and maintenance charges, the necessary amount for amortisation of the original capital sunk in land and buildings. Theirs is a case for the organisation of public utility conerns or co-operative societies to build houses and let them out on economic rents but ensuring security of tenure under certain conditions and democratic management. It is not necessary for any public authority to undertake the responsibility for the actual building of houses for this class of people. But some encouragement and concessions in the initial stages are necessary to stimulate enterprise by private individuals or building societies. The traditional view that housing is largely a personal question and that public authority is unfitted for this task is firmly behived in by a large number of this class of people.

Provision of House-Sites.

The Corporation can render assistance by a better provision of house-sites which now lie in a haphazard condition and are taken up for building in an unorganised manner except in Mambalam. The provision of roads and drainage, and the supply of water and lights may be ensured at barecost and as quickly as possible. There are large open spaces hedged in by houses just on the borders of main roads, in Royapettah, Mylapore and Nungambakam, which may become attractive house-sites with the construction of feeder roads giving access to them. The fear of undesirable neighbourhood has held up land especially in the big compounds of bungalows from being used for further house-building.

Tax on Sale value of Land.

It is worthwhile considering if the bungalows in Madras should for ever enjoy the luxury of such enormous compounds that one fails to see in Bombay or Calcutta while ellow space for living is not available for masses of people in the city. Some extent of open land round about the house, fixed according to the tax paid to the corporation, may be allowed free. The rest of the land should be taxed according to the sale value and not the rental value of house and land appurtenant to it as at present. This would be one way of forcing more house construction and would also prevent land being held up from a speculative point of view. And it would be in consonance with the policy pursued by local bodies in countries like the United States, Great Britain and Germany, where on account of increasing market price of land—due to no effort on the part of the landlords—the sale value of land has become the basis of taxation and unbuilt land is more severely taxed than land built upon.*

Reduction of Building costs.

Another important part of the housing problem is the reduction of building costs. This can be solved only by an expert body of engineers, as it involves a good deal of research and experiment in the construction of houses of various types and in the training of our building workers —whose efficiency is said to be very low, compared with British workers and much lower still than American workers, particularly bricklayers, in whose case the application of the famous principle of 'Time and motion study' has been made. The possibilities of

* Seligman, *Essays in Taxation* pp. 488-90. Dawson, *municipal life and Government in Germany*, pp. 333-4.

'Structural Economy' worked out in England will have to be studied and tested under Indian conditions while large scale production of standardised parts will bring down costs of building undertaken by big public bodies, there is no reason why a rationalisation of the building industry even in the case of individual owners of houses should not be attempted by building societies organised for the purpose. The corporation may also attempt, like some sister municipalities in the west, the manufacture of building materials like brick, mortar and cement and act as a big purchasing agency for the supply of other materials like timber and steel.—

Exemption of new houses from Taxation.

There is another method of encouraging house-building in Europe, that is the exemption of newly built houses from the rates for a period varying from 10 to 30 years. The new houses have often been exempted from various taxes by the Government (*e.g.* stamp and registration duties) besides those on property imposed by local authorities. It is worthy of note that while direct financial aid by means of subsidies or cheap loans was confined to public utility organisations this indirect aid of fiscal relief was extended to private and individual builders, to middle classes as well as to working classes, as the exemption was not restricted to small dwellings.* The corporation of Madras may perhaps feel it too hard to provide for municipal amenities like water supply and lighting and forgo the revenue ordinarily receivable. But with a view to encourage house-building, it may, in the case of houses below a certain size, levy its full rates not all of a sudden but start with low rates and reach the maximum gradually within a period of 10 years.

Supply of Credit.

The supply of finance at reasonable rates has not been much of a difficulty in the case of house-building by the middle-classes in the city. The trouble has risen when building has been undertaken on a scale incommensurate with the capacity of the individual to repay from his income. Estimates are almost always exceeded and discretion is often given the go-by when the love of display—common even among cool-headed men—begins to dictate. It has not been so bad when a built house is acquired; it has seldom ruined the buyer. Several Nidhis or Funds, modelled on the Mylapore Hindu Permanent Fund, have done a

* For details of such exemption reference may be made to the *Report on Housing policy in Europe* published by the International Labour Offices 1930.

good deal to help middle-class families buy houses rather than build any. They fight shy of advancing loans for building purposes, while they are ready to advance on the mortgage of a building that is finished. This is because they feel they have little or no control over the borrower, if he chooses not to build but to dissipate the loan. Any guarantee by the corporation or the State or the Employer that will assure the proper utilisation of the loan for building only will go a great way to induce a further supply of fresh houses by the help of these nidhis, which have so far facilitated the transfer of houses existing rather than increased the number of them. The state in India has so far neither guaranteed the payment of amortisation or interest charges by house-buildings to credit organisations or specially empowered or compelled institutions with huge capital resources like insurance companies to invest part of their funds in house-building concerns. These are among the methods followed by European countries in the post-war period for developing house-building—not to speak of direct subsidies which are positively costly.

Co-operative Building Societies.

Co-operative building socities have been so far tried largely for middle classes and on the basis of ultimate ownership of houses to the members. In fact it is a misnomer to call them co-operative building societies. There has been no co-operation in building; no joint purchase of materials or joint engaging of services. Co-operation has been confined in most cases to purchase and allocation of plots and to finding the funds for building independently—at rates far higher than the 2 to 5 per cent rates that prevail in Europe for long term loans. Construction has been done mostly by individual members in their own fashion; the control has been inexpert all through, involving waste of materials and inefficient supervision. These has been no harmony in the planning of several houses in an area. All this should give place to co-operative building in its fullest sense.

Need for tenancy societies.

Building societies on co-partnership tenancy basis have not been tried in Madras, though they are very successful in England and have been tried with some degree of success in Bombay by the Kanara Saraswath Brahmin Community. They ought to be more popular with our middle classes who have no desire or prospect of settling down in Madras nor the means to pay even in instalments for the full ownership of houses. Where the tenants can, besides paying a rent that

will meet all charges recurring, also contribute a share of the capital (a quarter to a third of the cost of a house) in several instalments; it may be, the system of co-partnership tenancy may be tried, which induces in the tenant an amount of interest in keeping the house in good order. No tenant leaving his house can choose his successor, nor can he sublet it while he continues to live therein. When he leaves Madras he can withdraw his share capital.

Housing of the poorer classes.

While all efforts to render housing an economic proposition should be made it must be recognised that there are several people belonging especially to the working classes whose proper housing cannot be a paying business and will therefore require some sort of subsidy. It would be accepted on all hands that "merely to meet the economic demand of those who are prepared to pay economic rents is no solution of the housing problem." It is a fact that even in richer countries, the income of many workers is insufficient to buy or even rent decent houses. Private enterprise can scarcely be expected to provide the right sort of houses for the rents workers can pay. Hence the need for subsidy in such cases. Subsidy has fallen several forms, and the form it should take has been a subject of controversy in foreign literature on housing: Whether it should be only an initial subsidy for the construction of the house or it should also be annual to meet interest and maintenance charges or a part of these; whether it should have some relation to the income earned by the family or the rent it is obliged or inclined to pay; or whether it should be based on the strength of the family, particularly on the number of children.

Need for subsidy.

As we are launching on a new experiment it is better we proceed cautiously and on modest scale and on lines which would enable us to know approximately what our commitments would be. We suggest that in the case of housing of the poorer classes, the house sites be offered free and that the installation of lights, and the laying of roads, water and drainage pipes be also provided free, but a very light fee levied for the use of these by the residents annually. While all these are practically non-recoverable costs the essence of our scheme is that the superstructure constructed and maintained by any building agency should be made to pay its way *i.e*, to fetch a rent which would meet interest and maintenance charges in normal cases. There would surely be need for concession in the case of overburdened and underearning families. It is a difficult and delicate matter to decide and no formula can be devised to suit ali cases. They must be individually enquired into and decided by a committee composed of the representatives of the Corporation and the housing agency, and of the state and the employers. The subsidy needed to make up the economic rent should be granted by the State or the Employer. It is best to make the subsidy vary not inversely with the income of the family, but directly with the rent they are prepared to pay so that the housing accommodation the family would get would depend on the sacrifice they would be prepared to make supplemented by the subsidy recommended. Cases of exceptionally large families may need special concessions, as they are most obliged to stint on house rent.

Capacity Vs. Inclination to pay rent.

In this connection, it is necessary to advert to a fact that is often ignored; that while the capacity to pay rent varies, the inclination to pay also varies with individuals and communities. Just as an English worker is said to spend a greater proportion of his earnings on his house than a Scotch worker in the same locality, so here a Brahmin or Christian clerk getting often a salary lower than a skilled workman is prepared to sacrifice a greater proportion of his pay on a house than skilled workman or even a clerk of similar status in other communities. Even in the case of our slum dwellers it is not true to say in all cases that more than Rs. 2 per mensem cannot be paid by a family. The income of several families exceeds Rs. 30 particularly where we find more than one earner. There are persons with uncertain income, like fishermen, hand-cart and rickshaw coolies, dock-labourers, artisans etc., who often earn much more but indulge in wasteful expenditure, particularly on drink. Even those with cleaner habits do not always appreciate the value of better houses.

Need for education.

Even in England it is said that the poor have been by long slum life educated into believing that housing is not so important as food or clothing. According to Rountree, rent is almost the first thing on which a poor family will try to economise. As Pigon says "a great part of the squalor and discomfort of certain houses of the poor is not the result of inability to pay a reasonable rent but flows rather from the low standard and want of training of the tenants," and there is "scope for immense improvement even while the brute fact of

poverty continues." It required indeed all the efforts of the business like but benevolent Miss Octaria Hill, a disciple of Ruskin and an enthusiast for beauty and purity in the surroundings of life and the line of "women-managers" that she trained to induce people to pay higher rents and enjoy cleaner houses.

Scope for Social Service.

The Social Service Organisations in the City, the Madras Sanitary Welfare League in particular, may be expected to co-operate with the Corporation, in educating people to appreciate better housing. There has been a tendency everywhere for some people to 'make slums' wherever they may be settled and however much improvements in environment may be effected. The pig as often makes the sty as the sty makes the pig. It is against such destructive tendencies that education must be imparted; constant visiting and kindly enquiries, propaganda against drink by offering alternative refreshments and recreations of a wholesome kind will go a greatway towards the appreciation of better housing accommodation and the inclination to pay such rents as would render possible housing schemes on any worthy scale. The need for subsidy will, however, continue as long as the general fact of poverty is there, whereof inadequate housing is only a manifestation.

Minimum accommodation.

The minimum accommodation needed for a worker's family may be laid down as one living room of about 120 sq. ft. with a corridor 3 feet wide leading to a verandah in front 5 feet wide and to a kitchen in the rear of about 100 sq. ft. with ample provision for cupboards or racks and an open courtyard at the back with a bathing place and flush latrine in one corner. This is for a family of husband, wife and one or two children of less than 10 years of age. More living room or bed room accommodation would be required according to the strength of the family. The houses built should be of various sizes to accommodate families of varying strength and not be of one rigid type as in the case of 'police lines' and mill-hands' quarters. Houses may be built in blocks of not more than 8 in each; all facing the street, which should be not less than 20 feet wide with a similar cross street between every two blocks. Including the provision for streets 40 houses may on an average be built per acre of land—which is a vast improvement on existing conditions and is comparable with the earlier housing schemes in

English cities, though at present regulations permit only 12 houses per acre. Quartette houses built by Buckingham and Carnatic Mills for their employees may also be commended. To aspire for a separate house for each family with open space on all sides is to ignore the consideration of costs. On the other hand, it is worthwhile considering from the point of view of cost as well as of health whether some extension upwards, *i.e.* the building of one or two storeys, especially where sites are costly, is not desirable. There is no danger of our copying the *chawls* of Bombay and sweating the sites. Anything that conduces to the reduction of costs, without affecting health and decency, should be given great weight. The personal tastes and idiosyncracies of dwellers cannot have any free play in the building of houses to be rented. But scope should be provided for a bit of gardening at the front or back of each house.

Ownership or tenancy of houses.

It would be out of the question for dwellers to expect to own these houses, as long as they are unable to pay even the economic rent. They may, however, be given a voice in the management of group of buildings through their representatives. Where the tenants can besides paying a rent that will meet all interest and maintenance charges also contribute a share of building costs (a quarter at least) in instalments, the system of co-partnership tenancy may be tried. Houses would be better looked after in this case. The idèa of owning houses by the hire-purchase system may be stimulated in the case of dwellers, who have no thought of going back from Madras and are capable of paying rents to cover not only interest and maintenance charges but also a sum to amortise building costs in a number of years. Such houses are better built and managed by a separate organisation. Alienation at any time must be with the approval of the management.

Estimate of total housing scheme.

The number of houses that may have to be built for the adequate housing of the working classes in the city can be determined only after the measures of slum clearance and improvement and the reconditioning of old houses, side by side with the prevention of overcrowding, are themselves guaged properly. But a provisional estimate may be attempted. We believe that 100,000 persons belonging to the working class may have to be provided with new houses, if the bad slums are to be cleared in the city. That would

mean 20,000 new houses which would cost for superstructure alone, putting it at Rs. 500 each on an average (the designs in the blueprint supplied by the Corporation Housing Committee along with its Questionnaire estimated to cost from Rs. 400 to Rs. 700 according to room space are quite attractive), Rupees *100* lakhs on the whole. The extent of land required for these 20,000 houses with main and cross streets would be at least 500 acres. The cost of acquisition and reclamation of land of that area—if the Corporation or the Government has no such land readily available—may amount to Rs. 25 lakhs. The laying of roads, water and drainage pipes and installation of lights would require another 25 lakhs of Rupees. The capital cost of the whole housing scheme for working classes may thus well run to *150* lakhs of Rupees. This may well be spread over a period of 10 to 15 years.

Financing of the Scheme.

The houses—we mean the superstructures may be expected to fetch economic rents which may meet the interest, maintenance and depreciation charges, and therefore, may be entrusted to a public utility concern or a co-operative society with some measure of control by the Corporation over the rents charged and sanitation maintained. The capital sunk on sites, roads, lights, water and drains will be practically irrecoverable, except in the case of colonies of workers employed in big organised industries, where employers may either voluntarily or compulsorily contribute towards the cost. It is for the State to aid the Corporation in finding the rest of the amount, and it may be spread over a period of 10 or more years, involving a grant of not more than 5 lakhs of Rupees every year. The recurring expenditure or light, water and sanitation can only be partially met by the light levy on residents of these localities; the rest will have to be met from the taxes levied on the more well-to-do citizens.

More Revenue for the Corporation.

It is worth while exploring the possibilities of enhancement of the revenues of the Corporation in the following ways:—a vigorous check on the evasion of the due house-tax by the landlord and the tenant colluding; a tax on unbuilt land according to its market value as house site, allowing for some open space appurtenant to each house according to the tax paid; a terminal tax on passengers into Madras coming from beyond the municipal limits; the municipalisation of all markets within the city (of which there are over 40, only 4 of them being Corporation owned) accompanied by a vigorous prohibition of the sale of foodstuffs in particular, on roads, and the gradual municipalisation of transport services—the tramways and the buses.

Suburban development.

The encouragement of settlements beyond the city limits is in our view undesirable and the extension of municipal limits is unnecessary as long as the city itself is not well and evenly developed. This uneven development so far has led to disproportionate expenditure and incomplete utilisation of municipal resources. To have an extension of city dwellings in a long ribbon fashion means the provision of roads and lighting etc. to the advantage of a limited number. Already a number of citizens who have their place of work or recreation in Madras live beyond the municipal limits. The population of this 'Greater Madras' was estimated at 7,39,320 in the census of 1931. With the development of electric train services there is bound to be an addition to this population of nearly a lakh who are only nominally outside Madras. The immediate task of the Corporation should be to develop housing on vacant lands in the city, including Mambalam where expectations have not been realised, due to lack of educational and marketing facilities. In our estimate a third of the area of the city awaits development. As Lanchester said, "Congestion is due less scarcity of land than to failure in providing for an ordered city growth". This is not to say that the Corporation should not acquire in advance lands in the out-skirts of the city with a view to future extensions and in fact to prevent haphazard development of houses in these areas giving rise to claims for exemption from rates when municipal amenities or extended. The lands acquired may be devoted to vegetable of ordering to meet the demands of the city population.

Conclusion.

It would perhaps be a luxury to think of such extra-city developments when there is ample scope and crying need for development within. It will not be difficult to attract funds at 4 or 5 per cent as present as the experience of Land Mortgage Banks etc., has shown. Even insurance companies may well think it worthwhile to invest part of their funds in debentures of a House Mortgage Bank, if the State or Corporation guarantees the payment of interest and capital. It seems to us that the present is the best opportunity for launching on a big scheme of housing, and that it will be criminal to neglect it in the interests of the city as a whole and the poorer classes in particular.

Recent Utterances

PRESIDENTIAL ADDRESS OF

VAIKUNTH L. MEHTA

At The United Provinces Co-operative Conference 1934.

Until about four years ago, I must honestly admit, my faith in and zeal for co-operation were so unbounded that I could scarcely conceive of any rural economic problem that would not be amenable to treatment on co-operative lines. Even though my faith may be undimmed to-day and my zeal as ardent as before, I have growing feeling that there are economic forces which are wholly beyond the power of co-operation to control, and that there has to be a veritable revolution in our agrarian and economic system and in our outlook on Life-before we can really bring happiness and prosperity to the agriculturists whom we have attracted to the banner of co-operation by the promise of a relief from usury and of better farming and better business.

To bring about this transformation, the first desideratum is the diffusion of education and the immediate liquidation of illiteracy. It is now over twenty-five years since the late Mr. Gopal Krishna Gokhale, with the far-seeing vision of a statesman, called upon the reformed Government under the Morely-Minto regime to inaugurate a new era in this country by introducing throughout India a scheme of free and compulsory education. His pleadings, however, fell on deaf ears with the result that we find to-day the doors of knowledge closed to no less than 92 per cent of our population.

To apply the words of Lenin to our conditions, as long as we have such a calamity as illiteracy in our country, it is impossible to talk of economic progress.

A problem of equal importance that has hitherto defied solution is the abolition of usury and the relief of the peasant from the burden of debt. Conditions in this respect may differ from province to province: and in the United Provinces the peculiarity of the land tenures make the problem somewhat different from what it is in the Madras and Bombay Presidencies with their Ryotwari system where the peasant proprietors enjoy unrestricted rights of alienation. Nevertheless, it is as true of these provinces, as of other parts of India, that the burden of indebtedness had been growing even before the present depression set in, as is evidenced by the fact the volume of debt which was computed at Rs. 300 crores by Sir Edward Maclagan twenty years ago was seen to have risen to Rs. 600 crores by about 1925 and to Rs. 800 crores when the Banking Committees completed their survey.

It is now some eight years since the need for a special machinery for long term credit was brought to the notice of the Government of India by the All-India Conference of Registrars held in Bombay in January 1926, and since then the question has been examined in all its aspects by the Royal Commission on Agriculture in India and by the Provincial and Central Banking Enquiry Committees. The other day, in the Legislative Assembly, Sir George Schuster as Finance Member of the Government of India made an announcement agreeing to call yet another conference of representatives from various provinces further to discuss this question. This announcement, however, leaves me cold; becuss I feel that notwithstanding the various investigations and inquiries, reports and recommendations, the Government of India stand practically where they did in 1926,wholly uncommitted to anything like a definite policy on this vital problem which during the last three years of depression has become, if anything, much more acute in its intensity than ever before in recent times.

The student of economics measures this depression in terms of statistics which show that the income of the cultivators in India has been reduced by nearly a half in 1931-32 as compared with 1928-29.

The proceeds which the agriculturist obtains from his produce are reduced by half by the fall in prices and as it is from such reduced proceeds that he has to meet his cash payment which are more or less fixed, such as revenue interest and instalment on debts, the difficulties of his situation may well be imagined. Measuring this depression in terms of India's external trade we find that our exports of private merchandise declined from Rs. 225.64 crores in 1930-31 to Rs. 160.55 crores in 1931-32 and Rs.135.63 in the year 1932-33. Economists all over the country and those interested in the welfare of the agriculturist have been advocating action in various directions and drawing attention to the well-planned measures for national recovery adopted in the United States of America and elsewhere.

But almost alone among modern Governments in the world, the Government of India refuse to have a policy of financial economic reconstruction, unless in this term reconstruction we are to include the rural welfare activities undertaken in some provinces and the appointment of economic experts to take preliminary measures for setting up a machinery for economic inquiry!

The least, therefore, that should be done, and done immediately, is to proceed along the well-considered lines recommended by the Provincial Banking Enquiry Committee, especially such of them as have

received the imprimatur of the Central Committee. Of these, the most important matters are the establishment of a provincial land mortgage bank, the modification of the laws relating to usury and insolvency, and the adoption of measures to regulate the operations of money-lenders.

In any system of ordered rural economy, such as the co-operative movement seeks to bring about, a very prominent place is occupied by organised marketing.

In Bombay, we have achieved a fair measure of success in the organisation of arragements for the joint sale of cotton and Gul—the former under the guidance, in the early stages, of the officers of Government and the latter of the Provincial Bank. But our experience is that for the development of these arrangements, their extension throughout the Presidency and the handling of the fruit trade it is essential that the State should interest itself more actively in these efforts than it has done so far. In this connection I would like to point out that in India, owing to the peculiar structure of our rural credit organisation, it will be wise for co-operative credit to be linked organically with the functions of purchase and sale; and I agree with your Provincial Banking Committee that the partial failure of our effort so far is due to the divorce of credit from supply and marketing. Hence the organisation of supply and marketing acquires an additional significance in our country because of the strength and stability it imparts to our mechanism of rural credit, in as much as the linking up of credit with supply and marketing will enable us to proper use of loans and to secure genuine recoveries through the produce that is sold.

The fourth factor of economic life that affects rural progress in general is the removal of the pressure of population on the land by the revival, introduction and development of art-crafts, small industries and subsidiary occupations.

The introduction of machinery may have contributed to the decline of some of these industries, but as modern Japan which, is flooding the whole world with its hand and machine made products-shows even a late resort to modern industrialism is not an insuperable obstacle, if there is the national will to be economically powerful. More than our own efforts to organise industries on co-operative lines, what we want is a national fiscal policy, a nation-wide preference for indigenous products and a generous measure of State aid and support. These postulated, there is enough artistic talent and workmanship in the country to twin out products that can compare favourably, in point of design, quality and price, with the best that is produced anywhere, provided, of course, the artisan is not turned into a wage-slave but works in an economically free atmosphere, either as an individual co-operator or as a member of a producers' organisation sharing in the profits of the organisation equally with his confreres.

Coming as I do from a province the special feature of whose co-operative development is the vitality, if not the strength, of its banking organisation, I am inclined to agree with the Provincial Banking Committee that the co-operative credit structure in the United Provinces remains incomplete in the absence of a provincial co-operative bank at the apex. You have, no doubt, in your midst a large number of strong well developed central banks and banking unions, which may be serving very satisfactorily the requirements of the primary societies that are affiliated to them. But these isolated units must come together for common economic ends, such as the investment of their surplus funds and the securing of external financial assistance on the most favourable terms. In addition there are larger questions of financial policy and co-ordination of financial operations at present referred to the Registrar, which had better to be entrusted to an agency responsible to and constituted out of the banks themselves.

When this department comes into being and the Reserve Bank of India begins to function, I believe you will feel more keenly than you do to day the need for a strong central organisation at the apex which will represent your views to the central bank for the country and secure for you on the best possible terms the facilities of finance which you are entitled to enjoy. Unless there is such linking up of the rural credit organisation with the resources of the State, controlled by the central bank for India, the agriculturist and the artisan can derive no benefit from any improvement in the credit of the State or any development of its credit machinery.

Through apex co-operative organisations, such as the provincial banks and provincial institutes and unions, it will be our duty to see that in future the credit and currency policy of the country are regulated mainly in the interest of the primary producer, and that all reasonable facilities are allowed by the Reserve Bank for the financing of agriculture and small industries through the agency of co-operative banks and societies.

In all provinces we have been wracking our brains to devise measures for overcoming the disastrous effects of the present depression. Undoubtedly, the worst sufferer is the agriculturist, but his banker is only in a slightly better position. The local money-lender, though he may be hit hard, has methods of meeting difficult situations and can adjust himself to the altered circumstances more easily than can co-operative societies and banks. Being institutions and not individuals, these have naturally to adhere to certain well-defined principles, to follow certain general rules and to conform to certain standards of work. We, in Bombay, prided ourselves till 1930 on our having built up an elastic, business-like and fairly sound system of short term credit, but

even this has given way under the stress of the depression, and we are left in doubt about various matters which looked so simple only four years ago. The purposes and periods of loan, the authority for sanction of these, the rates of interest, the security, the appropriate time for issuing loans, the treatment of defaults and defaulters, the proportion between borrowing on the one hand and assets and repaying capacity on the other, all these questions appear to assume an altogether different aspect from what they did a few years ago; and, for the time being, the wisest, though not the most heroic course, seems to be to refain from dogmatizing on any of these matters. What is needed is to induce societies to continue business relations with members on the condition that liabilities do not increase but are brought down gradually. Defaults occurring because of these difficult times have to be ignored and drastic action even against old defaulters has to be postponed provided some payment is received and adequate security is forthcoming. Along with this, if some facilities are allowed for the grant of extensions, the sale of produce, and the making of advances against produce pending sale, it is possible that—provided the deperession does not deepen—a few years will see the co-operative movement emerging as a fairly sound and healthy organism out of the terrible ordeal to which it is being subjected during the last three years.

Co-operators can do much, in the meanwhile, to educate public opinion, especially in rural areas, to secure action on the part of the State for the introduction of free and compulsory education, the raising of agricultural prices, the inauguration of a rural credit policy including the enactment of agrarian legislation and the provision of cheap long term credit—the promotion of works of land improvement and the development of subsidiary rural industires. Such a programme alone can, in my opinion, constitute the proper background for the campaign of rural reconstruction through co-operative agency that you have been vigorously pursuing during the last few years. Valuble as social work is, it can never be a substitute for the strength that is acquired through economic betterment and education, which should, therefore, be in the forefront of any programme of reconstruction. I was interested to read in the press, sometime ago, a reference to a proposal accepted by the local Legislative Council, on the initiative of Mr. C. Y. Chintamani, to draw up and adopt a scheme of economic planning for the provinces. Russia's example of ordered co-ordinated planning has found many imitators, but as experienced observers have pointed out what has yielded results in Russia, more that the soundness of the planning itself is the vigour with which, once the Five Years' Plan was drawn up, it was pursued and executed. We, in India, have had Committees commissions *ad infinitum*, and some of these have sketched most admirable plans. But the misfortune with us lies in this that the authorities here instead of launching schemes of national welfare, once these have secured public support and approval ponder so deeply over them that nothing is done for years and years; and the words inaction and apathy are writ large on the social annals, of the last half a century or more.

I am afraid that I have dwelt too much on the rural side of the co-operative movement to the exclusion of its other aspects. That is so not because I deem the other aspects of negligible importance, but because I hold that, by comparison, the problems involved there are simpler and more easily capable of solution. Housing, banking, insurance are common economic ends which the urban classes can well secure by organising themselves on co-operative lines. Consumers' co-operation, however, is a tougher proposition and that accounts for its slow progress in India. The need for co-operative action is presumably not so urgent or insistent, in normal times, in India as it was in Great Britain, for example, when the movement was first started; but the South has shown that there is a future for this branch of co-operation provided we have a membership steadfast in its loyalty and a zealous reliable bond of trained workers. What we men failed to achieve in this direction in Bombay has, however, well-nigh been accomplished by a group of young Gujarati women who through their women's co-operative store, have rendered to the cause both of co-operation and Swadeshi yeoman service during the last few years. And the success of this endeavour leads me to suggest that if in any town or city there is a desire on the part of the consumers' to secure genuine Indian goods at a fair price, the best agency for that purpose is a co-operative Swadeshi Stores. In such an institution we have a personnel that is amenable to the control of the consumers and can thus be trusted to supply goods guaranteed as Swadeshi. The further advantage is that as the element of profit-seeking is eliminated, the surplus earnings that accrue from the undertaking are available for distribution among the general body of consumers in proportion to their custom.

Another point of contact between the adherents of the gospel of Swadeshi and of the co-operative movement is in respect of the organisation and development of rural and cottage industries. The Indian Central Banking Enquiry Committee, which it may be noted contained only two or three co-operators, was unanimously of the opinion that the future of these industries lay in their organisation on co-operative lines. In these provinces, thanks to the efforts of a number of Indian heads of the Department of Industries and vigorous action initiated by Mr. C. Y. Chintamani, during his tenure of office as Minister, more seems to have been attempted in the direction of State guidance, aid and patronage for these industries than elsewhere in India. But a widespread organisation on Co-operative lines has yet to be developed,

which may be attempted if to the experience of officials are harnessed the enthusiasm and energy of workers in the cause of Swadeshi.

I do not know if in this survey of co-operative developments, as they present themselves to me, I have strayed outside the confines of the movement. If so, my only excuse is my very firm belief that co-operation will suceed only in so far as it carries public opinion with it, but that it will positively fail the moment it is looked upon as an integral part of the machinery of Government. In an outspoken memorandum addressed to the Royal Commission or Agriculture, the late Sir Horace Plunkett bewailed this tendency, but he was naturally unacquainted with the factors responsible for it. It should be Government's endeavours to withdraw more and more the control over their movement instead of stiffening such control and attempting to centralize power and responsibility in the Registrar. In our Presidency, we have found local supervising unions a valuable agency for decentralizing authority, building up internal strength and recruiting a class of responsible and representative rural leaders. The future of the movement depends more on these rural leaders than on any amount of efficient official direction, from Delhi or even from within a province itself. And the more affinity the movement possesses towards the other forces that go to build up New Delhi the more vigour and life it will enjoy in future. I say this, in all humility, as one who, since his days of study were over, has been a co-operator first and last—and practically nothing else Co-operation is, undoubtedly, one of the world forces seeking to build economic society more in accord with the dictates of humanity than the capitalist order which has apparently brought the whole world to-day to the brink of ruin. But co-operation has its limitations, both internal and external, and it is inconvinciable that it can flourish in a social atmosphere which is hostile or apathetic. It must be the concern of co-operators, therefore, to bring about a change in the atmosphere by education and propaganda and by establishing up live contact with other forces working in the same direction.

THE SOUTH INDIAN CO-OPERATIVE INSURANCE SOCIETY, LTD., MADRAS.

The Total Receipts in the books of the Insurance Society as on 31st May, 1934 is as follows :—

			No.	Amount.
Proposals received	...	...	1840	16,35,750
„ accepted	...	...	1,762	15,49,750
Policies issued	...	...	1,320	11,85,750

Reviews.

REPORT ON CO-OPERATIVE SOCIETIES IN MYSORE FOR THE YEAR 1932-33.

The most outstanding event in the Co-operative World of Mysore during the year under review is the passing away of the popular Registrar Mr. K. H. Ramayya.

The following table gives at a glance the quantitative progress of the movement.

		30-6-32.	*30-6-33.*
No. of Societies	... ...	2181	2180
Members	... .	142715	144481
		Rs.	Rs.
Working Capital	... ...	2,03,77,661	2,223,09,565
Reserve Fund	... ...	24,40,164	26,40,458
Net Profits	... ...	4,92,786	4,64,786

From this it would be seen that consolidation rather than expansion has been the policy pursued. In other respects the movement continued to run on old lines. Overdues still remains high and the explanation offered is the general economic depression and the low price of agricultural produce.

We have noticed more than once in reviewing previous reports that the financial structure is somewhat ricketty and the District Central Banks and Banking Unions do not show any sign of healthy growth. We are glad to note that the Government have called for a special report on them from the Registrar.

The arrangement for dealing with the long-term credit needs of the people is progressing slowly. The Central Land Mortgage Bank has extended its area of operations and the constituent primaries disbursed 109 loans amounting to 1·33 lakhs. This has but touched the fringe of the problems and the rural indebtedness is to be removed, this line has to be expanded considerably in the near future.

The depressed class societies were considered as separate institutions and were not originally connected with the main movement. The Registrar reports that this has not worked successfully, and would recommend their amalgamations with other societies. Government recommend further investigations and report.

Sericulture societies and Weavers' societies have not been progressing well. We are glad to be told that students and Ladies' societies made good progress during the year.

Many of the societies utilised their Common Good Fund for running Free Reading Rooms and for helping many charitable purposes. There was the annual conference presided over by Mr. S. P. Rajagopalachariar, the Revenue Commissioner of Mysore.

Other aspects touched upon in the report do not call for any remark. We notice however that the tentative programme of work for the coming year which used to be given at the end of the report is omitted.

S. K. Y.

THE SILVER JUBILEE SOUVENIR OF PERIYAKULAM CO-OPERATIVE URBAN BANK, (MADURA DISTRICT)

The Periyakulam Urban Bank has recently celebrated its silver jubilee and the authorities of the Bank have, on that occasion, brought out a fine jubilee souvenir volume. Mr. E. S. Sankara Iyer, Secretary of the Silver Jubilee Committee has written an illuminating introductory article wherein he traces the history of the Institution from its humble beginnings to its present condition. The statistics about membership, share capital deposits, loans given, profits earned and the Reserve Fund bear out the general impression one gathers about the steady growth of the Bank. There are some good essays on different aspects of Co-operation by prominent Indians and Non-Indians which enhance the usefulness of the book. It is well printed and profusely illustrated. We congratulate our brethren at Periyakulam on their successfully working the bank for over a quarter of a century and we wish them continued success and prosperity.

S K. Y.

District News.

THE GRAY CO-OPERATIVE FREE READING ROOM AND LIBRARY.

The Gray Co-operative Free Reading Room started in October last is open to the public from 7-30 to 9-30 in the morning and 5 to 7-30 in the evening on all working days. The Reading Room is becoming more and more popular. The number of readers during February rose to the highest figure since its starting, viz., 809. No useful additions could be made to the Library pending Library grant which has been applied for.

CHINGLEPUT DISTRICT GRAY MEMORIAL FUND.

Donations to the Gray Memorial Fund received during February amount to Rs. 34 as shown below:

		Rs.	A.	P.
1.	M. R. Ry C. Arumuga Mudaliar Avl., Retd. Tahsildar, Conjeeveram	1	0	0
2.	M. R. Ry K. Sarvothama Rao Avl., M.A., Dy. Registrar of Co-operative Society ...	5	0	0
3.	613 Mukundagiri Co-operative Society ...	5	0	0
4.	G 765 Parukkal Co-operative Society ...	2	0	0
5.	9099 Thandalam Co-operative Society ...	2	0	0
6.	Anantapur District Bank	5	0	0
7.	G 784 Irumbuli Co-operative Society ...	2	0	0
8.	626 Acharapakkam Co-operative Society ...	3	0	0
9.	Ponneri union	5	0	0
10.	Praiyur Co-operative Society	2	0	0
11.	1939 Elapakkam Co-operative Society ...	2	0	0
	Total.	34	0	0
	Last month's balance brought forward	277	9	7
	Total.	311	9	7

MARCH 1934, READING ROOM AND LIBRARY.

The number of readers during February was 769. The Government have been pleased to make a grant of Rs. 175 towards the purchase of books for the Library for which our thanks are due to the Registrar and the Government.

CHINGLEPUT DISTRICT GRAY MEMORIAL FUND.

Donations to the Gray Memorial Fund received during the month amounted to Rs. 15 and the statement of accounts is given below.

		Rs.	A.	P.
1.	Sirukundram Co-operative Society	2	0	0
2.	11118 Indaloor Co-operative Society ...	3	0	0
3.	462 Sevapet Co-operative Society	1	0	0
4.	3730 Kattukaranai Co-operative Society ...	2	0	0
5.	3567 Perukaranai Co-operative Society ...	2	0	0
6.	District Co-operative Staff Co-operative Society	5	0	0
	Total.	15	0	0
	Last month's balance brought forward	311	9	7
	Total.	326	9	7

THE GRAY FREE READING ROOM AND LIBRARY.

The number of readers during April as 819 as against 769 in the previous month. Proposals for purchase of additional books to the Library are under consideration. One Tamil periodical 'Kalaimagal' was also added to the Reading Room.

A sum of Rs. 40 was received as contribution to the Gray Memorial Fund. The following are the receipts and expenditure for April.

Receipts.

	Rs.	A.	P.
Opening Balance	326	9	7
Pallavaram Co-operative Union	5	0	0
Uttiramerur Building Liquidated Society ...	30	0	0
Tinnanur Co-operative Union	4	0	0
9410 Oddapalayam C.S.	1	0	0
	366	9	7

Expenditure

	Rs.	A.	P.
Postage expenses	1	13	9
Printing Bill paid	2	0	9
Closing balance	362	11	1
	366	9	7

THE GRAY FREE READING ROOM AND LIBRARY.

The number of readers during May 1934 reached the record figure so far of 1401, due to the large number of visitors to the Town for the festival.

THE CHINGLEPUT DT. GRAY MEMORIAL FUND.

A sum of Rs. 8 was received as donation towards the Gray Memorial Fund and the statement of accounts is given below.

Receipts.	Rs.	A.	P.	Payments.	Rs.	A.	P.
Opening balance ...	362	11	1				
Uttiramerur Teachers C.S.	2	0	0	nil.			
Padalam Union ...	5	0	0				
Uttiramerur Vadapathi C.S.	1	0	0	Closing balance	370	11	1
	370	11	1		370	11	1

CONTRIBUTIONS TO THE BIHAR EARTHQUAKE RELIEF FUND.

(By Co-operative Societies in the Madras Presidency.)

	Rs.
Madras Provincial Co-operative Bank, Ltd. ...	1,000
Gobichettipalayam Urban Bank	25
Sivaganga Co-operative Urban Bank	10
Kurnool Urban Co-operative Bank	10
Co-operative Central Bank Ltd., Conjeeveram ...	100
Anantapur District Co-operative Central Bank, Ltd. ...	10
District Co-operative Bank Ltd., Cocanada ...	50
Periyakulam Co-operative Urban Bank, Ltd. ...	25
Tenali Urban Bank	10
Devakottai Co-operative Urban Bank	100
Coimbatore Town Bank	25
Ellore Co-operative Urban Bank	50
Villupuram Co-operative Urban Bank	5
Little Conjeeveram Urban Bank	50
Coimbatore District Urban Bank, Ltd.	250
Tinnevelly Junction Co-operative Urban Bank ...	25
Krishnagiri Urban Co-operative Credit Society ...	50
Dharmapuri Co-operative Town Bank	50
Kasaragod Co-operative Town Bank	25
Karuthatangudi Dravidian Co-operative Credit Society	25
Bhawani Kudal Urban Bank	10
Co-operative Town Bank Ltd., Tadpatri	10
Co-operative Central Bank Ltd., Vellore	150
Tirupathi East Co-operative House Building Society	20
Tirupattur Town Co-operative Bank, Ltd.... ...	20
Tinnevelly District Co-operative Central Bank, Ltd. ...	100

	Rs.
Hindupur Co-operative Town Bank	25
Cuddapah District Co-operative Central Bank ...	50
Mangalore Co-operative Town Bank	50
Dindigul North Urban Co-operative Bank ...	100
Tirukoilur Co-operative Urban Bank	50
Trichinopoly Co-operative Credit Bank, Puthur ...	100
Ramachandrapuram Co-operative Urban Bank, Ltd. ...	25
Tindivanam Urban Bank	50
Vizagapatam Co-operative Bank	100
Kurnool District Co-operative Central Bank ...	25
Rasipuram Town Co-operative Society	25
West Godavari Distrct Co-operative Central Bank, Ltd.	116
Trichinoply District Urban Bank, Ltd.	200
Chittoor Co-operative Town Bank	25
Pudupalayam Co operative Society	10
Bhupathy Raja Co-operative Society	25
Madura Urban Co-operative Bank	15
Total ...	3,196

SUPPLEMENTAL LIST SHOWING THE CONTRIBUTIONS MADE FOR THE RELIEF OF THE EARTHQUAKE DISASTER IN BIHAR.

District.	Contribution by Govt. servants.	Contribution by Co-op. socs.	Total.
Coimbatore ...	...	1,051 10 0	1,051 10 0
Vizagapatam ...	13 4 0	763 11 0	776 15 0
Kistna ...	34 9 0	719 6 0	753 15 0
Salem ...	...	295 0 0	295 0 0
South Arcot ...	32 0 0	250 14 0	282 14 0
Tanjore ...	1 0 0	265 0 0	266 0 0
West Godavary ...	10 0 0	241 12 0	251 12 0
Tinnevelly ...	35 8 0	170 0 0	205 8 0
Chingleput	...	88 0 0	88 0 0
South Kanara ...	...	86 0 0	86 0 0
Madura ...	15 0 0	50 0 0	65 0 0
Bellary ...	...	51 0 0	51 0 0
Malabar ...	35 4 0	...	35 4 0
Ramnad District (Srivilliputhur area) ...	2 8 0	10 0 0	12 8 0
Anantapur ...	...	12 0 0	12 0 0
Ganjam ...	...	9 4 0	9 4 0
Chittoor ...	...	7 4 0	7 4 0
Guntur ...	10 0 0	...	10 0 0
Total	189 1 0	4,070 13 0	4,259 14 0

Rural Reconstruction Report.

THE ALAMURU RURAL RECONSTRUCTION CENTRE.

Quarterly Report of Alamuru Rural Reconstruction Center from 1-1-34 to 31-3-34.

INTRODUCTION.

There is no change in the personnel of the Local Committee during this quarter. The members of the Committee met once a month for sanctioning the various items of expenditure and chalked out the programme of work.

PUBLIC HEALTH.

The various activities organised by this Centre continued during this quarter and they are in good progress. The Homeo dispensary opened under the auspices of the Rural Reconstruction Centre during last December has become quite popular. Forty patients on the average are daily attending the dispensary. A ladies gathering was arranged on 14-2-34 to educate the women in the locality on child welfare and maternity problems. Four hundred ladies in the locality attended the gathering.

Mr. D. Gopalakrishnamoorthi, the Rural Sanitation Health Inspector came to Alamuru on special duty to introduce Bore-hole latrines in villages on a large scale. He delivered magic lantern lectures at Alamuru and in surrounding villages on hook-worm disease and its prevention by introducing Bore-hole latrines.

EDUCATION.

The folk school organised by the Rural Reconstruction Centre in continuation of the summer school, opened last year is in good progress. Along with the three R's. Co-operation and agriculture are taught as special subjects. Eighty boys and girls are receiving free instruction in the school at present. An experimental demonstration Farm is run in the school compound to give practical training to the students in gardening and agriculture. The students are given scout training also.

For the spread of adult education in the area, Andhra Patrika reading circles are conducted as usual. Magic Lantern lectures were delivered on important occasions and special lectures on Rural Reconstruction were delivered with the aid of magic lantern at Kumudavalli in West Godavari District on the 37th Anniversary of the Veerasalingam Library and at Coconada during the All India Swadeshi Exhibition.

PANCHAYATS.

The Inspector of Local Boards sanctioned estimates during this quarter for the improvement of roads and water supply only to the Panchayats of Alamuru, Jonnada, Kalavacherla and Modukuri and some roads were constructed and buildings put up with that help.

IRRIGATION.

The Firka ryots conference was held at Chintaluru on 16-3-34 to represent the grievances of ryots as regards the facilities of water supply during the 2nd crop season. Special representation was made to the Executive Engineer to allow special turns on Choppella lock for sugar cane and garden crops in the Alamuru Rural Reconstruction area. The Department have communicated orders recently to open permanently all the channels in the Rural Reconstruction area for sugar cane and garden crops on the special representation made to the Director of Agriculture and the Chief Engineer. Ryots are encouraged to grow new varities of garden crops and sugar cane in paddy lands as cultivation of paddy has become un-remunerative. With the advice of the Agricultural Demonstrator, Mr. Buchiraju of Ramachandrapuram, Pine apple and Potatoes are cultivated in paddy lands as an experimental measure. Cuminum seeds and Tomatoes were also introduced as garden crops. A special variety in "Thedonda" is introduced for back-yard cultivation. To help the ryots in the locality in growing these new crops, the Agricultural Department posted an Agricultural Maistry at Alamuru and the Agricultural Demonstrator is also paying constant visits to this Centre for the introduction of new varieties of crops.

CO-OPERATION.

The Alamuru Co-operative Land Mortgage Bank is showing good progress. The transaction of the Bank are three lakhs. Owing to economic depression, 10 members were unable to pay their annual instalments this year. Their loans were closed under the by-laws and awards were obtained against them. The amount involved in these loans is Rs. 23,000, whereas the instalment overdue is only Rs. 1,800 including both principal and interest. This procedure of closing loans after 3 months overdue is a great hardship to the borrowers in these days of economic depression. Sale of land was the only recourse for the Land Mortgage Bank when a loan is closed. The authorities of Central Land Mortgage Bank and the Registrar were requested to find ways and means to help the ryots by giving extensions to the overdue members in suitable cases. Mr. Panjabi, I.C.S., the Registrar of Co-operative Societies of Bombay, paid a special visit to Alamuru to study the work of the Land Mortgage Bank in this area.

The primary societies in this area are not showing any progress. Collection of overdues is the only work in societies now. Members are quite unwilling to borrow money from societies owing to bad state of affairs and the scare of unlimited liability. The Pedapalla Co-operative Society, one of the biggest and earliest societies in this area was liquidated in February, owing to mismanagement and loss of money through bad transactions. On the date of liquidation the members of the society have to pay nearly Rs. 60,000 to the society. An amount of Rs. 30,000 is involved in one Zamindari family of two brothers Messrs. late P.V. Ramaswami and P. V. Subba Rao. Both of them filed insolvency and were declared insolvents for a sum of nearly 9 lakhs of rupees. Mr. P V. Subba Rao was the President of the Society for a long time and he happened to be the President of the Co-operative Union and also the Vice-President of the Ramachandrapuram Co-operative Central Bank. The loss of money is due to crop loans advanced to them. The pledged crop of these brothers and other members of the society was sold away by them and the money was not credited to the society. As they filed insolvency, money could not be realised from them. The bad state of affairs of the society led to its liquidation. This gave rude shock to the members of the society and also to the co-operators in the surrounding villages. The members are terribly afraid of the enforcement, of unlimited liability under the by-laws.

GENERAL.

A great awakening is created in the Rural Reconstruction area during the 7 days of Sreerama Saptaham performed by the villagers of Alamuru from 21st to 28th January. Huge pandals were erected for the accommodation of pilgrims. Bhajan parties, Harijan Sankeertanams, music performances and enactment of rural dramas were organised on a large scale during these 7days. Daily more than 5,000 people were fed without any distinction of caste or creed. Scouts of the Folk school under the guidance of Mr.B. Narasanna rendered splendid service by maintaining order and discipline and also looking into the needs and comforts of the pilgrims. There is hearty co-operation among all sections of the village and the neighbouring villagers co-operate with the villagers in performing the Saptaham on a grand scale. Liberal contributions were made by prominent ryots in the locality and of the neighbourhood. A sum of nearly Rs. 4,000 was collected and spent for the purpose.

Our thanks are due to the Madras Provincial Co-operative Union for contributing a sum of Rs. 5,00 for the continuation of the Rural Reconstruction work in this area.

(Sd.) N. SATYANARAYANA,
Superintendent, Rural Reconstruction Centre,
Alamuru.

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

Free Public Library.

The number of readers during May '34 was 1301 and the number of volumes issued for home reading was 723. The corresponding figures for April '34 were 1051 and 1631 respectively. The library is kept open on all working days of the society from 10 A.M., to 5 P.M.

Registrar's Circulars.

No. A. 6510/33.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 18th April 1934.

M. R. Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avergal,
Registrar of Co-operative Societies.

CIRCULAR.

[*Subject*.—Central Banks—Examination of outstanding loans in primary societies—Registrar's scheme.]

The following statements showing the results of the examination of the outstanding loans in primary societies in a certain district so far done afford interesting reading and the Registrar desires that these statements should be communicated to all financing banks for information. The loans in 187 societies have been examined and the results obtained are not discouraging as indicated by the figures shown below :—

	LAKHS RS.
1. Total amount of loans including interest involved in these 187 societies	8·89
2. Of the amount in column (1) the amount which stands on adequate securities	6·69
3. Of the amount in column (1) the amount which stands on inadequate securities	2·20
4. Of the amount in colmun (3) the sum for which additional securities have been taken during rectification work ...	0·64
5. Amount still ill-secured	1·56
6. Estimated bad debts in these societies	0·92
7. Of the amount in column (6) the amount which will affcet the Central Bank. The amount is obtained after setting off the reserve fund and paid-up share capital of each of the societies against the estimated bad debt	16,000

Statement I gives detailed figures for 20 societies in two union areas.
Statement II gives the figures for all the 187 societies.

K. DEIVASIKHAMANI MUDALIAR,
Registrar.

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 May 1934 was 2103.

No. F. 1153/34.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 27th April, 1934.

M. R. Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avl.,
Registrar of Co-operative Societies.

CIRCULAR.

Sub:—Execution-decree obtained by Central Banks against societies-Procedure.

Ref:—Registrar's Circular No. R. Dis. B. 1099/32 dated 24-2-32.

In the Registrar's Circular quoted, a copy of the judgment of the Full Bench of the Patna High Court in *regard to the enforcement of* unlimited liability against members of co-operative societies was communicated to all officers. The Hon'ble Judges held that a decree obtained against a co-operative society—a corporate body—cannot be executed against a member of a registered society. Recently *in an appeal* filed by the South Canara Co-operative Central Bank in the High Court of Judicature, Madras, the Hon'ble Judges have, following the decision of the Patna High Court *referred* to above, decided that the decree obtained by the South Canara Co-operative Central Bank *against* the Chikumudnur Co-operative Society cannot be executed against a member of that society. This decision of the Madras High Court is published at pages 555 to 558 of the Madras *Journal of* Co-operation, March 1934.

(2) In view of this decision of the Madras, High Court it is not possible for Central Banks to execute against *individual* members of societies the decrees obtained against such societies even to the extent of their individual indebtedness to their societies. There is no need, therefore, for Central Banks to get awards against societies hereafter. The moneys due to the banks should be collected in the ordinary way through the supervising staff. The supervising staff should, where coersion is *necessary* get awards passed against defaulters in primary societies and get them executed through the officers of the Co-operative Department or the Civil Court. Where this is not possible, *the panchayats* of societies should be replaced by agents appointed under by-law 62 of the model by-laws for village credit societies or under the provision of the Madras Co-operative Societies Act (Sec. 43) and if either of these courses is not found possible, the societies should be liquidated.

(3) In cases where Central Banks have already *obtained* decrees against societies the decree should be kept alive by noting on them repayments from time to time as required under the Indian Limitation Act. Here again supervisors should collect from the individual borrowers and pay to the Central Bank. If this is not possible, the panchayat should be superseded in either of the two ways mentioned above or the society should be liquidated.

(By order)
A. CUNNIAH,
Manager.

C. 2158/34.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS,
Dated 9th May 1934.

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

CIRCULAR.

The South India Co-operative Insurance Society, Limited—Diversion of Provident Fund of employees of Co-operative institutions towards premia.

In Registrar's Circular No. C-2380-33, dated 13th May 1933, it was brought to the notice of the Deputy Registrars and Central Banks that the South India Co-operative Insurance Society requires encouragement at the hands of the officials and non-officials and members and employees of Co-operative institutions.

It has been brought to the notice of the Registrar that some of the employees of the Central Banks, in sending proposals to the Society for assurance on their lives, have requested the authorities of the Banks to divert the employees' portion of contribution to Provident Fund towards premia on their Policies, and that some of the Central Banks have already accepted this proposal because the Policies are endorsed in favour of the Bank by the assured in such cases.

The Co-operative Institutions in this Presidency are informed that there is no audit objection to divert the employees' portion of contribution to provident fund towards premia on their policies.

K. DEIVASIKHAMANI,
Registrar.

D. Dis. F. 2649/34.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 17th May 1934.

M. R. Ry. Rao Bahadur K. Deivasikhamani Mudaliar Avargal.,
Registrar of Co-operative Societies.

CIRCULAR.

Sub:—Interest—Rate of interest on decreed loans—Reduction—Instructions issued.

In view of the fall in the rates of interest and the inability of the borrowers of co-operative societies to repay their debts owing to depression, the Registrar desires that the officers of the Department and arbitrators enquiring into disputes under section 51 of the Act should not generally allow interest exceeding 9⅜ per cent per annum on the ground for which decrees are given.

(2) As the rate of interest proposed to be levied on decreed loansay likely to be less than the usual lending rate and penal rate in primary societies which are usually 9⅜ per cent and 12½ per cent respectively the borrowers would be tempted to postpone the payment of the decreed loans, and unscrupulous office-bearers of societies are likely to keep the decrees idle in the societies wihout executing them. Officers entrusted with supervision of societies, honorary as well as paid staff, are requested to see that decrees obtained by societies are executed immediately without unnecessary delay.

P. C. U. Circulars.

I

THE MADRAS PROVINCIAL CO-OPERATIVE UNION, ROYAPETTAH, MADRAS.
20th June 1934.

[*To the Member Societies of the P. C. U.*]

Dear Sirs,

The annual general body meeting of the Union will be held at 1 P.M. on Sunday 22nd July 1934.

Institutions which have not elected their representatives are requested to kindly elect one delegate to the general body and communicate to the Union his name and address along with a copy of the resolution so as to reach the Union on or before Monday the 5th July 1934.

Societies which have not yet paid their annual subscriptions, current as well as arrears, are requested to do so without any further delay.

Bye-law No. XII relating to the election of delegates to General Body.

"Every member society shall appoint by a resolution of its general body or board of management, or executive committee, one of its members as its delegate to the Union for a period of two years. It shall be competent for a member Society, if it so desires to change its delegate within the said period, and the new delegate shall hold office for the unexpired period of the two years, for which the original delegate was appointed."

Notwithstanding the expiry of the two years aforesaid, the delegate of a member society shall be deemed to hold office, until his successor is appointed but if such successor is not appointed within three months of the expiry of the two years aforesaid, the delegate shall cease to represent the society of tne Union."

II

[*To all the Delegates to the General Body of the P. C. U.*]

Dear Sir,

The Annual General Body Meeting of the Madras Provincial Co-operative Union will be held at 1 p.m. on Sunday, the 22nd July 1934, in the premises of the Union.

You are kindly requested to be present for the meeting.

III

[*To all the Member Societies of the P. C. U.*].

Dear Sir,

The Annual General Body Meeting of the Madras Provincial Co-operative Union well be held at 1 p.m. on Sunday, the 22nd July 1934. Your representative on the General Body has been informed to the effect and requested to attend.

Please remit, if you have not already done so, the annual subscription due by your Society, current dues as well as arrears without any further delay and oblige.

(By order)

N. RAMANATHAN,
Manager.

List of candidates who passed in the Co-operative Training Examination held in April, 1934.

BY THE

Madras Provincial Co-operative Union, Madras.

ANANTAPUR CENTRE.

FIRST CLASS.

467 Lakshmanachar P.

Registered Numbers.	Name of the Candidates.	Registered Numbers.	Name of the Candidates.

SECOND CLASS.

462	Basappa G.	474	Somasundaram K.
463	Doddana Gowd B.	475	Sankarappa M. K.
464	Desikachar W.	476	Sundararaja Iyengar H. R.
469	Narayanachar V.	477	Subba Rao C.
470	Narasimhacharlu V.	481	Venkata Ramayya V.

PASSES IN PART I ONLY.

468	Narayanachar M.	480	Venkoba Dass C. H.

SUPPLEMENTARY CANDIDATES.

SECOND CLASS.

710 Dakshinamurthy P. R.

SUPPLEMENTARY CANDIDATES, PART II AND COMPLETED.

711 Srinivasa Rao S.

BEZWADA CENTRE.

FIRST CLASS.

512 Subba Rao L. V.

SECOND CLASS.

485	Chalapati Rao C.	503	Ramakrishnayya G.
487	Gurunadham N.	504	Rama Rao B.
488	Kesava Rao G.	507	Satyanarayanamurty K.
489	Krishnamurthy V.	508	Seetharamaswami M.
490	Krishnamurthy Iyengar K.	510	Sreehari Rao G.
496	Narasimha Rao P. V. L.	511	Sreeramulu P.
497	Narasimhayya A.	514	Subrahmaniam N. V.
498	Narayana Rao P.	516	Suryaprakasa Rao V.
499	Radhakrishnamurty D.	517	Venkateswara Rao T.
500	Radhakrishnamurty N.	709	Poornachandrasekhara Ra
501	Raghava Rao G. V.		

PASSES IN PART I ONLY.

Registered Numbers.	Name of the Candidate.	Registered Numbers.	Name of the Candidate.
495	Narasimha Rao K. V.	523	Sreenivasa Rao K.
506	Satyanarayana K.		

PASSES IN PART II ONLY.

484	Chakrapani Iyengar K.	513	Subrahmaniam K.
486	Gopalam P. V.	519	Venkateswarlu P.
493	Narasimham H. L.	520	Kameswara Rao P. V.
509	Sobhanachalapati Rao Y.		

SUPPLEMENTARY CADIDATES PART II ONLY.

718 Subrahmaniam Mallavarapu V.

SUPPLEMENTARY CANDIDATES, PART II AND COMPLETED.

713	Hanumantha Rao S.	715	Narayana Rao M.
714	Krishna Reddy P. V.		

COIMBATORE CENTRE.

FIRST CLASS.

562	Raghavan K. V.	582	Somasundaram M.
563	Raghava Panicker C.		

SECOND CLASS.

526	Achutha Menon T.	560	Palaniappan K. A.
527	Annaswamy A.	564	Raghunathachary E. D.
528	Arunachalam Chetty G.	565	Rajalingam K.
534	Gopalakrishnan P. S.	568	Ramachandran R.
535	Jagannivas H. N.	569	Ramanathan K. A.
538	Krishnan K. P.	571	Ramaswami Pillai A. V.
539	Krishnan P. R.	572	Ravunny Menon K.
540	Krishna Rao C S.	573	Rudriya K. R.
541	Krishnamachari S.	574	Sankaran A.
542	Krishnamurthy L.	575	Sankaran Nair C.
544	Kunhi Raman Nambiar P.O.	576	Seshadri P. S.
545	Kunhambu Nair C.	578	Seshavadhani V.
546	Kuppusamy A.	580	Srinivasan C. R.
547	Kurien C. I.	583	Somasundaram Chetty S.
548	Lakshmi Narayanan S. S.	584	Subbiah A.
552	Marimuthu K. K.	586	Subrahmanian E.
553	Muthuswamy Chetty V.	587	Subrahmanian E. R.
555	Nagarajan S.	588	Subrahmanian M.
557	Narayanaswami A.	590	Veerabadran D. S.
558	Narasimhan K.	591	Venkataramannan C. R.
559	Natarajan S. M.		

PASSES IN PART—I ONLY.

550 Mani C. B.

PASSES IN PART—II ONLY.

Registered Numbers.	Name of the Candidate.	Registered Numbers.	Name of the Candidate.
533	Ganapathi K. G.	561	Ponnuswamy V.
543	Kunhi Krishnan Nambiar K. P.	567	Raman Kutty Menon V.
		570	Ramaswami V.
549	Lingayan L.	585	Subbarathanam S. S.
554	Nagarajan A. T.	589	Sukumaran P.

SUPPLEMENTARY CANDIDATES—PART II AND COMPLETED.

720	Sankara Warier K.	722	Vasudeva Panikkar P.

RAJAHMUNDRY CENTRE.

FIRST CLASS.

607 Seetanna B.

SECOND CLASS.

593	Adinarayana G.	601	Narasimham R.
594	Chandra Rao M.	603	Purushottama Rao H. V.
595	Chandrasekhara Rao V.	604	Ramachandra Rao T.
597	Joga Rao R.	608	Sriramamurty M.
598	Latchayya P.	611	Venkataratnam C. H.
599	Mrutyunjaya Maha Patro.		

PASSES IN PART—I ONLY.

600	Nagabhushanam K. V.	609	Suryanarayanamurty B. H.

SUPPLEMENTARY CANDIDATES—II CLASS.

734 Visweswara Rao A.

SUPPLEMENTARY CANDIDATES—PART I ONLY.

726 Narayanamurty P.

SUPPLEMENTARY CANDIDATES—PART II ONLY.

732 Suryanarayanamurty K.

TANJORE CENTRE.

FIRST CLASS.

625	Kothandarama Iyer S.	657	Srinivasan S.
649	Santhanam B.	658	Srinivasaraghavan R.

SECOND CLASS.

615	Arumugam M.	635	Narayanaswamy R.
616	Ayyanan A.	636	Narasimhachari S.
619	Chelliah T. P.	638	Raghavendra Rao R.
620	Doraiswamy K.	640	Ramachandran G. S.
622	Gopalakrishnan S.	641	Ramachandran G.
623	Govindarajan R.	642	Ramamurthi K. R.
626	Krishnaswamy D.	645	Ramanujachari D.
627	Krishnaswamy T. K.	651	Sethuraman V.
629	Lakshminarayanan M.	655	Soumianarayanan A.
630	Maikandadevan M.	664	Venkataraman S.
634	Narayanaswamy N.		

(*d*) 'mortgage bank' means a Co-operative Land Mortgage Bank registered or deemed to be registered under the Madras Co-operative Societies Act, 1932, and admitted as a member of the Central Mortgage Bank;

Madras Act VI of 1932.

(*e*) 'prescribed' means prescribed by rules made by the Local Government under this Act;

(*f*) 'Registrar' means the person appointed by the Local Government to be Registrar of Co-operative Societies for the Presidency of Madras under section 3 of the Madras Co-operative Societies Act, 1932.

Madras Act VI of 1932.

(*g*) 'trustee' means the Trustee referred to in section 5.

CHAPTER II.

Debentures.

Issue of debentures by the Board.

4. (1) (*a*) With the previous sanction of the Trustee, the Board may issue debentures of one or more denominations for such periods as it may deem expedient on the security of the mortgages and other assets transferred by the mortgage banks to the Central Mortgage Bank and of the other properties of such Bank.

(*b*) Such debentures may contain a term fixing a period not exceeding ten years from the date of issue during which they shall be irredeemable, or reserving to the Board the right to call in at any time any of the debentures in advance of the date fixed for redemption, after giving to the debenture-holder concerned not less than three months' notice, in writing.

(2) The total amount due on the debentures issued by the Board (including those issued before the commencement of this Act) and outstanding at any time shall not exceed the total amount due on the mortgages, the amounts paid thereunder and remaining in the hands of the Board or of the Trustee at such time and the value of all other assets transferred by the mortgage banks to the Central Mortgage Bank and subsisting at that time.

Appointment of Trustee and his powers and functions.

5. The Registrar, or where the Local Government appoint any other person in this behalf such person, shall be the Trustee for the purpose of securing the fulfilment of the obligations of the Central Mortgage Bank to the holders of debentures issued by the Board. The mortgages and other assets transferred by the mortgage banks to the Central Mortgage Bank shall vest in the Trustee from the date of such transfer. The holders of the debentures shall have a floating charge on all such mortgages and assets, on the amount paid under such mortgages and remaining in the hands of the Board or of the Trustee and on the other properties of the Central Mortgage Bank. The powers and functions of the Trustee shall be governed by the instrument of trust executed between the Bank and the Trustee as modified from time to time by mutual agreement between the Board and the Trustee.

Guarantee by Local Government of principal of and interest on debentures issued under section 4.

6. (1) The principal of, and interest on, the debentures issued under section 4 to such maximum amount as may be fixed by the Local Government and subject to such conditions as they may think fit to impose shall, subject to the provisions of sub-section (3), carry the guarantee of the Local Government.

(2) The Local Government may, after consulting the Legislative Council, increase the maximum amount of any guarantee given by them.

(3) The Local Government may, after consulting the Board and the Trustee—

(*a*) by notification in the *Fort St. George Gazette*, and

(*b*) by notice for not less than fourteen days in such of the principal newspapers in the Presidency of Madras and of the other provinces in British India as the Local Government may select in this behalf.

Discontinue any guarantee given by them or restrict the maximum amount thereof or modify the conditions subject to which it is given, with effect from a specified date, not being earlier than six months from the date of publication of the notification in the *Fort St. George Gazette*.

In cases where the maximum amount of the guarantee is to be restricted or the conditions subject to which the guarantee is given are to be modified, the notification and notice aforesaid shall set forth with sufficient clearness the scope and effect of the restriction or modification.

Explanation.—The withdrawal, restriction or modification of any guarantee under this sub-section, shall not affect in any way the guarantee carried by any debentures issued prior to the date on which such withdrawal, restriction or modification takes effect.

Guarantee by Local Government of principal of, and interest on debentures issued before commencement of the Act.

7. The Local Government may, in their discretion, guarantee the principal of, and the interest on, any debentures issued before the commencement of this Act by the Board, subject to such conditions as the Local Government may think fit to impose.

Power of Board to make regulations.

8. The Board may, subject to the approval of the Trustee, make regulations not inconsistent with the provisions of this Chapter :—

(i) for fixing the period of debentures and the rate of interest payable thereon ;

(ii) for calling in debentures after giving notice to debenture-holders ;

(iii) for the issue of new debentures in place of debentures damaged or destroyed ;

(iv) for converting one class of debentures into another bearing a different rate of interest ; and

(v) generally for carrying out the provisions of this Chapter.

CHAPTER III.

Distraint and Sale of Produce.

Distraint when to be made.

9. (1) If any instalment payable under a mortgage executed in favour of a mortgage bank or any part of such instalment has remained unpaid for more than one month from the date on which it fell due, the committee may, in addition to any other remedy available to the bank, apply to the Registrar or to any person appointed by the Local

Government under section 3 of the Madras Co-operative Societies Act, 1932, to assist the Registrar, for the recovery of such instalment or part by distraint and sale of the produce of the mortgaged land including the standing crops thereon. On receipt of such application, the Registrar or such person may, notwithstanding anything contained in the Transfer of Property Act, 1882, take such action as is necessary to distrain and sell such produce :

Madras Act VI of 1932.

IV of 1882.

Provided that no distraint shall be made after the expiry of twelve months from the date on which the instalment fell due.

(2) The distress shall not be excessive ; the value of the property distrained shall be, as nearly as possible, equal to the amount due and the expenses of the distraint and the costs of the sale.

Distraint how to be effected.

10. (1) Before or at the time when a distraint is made under section 9, the distrainer shall serve or cause to be served upon the defaulter a written demand specifying the amount for which the distraint is made.

(2) The demand shall be dated and signed by the distrainer and shall be served upon the defaulter by delivering a copy to him or to some adult male member of his family at his usual place of abode or to his authorized agent, or when such service cannot be effected, by affixing a copy of the demand on some conspicuous part of his abode and of his land.

Sale of property distrained.

11. (1) If, within fifteen days from the date of service of the demand referred to in section 10, the defaulter does not pay the amount for which the distraint was effected, the distrainer may sell in auction the distrained property or such part thereof as may in his opinion be necessary to satisfy the demand together with the expenses of the distraint and the costs of the sale.

(2) From the proceeds of such sale, a deduction shall be made at a rate not exceeding one anna in the rupee on account of the costs of the sale.

(3) From the balance shall be deducted the expanses incurred by the distrainer on account of the distraint.

(4) The remainder, if any, shall be applied to the discharge of the amount for which the distraint was made.

(5) The surplus, if any, shall be delivered to the person whose property has been sold and he shall be given a receipt for the amount discharged from the proceeds of the sale.

Power of Local Government to make rules.

12. The Local Government may make rules not inconsistent with this Chapter—

(i) for the manner of effecting distraint;

(ii) for the custody, preservation and sale of the distrained property;

(iii) for the investigation of claims by persons other than the defaulter to any right or interest in the distrained property; and for the postponement of the sale pending such investigation;

(iv) for the immediate sale of perishable articles; and

(v) generally for the purpose of carrying out the provisions of this Chapter.

CHAPTER IV.

Power of Sale.

IV of 1882. XXVIII of 1866.

Power of sale when to be exercised.

13. (1) Notwithstanding anything contained in the Transfer of Property Act, 1882, or in the Trustees' and Mortgagees' Powers Act, 1866, where a power of sale without the intervention of the Court is expressly conferred on the mortgage bank by the mortgage deed, the committee of such bank or any person authorized by such committee in this behalf shall, in case of default of payment of the mortgage money or any part thereof, have power, in addition to any other remedy available to the bank, to bring the mortgaged property to sale without the intervention of the Court.

(2) No such power shall be exercised unless and until—

(a) the Board has previously authorized the [illegible]

after hearing the objections, if any, of the mortgagor or mortgagors;

(b) notice in writing requiring payment of such mortgage money or part has been served upon—

(i) the mortgagor or each of the mortgagors;

(ii) any person who has any interest in or charge upon the property mortgaged or in or upon the right to redeem the same;

(iii) any surety for the payment of the mortgage debt or any part thereof; and

(iv) any creditor of the mortgagor who has in a suit for the administration of his estate obtained a decree for sale of the mortgaged property; and

(c) default has been made in payment of such mortgage money or part for three months after such service.

Application for sale and manner of sale.

14. (1) In exercise of the power of sale conferred by section 13, the committee of a mortgage bank or any person duly authorized by such committee, may apply to the sale officer appointed in that behalf under section 22 to sell the mortgaged property or any part thereof and such officer shall, after giving notice in writing to all the persons referred to in section 13 sell such property in the manner prescribed.

(2) The sale shall be by public auction and shall be held in the village where the mortgaged property is situated or at the nearest place of public resort if the sale officer is of opinion that the property is likely to sell to better advantage there.

Application to set aside sale on deposit and confirmation of sale in default or on dismissal of such application.

15. (1) When a mortgaged property has been sold under this Chapter, the mortgagor or any person having a right or interest therein affected by the sale, may, at any time within thirty days from the date of sale, apply to the committee of the mortgage bank concerned to have the sale set aside on his depositing at the office of such bank—

(a) for payment to the mortgage bank, the amount specified in the proclamation of sale together with subsequent interest and the costs, if any, incurred by the bank in bringing the property to sale; and (*b*) for payment to the purchaser, a sum equa to five per cent of the purchase money.

(2) If such deposit is made, the committee shall make an order setting aside the sale.

(3) Where no application is made under sub-section (1) or where such application is made and disallowed, the committee shall apply to the principal officer of the co-operative department in the district, to make an order confirming the sale and on such officer confirming the sale, it shall become absolute.

Distribution of the proceeds of sale.

16. (1) The proceeds of every sale under this Chapter shall be applied by the sale officer, **first** in payment of all costs, charges and expenses properly incurred by him as incident to the sale or any attempted sale; **secondly,** in payment of all interest due on account of the mortgage in consequence whereof the mortgaged property was sold; **thirdly,** in payment of the principal money due on account of the mortgage; and **lastly,** the residue, if any, shall be paid to the person proving himself interested in the property sold or, if there are more such persons than one, then to such persons according to their respective interests therein or upon their joint receipt.

(2) (*a*) Any person dissatisfied with the decision of the sale officer in regard to the distribution of such residue may, within thirty days of the communication to him of such decision, institute a suit in a Court to establish the right he claims.

(*b*) The sale officer shall not distribute such residue until thirty days have elapsed from the communication of his decision to all the persons concerned or, if a suit has been instituted within the said period of thirty days by any such person, until the suit is disposed of or otherwise than in accordance with the decision of the Court therein.

Explanation.—In this sub-section 'Court' means the Civil Court which would have jurisdiction to entertain a suit to enforce the mortgage and within the limits of whose jurisdiction the property sold is situated.

Certificate to purchaser.

17. Where a sale of mortgaged property has become absolute, the sale officer shall grant a certificate specifying the property sold and the name of the person who at the time of the sale is declared to be the purchaser. Such certificate shall bear date, the day on which the sale became absolute.

Delivery of property to purchaser.

18. (1) Where the mortgaged property sold is in the occupancy of the mortgagor or of some person on his behalf or of some person claiming under a title other than a lease for a period not exceeding five years created by the mortgagor subsequent to the mortgage in favour of the mortgage bank and a certificate in respect thereof has been granted under section 17, the Court shall, on the application of the purchaser, order delivery to be made by putting such purchaser or any person whom he may appoint to receive delivery on his behalf, in possession of the property.

(2) Where the property sold is in the occupancy of a tenant or other person entitled to occupy the same and a certificate in respect thereof has been granted under section 17, the Court shall, on the application of the purchaser, and after notice to such tenent or other person, order delivery to be made by affixing a copy of the certificate of sale in some conspicuous place on the property and proclaiming to the occupant by beat of drum or other customary mode at some convenient place that the interest of the mortgagor has been transferred to the purchaser.

(3) In regard to the cases dealt with in sub-sections (1) and (2), the provisions of Rules 97 to 103 of Order XXI of the first schedule to the Code of Civil Procedure, 1908, shall *mutatis mutandis* and so far as may be, apply. V of 190

Explanation.—In this section, 'Court' shall have the same meaning as in section 16.

Right of mortgage bank or of the Central Mortgage Bank to purchase the mortgaged property at sale.

19. It shall be competent to a mortgage bank or the Central Mortgage Bank to purchase the mortgaged property sold under this Chapter, but the property so purchased shall be disposed of by such bank by sale within such period as may be fixed by the Trustee.

Appointment of receiver and his powers.

20. (1) The Board may, on the application of a mortgage bank and under circumstances in which the power of sale conferred by section 13 may be exercised, appoint in writing a receiver of the produce and income of the mortgaged property or any part thereof and such receiver shall be entitled either to take possession of the property or collect its produce and income, as the case may be, to retain out of any money realized by him, his expenses of management including his remuneration, if any, as fixed by the Board, and to apply the balance in accordance with the provisions of

IV of 1882. sub-section (8) of section 69-A of the Transfer of Property Act, 1882.

(2) A receiver appointed under sub-section (1) may, for sufficient cause and on application made by the mortgagor, be removed by the Board.

(3) A vacancy in the office of the receiver may be filled up by the Board.

(4) Nothing in this section shall empower the Board to appoint a receiver where the mortgaged property is already in the possession of a receiver appointed by a Civil Court.

Title of purchaser not to be impeached on the ground of irregularity, etc.

21. When a sale has been made in professed exercise of a power of sale under section 13 and has been confirmed under sub-section (3) of section 15, the title of the purchaser shall not be impeachable on the ground that no case had arisen to authorize the sale or that due notice was not given or that the power was otherwise improperly or irregularly exercised, but any person damnified by an unauthorized or improper or irregular exercise of the power shall have his remedy in damages against the mortgage Bank.

Appointment of sale officer.

22. The Registrar may appoint sale officers for the purpose of conducting sales under this Capter.

Power of Local Government to make rules.

23. The Local Government may make rules not inconsistent with this Chapter—

(i) for the due proclamation and conduct of the sale;

(ii) for the recovery of the expenses of proclamation and sale;

(iii) for the deposit of the purchase money;

(iv) for the re-sale of the property, if the purchase money is not deposited; and

(v) generally for carrying out the provisions of this Chapter.

CHAPTER V.

Miscellaneous.

Powers of mortgage bank in case the mortgaged property is wholly or partially destroyed or the security if rendered insufficient.

24. Where any property mortgaged to a mortgage bank is wholly or partially destroyed or the security is rendered insufficient and the mortgagor, having been given a reasonable opportunity by the committee of the mortgage bank, of providing further security enough to render the whole security sufficient or of repaying such portion of the loan as may be determined by the committee, has failed to provide such security or to repay such portion of the loan, the whole of the loan shall be deemed to fall due at once and the committee shall be entitled to take action against the mortgagor under section 9, or section 13 for the recovery hereof.

Explanation.—A security is insufficient within the meaning of this section unless the value of the mortgaged property exceeds the amount for the time being due on the mortgage by such proportion as may be specified in the by-laws of the mortgage bank.

Power of Board or of Trustee to direct distraint and sale of produce and the sale of mortgaged property, etc.

25. (1) The Board or the Trustee may direct the committee of a mortgage bank to take action against a defaulter under section 9, section 13 or section 24 and if the committee neglects or fails to do so, the Board or the Trustee may take such action.

(2) (*a*) Where such action is taken by the Board, the provisions of this Act and of any rules or regulations made thereunder shall apply in respect thereto as if all references to the mortgage bank and to its committee in the said provisions were references to the Central Mortgage Bank and the Board respectively.

(b) Where such action is taken by the Trustee the provisions of this Act and of any rules or regulations made thereunder shall apply in respect thereto as if all references to the mortgage bank or to its committee in the said provisions were references to the Trustee.

IV of 1882.

Mortgagor's power to lease.

26. Notwithstanding anything contained in the Transfer of Property Act, 1882, the duration of any lease executed by a mortgagor of property mortgaged to a mortgage bank after the execution of the mortgage shall in no case exceed five years.

III of 1909.
V of 1920.

Mortgage not to be questioned on insolvency of mortgagor.

27. Notwithstanding anything contained in the Presidency Towns Insolvency Act, 1909, or the Provincial Insolvency Act, 1920, a mortgage executed in favour of a mortgage bank shall not be called in question on the ground that it was not executed in good faith for valuable consideration or on the ground that it was executed in order to give the mortgage bank a preference over the other creditors of the mortgagor.

Priority of mortgage over claims arising under the Land Improvement Loans Act, 1883.

XIX of 1883.

28. A mortgage executed in favour of a mortgage bank after the commencement of this Act shall have priority over any claim of the Government arising from a loan under the Land Improvement Loans Act, 1883, granted after the execution of the mortgage.

Right of mortgage bank to pay prior debts of mortgagor.

IV of 1882.

29. Where a mortgage is executed in favour of a mortgage bank for payment of prior debts of the mortgagor, the bank may, notwithstanding the provisions of sections 83 and 84 of the Transfer of Property Act, 1882, by notice in writing, require any person to whom any such debt is due to receive payment of such debt or part thereof from the bank within such period as may be specified in the notice. If any such person fails to receive such notice or such payment, such debt or part thereof, as the case may be, shall cease to carry interest from the expiration of the period specified in the notice:

Provided that where there is a dispute as regards the amount of any such debt, the person to whom such debt is due shall be bound to receive payment of the

amount offered by the mortgage bank towards the debt, but such receipt shall not prejudice the right, if any, of such person, to recover the balance claimed by him.

Registration of documents executed on behalf of a mortgage bank or of the Central Mortgage Bank.

30. (1) Notwithstanding anything contained in the Indian Registration Act, 1908, it shall not be necessary for any Director, Secretary or other officer of a mortgage bank or of the Central Mortgage Bank to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity or to sign as provided in section 58 of that Act. XVI of 1908.

(2) Where any instrument is so executed, the registering officer to whom such instrument is presented for registration may, if he thinks fit, refer to such Director, Secretary or officer for information respecting the same, and, on being satisfied of the execution thereof, shall register the instrument.

Power of mortgage bank to receive moneys and grant valid discharges notwithstanding assignment of mortgage deeds to the Central Mortgage Bank.

31. Notwithstanding the transfer of a mortgage by a mortgage bank to the Central Mortgage Bank—

(a) all moneys due under the mortgage shall, in the absence of any specific direction to the contrary issued by the Board or Trustee and communicated to the mortgagor, be payable to the mortgage bank and such payment shall be as valid as if the mortgage had not been so transferred; and

(b) the mortgage bank shall, in the absence of any specific direction to the contrary issued by the Board or Trustee and communicated to the mortgage bank, be entitled to sue on the mortgage or take any other proceeding for the recovery of the moneys due under the mortgage.

Special provision for mortgages executed by managers of joint Hindu families.

32 (1) Where a mortgage executed in favour of a mortgage bank either before or after the passing of this Act is called in question on the ground that it was executed by the manager of a joint Hindu family for a purpose not binding on the members thereof whether major or minor, the burden of proving the same shall, notwithstanding any law to the contrary, lie on the party raising it.

(2) For the purpose of this section, the following shall not be regarded as purposes not binding on a member of the joint Hindu family, namely :—

(a) the improvement of agricultural land or of the methods of cultivation ; and

(b) the purchase of land.

Chapters III and IV to apply to loans advanced by mortgage banks from funds not borrowed from the Central Mortgage Bank.

33. The provisions of Chapters III and IV shall apply also to the loans advanced by mortgage banks from funds which have not been borrowed from the Central Mortgage Bank.

Service of notices under the Act.

34. Whenever under the provisions of this Act notice is required to be given to any person in writing, it shall be sufficient to send such notice by registered post.

IV of 1882.

Sections 102, 103 and 104 of the Transfer of Property Act, 1882, to apply to such notices.

35. The provisions of sections 102 and 103 of the Transfer of Property Act, 1882, and of any rules made by the High Court under section 104 of that Act for carrying out the purposes of the said sections, shall apply, so far as may be, in respect of all notices to be served under this Act.

Officers of mortgage banks and of the Central Mortgage Bank and sale officers not to bid at sales.

36. At any sale of movable or immovable property held under the provisions of this Act in order to recover any money due to a mortgage bank, no Director, Secretary or other officer of such Bank or of the Central Mortgage Bank (except on behalf of the bank of which he is a Director or Secretary or an officer) and no sale officer or other person having any duty to perform in connexion with such sale, shall either directly or indirectly, bid for or acquire or attempt to acquire any interest in such property.

Delegation of certain powers by Board.

37. The Board may, if it thinks fit, delegate all or any of its powers under sections 13, 20 and 25 to an executive committee constituted by it and consisting of two or more of its members.

Power of Board to make regulations.

Madras Act VI of 1932.

38. Notwithstanding anything contained in the Madras Co-operative Societies Act, 1932, or the rules made thereunder, the Board shall have a general power of supervision over the mortgage banks and may make regulations not inconsistent with this Act or the rules made thereunder—

(a) for the inspection of the account books and proceedings of mortgage banks;

(b) for the submission of returns and reports by mortgage banks in respect of their transactions ;

(c) for the periodical settlement of accounts between mortgage banks and the Central Mortgage Bank and for the payment of the amounts recovered by mortgage banks on mortgages transferred to the Central Mortgage Bank;

(d) prescribing the form in which applications to mortgage banks for loans should be made and for the valuation of the properties offered as security for such loans;

(e) for the investment of moneys realized from the mortgagors ; and

(f) generally for the purpose of safeguarding the interests of the parties concerned and for carrying out the purposes of this Act.

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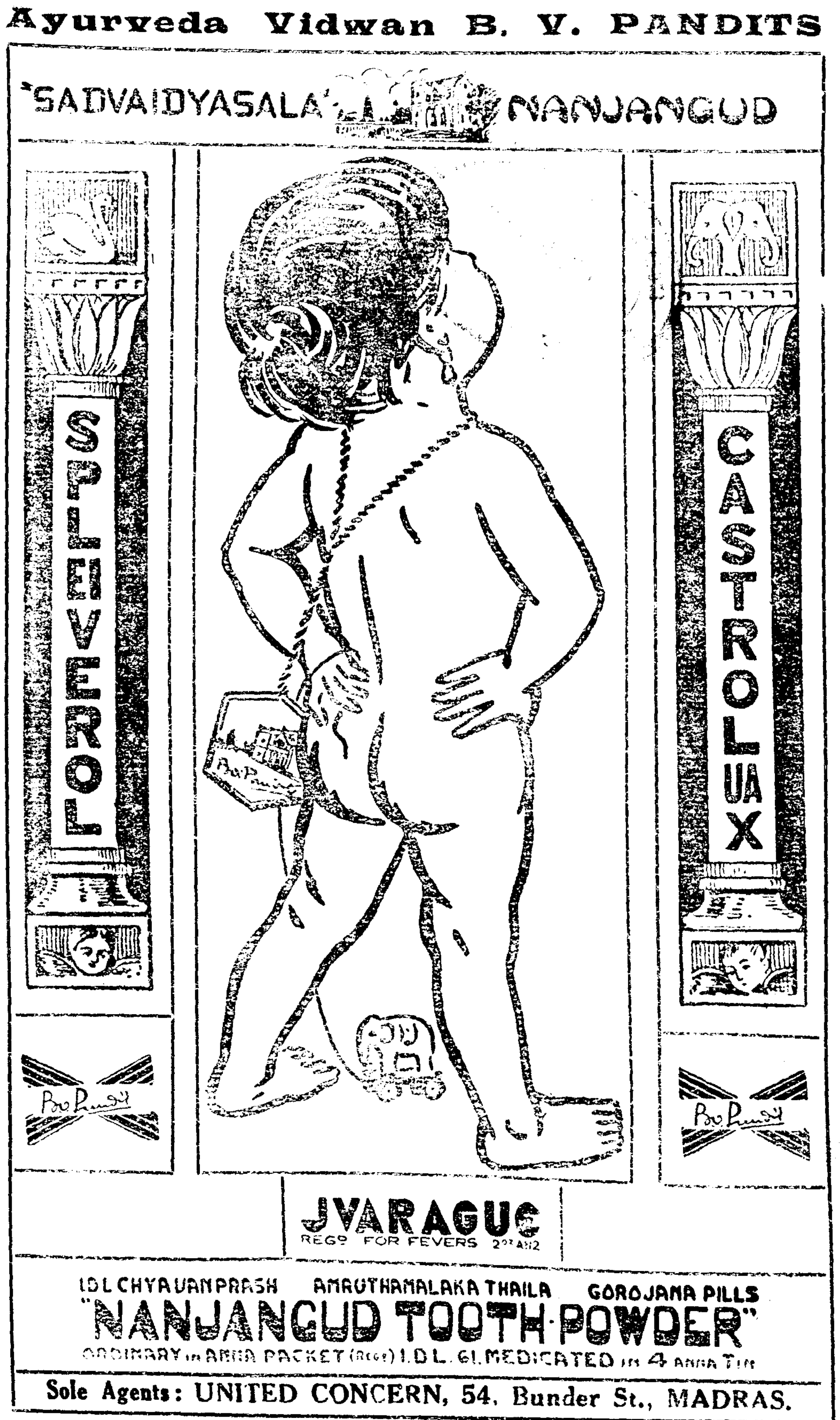

Edited by Prof. S. K. Yegnanarayana Iyer, M.A.,
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