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Editorial Notes

A very hopeful sign.

All well wishers of Rural Indiawill be delighted to learn that the great Indian leader, Mahatma Gandhi, though he has temporarily severed his connections with the Indian National Congress, will concentrate his attention on the urgent problem of resuscitating the village life and village industries. We co-operators have been also attempting to contribute our mite towards this great national regeneration and whatever our mistakes have been in the past no co-operator worth his name now looks upon the credit society as an end in itself but only as a means for the ultimate purpose of rural reconstruction. We are glad that the organizing capacity of this great leader will be available to us, workers in the cause of rural uplift.

Stock taking of the movement by thinkers and administrators.

(*i*) *Prof. Kaji's Address at Mysore.* The co-operators of Mysore deserve to be congratulated on their being able to secure the services of such an eminent economist and co-operator like Prof. H. L. Kaji of Bombay to preside over their conference. Prof. Kaji's address, extracts from which are published elsewhere,* deals not only with the current problems, but strikes a note of originality in suggesting lines of advancement in the future.

Perhaps his complaint is just that all the stock taking of the movement conducted under various auspices, imperial and provincial, have been more or less vitiated by the fact that they have been so circumscribed by the existing order of things and their attention was concentrated more upon finding out the defects in the present structure and suggesting remedies thereof than upon indicating lines of independent development for the future.

Even confining our attention to the limited problem we have been hitherto concerning ourselves with, the removal of the agricultural indebtedness, Professor Kaji complains, and rightly too, that the Sowcar has not been replaced because the movement has not been doing for the villager what the Sowcar was doing before, namely, not merely financing him for carrying on his industry of agriculture, but of serving as a supplier of his daily needs and as a purchaser of his produce and it is Prof. Kaji's contention, that unless these activities are also brought within the ambit of the co-operative movement it is likely to be lop-sided and ineffectual.

Another observation made by Prof. Kaji is that the ground was not well prepared for the reception of the co-operative seed. The masses of our people are still steeped in illiteracy and unless the leaders of the co-operative movement take up the task of liquidating this illiteracy, take up the task in right earnest of adult education of the masses, nothing effective can be done by way of improvement in co-operation. He laid deserved emphasis on the problem of marketing and advocated the expansion of existing rural societies into multiple-purpose societies catering to all the economic needs of the villager, supplying him with credit when he needs it, selling him the articles of his everyday requirements and purchasing from him his produce. In fact Prof. Kaji wants co-operative societies to fully take the place of the old Sowcar in the system of rural economy.

Another point he emphasised upon was the need for introducing cottage industries which will supplement the meagre income of the agriculturist. Thrift alone will not enable the poor agriculturist to lay by enough so as to increase his repaying capacity. In dealing

* See page 233.

with the land mortgage bank, which are coming more and more into existence, he pointed out that it was necessary to see that long term credit should be made available to the agriculturist not merely for the redemption of his prior debt but for enabling him to make improvements in his estate so as to ensure increased production.

Having dealt with these problems at some length the learned professor was forced to refer only briefly to the urgent problems of making the benefits of insurance available to the agriculturist and to the various problems connected with urban credit which, inspite of the financial crisis, is working quite satisfactorily all over India. Insurance and urban credit are subjects on which the Prof. Kaji can talk with some first hand authority and he has given the key ideas briefly in the address. The address was, as might be expected from such a learned professor, informative and thought provoking. It was the stock-taking of the movement by a thinker.

(ii) The minister at Conjeevaram. The Hon'ble Mr. P. T. Rajan Minister for Co-operation in our province, recently made an important speech at Conjeevaram, which is published elsewere in this number.* It was in reply to the address presented to him by the Co-operative Central Bank and he dealt with the problems raised in the address. He pointed out how at the beginning of the period of financial crisis through which we have been passing, the Government of Madras, like other Governments all over the world, was forced to look carefully into the several items of its expenditure and effect all possible retrenchments. A Special Committee of the Legislative Council that went into this question made certain proposals regarding the Co-operative Department of which the levying of the audit fees and of levying half the usual fees for registration were two of the most important recommendations. The Government were compelled to accept these suggestions in view of the financial condition which was so serious that the only other alternative to the levying of this fees was enhancement of taxation. We hope that in course of time when the financial situation becomes easier the Government will be able to reintroduce the concession which the co-operative movement has hitherto been enjoying.

(iii) The Joint Registrar at the International Co-operator's Day Celebration.—Dewan Bahadur K. Deivasikamani Mudaliar, Joint Registrar of Co-operative Societies, who presided over the city

* See page 238.

celebrations of the International Co-operators' Day, delivered an address (published elsewere in this number *) taking stock of the situation so far as the co-operative movement in our province was concerned. He gave a sort of official assurance to all investors that our financial position, taking the movement as a whole, was quite sound as may be seen by the fact that all Central Banks are surplusing and that the Provincial Bank and all central banks have been able, inspite of the financial stringency, to meet all their obligations to the last pie and that in good time. Even in the United States of America, considered to be the richest country in the world, the financial crisis compelled many a bank to close down its doors and forced it to come to an understanding with its creditors; whereas in our country we have successfully weathered the storm. He also pointed out the fact that the department and the Provincial Bank took steps sufficiently early for careful scrutiny and overhautling of the existing system which goes by the well-known name of "Rectification and Consolidation" of primary societies. The money that has been spent in this direction has been spent to very useful purpose. He also paid a really deserving tribute to the co-operative movement for it has brought down the lending rates in the country, a fact which has been borne testimony to by all Banking Enquiry Committees. The Dewan Bahadur pleaded for agricultural marketing and also for the development of store movement at least in all important urban areas, where the circumstances favourable to the growth of the store movement are present.

Some of our Provincial Co-operative Institutions.

(i) *The Madras Provincial Co-operative Union.* The Madras Provincial Co-operative Union held a meeting of its Board of Management on the 18th November 1934 and this is the first meeting of the full board as it has been constituted by recent changes in the bye-laws. Among the subjects taken up for discussion two things deserve special mention.

The attitude of the Union with regard to the G. O. No. 27. S. Ms. dated 26-6-1934 regarding co-operative education is sufficiently well known. The authorities of the Union have made it clear that they are not for the five months course; nor are they for making any discrimination between students trained in the Government Institute and those trained in the moffusal so far as eligibility to the Government Service is concerned. But the Executive committee of the Union agreed tentatively to run if possible two peripatetic schools, one in the Tamilnad and another in the Telugu Districts and the action of the Committee came up before the Board for ratification. Rao Bahadur T. A. Ramalingam Chettiyar, Vice-President of the Union fully explained the reasons for the decision of the Executive Committee. The Board passed the following resolution:— 51

> "The Board adhering to its resolution dated 21-7-1934 considers that the course should be one of at least nine months as in the Central Institute at Madras; and that the students passing out of the mofussal institutes should be eligible for Government service like those trained in the Central Institute and regrets the attitude taken by the Government in the matter; the Board however resolves to ratify the action of the Executive Committee for this term, especially in view of the fact that the Vellore Institute has already started the School".

Another important subject that came up for discussion was the question of supervision which has been made a subject of special study by Rao Bahadur A. Rajabadar Mudaliar, President of the District Co-operative Central Bank, Conjeevaram and Joint Secretary of the Madras Provincial Co-operative Union. He has been touring in the districts of Chingleput, South Arcot and North Arcot and has been making a detailed study of the problem of supervision and in a note he submitted to the Board of Management he suggested certain methods for making supervision more efficient than it is at present. The Board has resolved to request Mr. Mudaliar to amplify his notes and formulate the points for discussion and to have these circulated for the expression of their views among the members of the Board. It is expected that the question would be considered by the Executive Committee at its next meeting in the light of the replies received.

(ii) *The Madras Provincial Co-operative Bank, Ltd.* In spite of shrinkage in transactions the Apex Bank continued to do good business and earned a profit of over 2 lakhs of rupees. The Reserve Fund including this year's contributions will be 14¾ lakhs of rupees, and the Bank also has made ample provision for Building Fund and Depreciation Reserve, which with this year's contribution would exceed 2½ lakhs.

The Management deserves to be congratulated for so efficiently working the Appex Organization on whose success depends, to a considerable extent, the success of the movement in general.

* See page 420.

(*iii*) *The Christian Central Co-operative Bank, Ltd.* The Annual Report of the above Bank, which acts as a Provincial Bank for financing Depressed Classes and Adidravida societies, for the year ending 30—6—1934, is a record of successful working after two years of severe financial strain. The Bank was not able to pay any dividend during the years 1929—30 and 1930—31. This year even after setting apart Rs. 20,000 as Bad Debt Reserve and Rs. 2,000 for Dividend Equalisation fund they are able to declare a dividend of 6 per cent. on the share- capital.

The Report mentions how the Inspectors appointed collected only interests and did not make serious attempts to collect instalments of principal. The Management is making serious efforts to collect principal as well. The Government has been pleased to depute some inspectors to supervise the depressed classes societies financed by the Bank, and the Bank also has appointed special inspectors in Cuddapah, Guntur and Chingleput. The Bank's plea for raising the amount of the subsidy would, we hope, be sympathetically considered by the Government.

It is our sincere hope that the worst days of financial stringency are over and that the year under review is the beginning of the period of recovery. We wish the Bank all success in years to come.

(*iv*) *The South India Co-operative Insurance Society.* We published in the October number of our Journal the Directors' Report, the Registrar's Audit Order and the connected statements of the South India Co-operative Insurance Society. We are publishing in this number the address delivered at the annual meeting of the General Body of the above society by Mr. V. Ramadas Pantulu, the President of the Society.* Mr. Pantulu spoke of the need for Co-operative Insurance Society and of what he saw about the insurance work done by co-operators in England and on the Continent. He also laid emphasis upon the salient points in the progress of the above society which from the figures supplied is sure to be found by every dispassionate reader to be quite satisfactory. He ended his brief speech by making an appeal to co-operators to go ahead and extend their activities to consolidate their position by amalgamating the three provincial societies of Calcutta, Bombay and Madras and linking them with the International Co-operative Insurance Committee of the International Co-operative Alliance. We hope that ere long this forward move will be taken by the three sister societies of British India.

* See page 244.

(*v*) *The Madras Co-operative Central Land Mortgage Bank.* The fifth annual General Body meeting of the above Bank was held on the 21st October 1934 at which the annual report was presented by the Directors. Most of the important points in the report, namely the passing of the Land Mortgage Banks Act, the debentures being recognised as trust securities, the old debentures being redeemed and new debentures being floated are all points which Dewan Bahadur M. Ramachandra Rao, President of the Bank, mentioned in his opening address which was published in the October issue of our journal and commented upon. We are glad to be assured by the directors that primary land mortgage banks have made considerable progress in their working and the principles on which land mortgage banks should be carried on are now better understood and hence scrutiny of documents is being done more efficiently. We are informed in the report that the question of the Central Bank taking over the debentures floated by some of the primary banks before the central bank itself was constituted is engaging the attention of the directors. It is equally gratifying to note that the central bank has chalked out a programme of cautious expansion and they naturally expect the government to co-operate with them by sanctioning the necessary staff. As the report adds "supplying ample long term credit to the agriculturists at this time of crisis may go a long way in reducing the pressure on their resources and that this is the psychological time for a large extension of the whole scheme." We hope the Government will sympathetically consider the Board's scheme of expansion and enable them to realise it at a very early date.

A Silver Jubilee.

On the 28th of October last the Puttur Rural Credit Society, South Kanara, celebrated its Silver Jubilee. The function was presided over by Mr. V. Venkatasubbaiya, Joint Secretary of the Madras Provincial Co-operative Union. The Puttur Society was the first society to be registered in South Kanara and all along it has been one of the best societies in the district. It has generally worked on deposits and share capital and has only very occasionally sought the help of the Central Bank-though it is its own off-shoot. During its long history, out of leadings amounting to several lakhs of rupees, it has not had to write off even a hundred rupees as irrecoverable—a record of which any society in the province may be proud. Its common good fund has been spent from time to time on two night schools, a library, lights for the town and a breeding bull. It is an inspiring example for other agricultural societies in the district, nay in the Presidency.

"*Mecca of Co-operation.*" The late Dewan Bahadur L. D. Swamikannu Pillai, when he was the Registrar of Co-operative Societies called Puttur the "Mecca of Co-operation in South India." The tribute was fully deserved. Nowhere was more earnest co-operative effort being made. The Puttur Co-operators, led by Mr. M. Shiva Rao and Rao Saheb M. Ananta Rao, spread the gospel of co-operation throughout the district, organised a number of societies, convened conferences of workers, organised supervision, started the District Central Bank and the first Co-operative Printing Press in the province and also conducted a Co-operative Journal in Kanarese They played an important part in the early provincial conferences and in the organisation of the Provincial Co-operative Union. Mr. Ananta Rao who was the Secretary of the District Bank in its early days, set a fine example in public spirit by giving all the honorarium he earned for the construction of a building for the Puttur Society. It was in this building that the Silver Jubilee was celebrated.

The function very appropriately closed with the unveiling by the chairman, of the portrait of Mr. Shiva Rao, who, without any injustice to his colleagues and collaborators, may be described as the life and soul not only of Co-operation but of all public life in Puttur. He has worked as hard, if not harder,for the promotion of village panchayats and the improvement of schools as for co-operation and his name is indeed a household in Puttur Taluk. He is now the President of the District Bank and under his wise direction things have taken quite a hopeful turn in the district. We wish him a long career of continued usefulness.

The Eighth Madura-Ramnad District Co-operative Conference.

This Conference was opened by the Hon'ble Mr. P. T. Rajan and presided over by M. R. Ry. Rao Bahadur T. A. Ramalingam Chettiyar Avergal, B.A., B.L., M.L.C., at Madura on the 24th November 1934. The addresses delivered and the other proceedings of the Conference together with our comments thereon will be published in the next issue.

Co-operation in India and Abroad.

SUMMARY OF AN ADDRESS DELIVERED

By Mr. Ramadas Pantulu

to the Indian Students' Association at Berlin on 12-10-1934.

It is a source of genuine pleasure to me to meet the Indian Students in Berlin and to address them. My object in coming to Europe is to represent the Indian Co-operative Organisations at the International Co-operative Congress held recently in London and to study the progress of the Movement in Great Britain and few countries on the continent in the short time at my disposal.

The outstanding feature of Co-operation in all countries is that while its development follows lines most suited to the political, social and economic conditions of a particular country, it owes its origin everywhere to an intense dissatisfaction with the prevailing social and commercial systems and its aims everywhere is to radically and fundamentally modify those systems. The few who have been ever growing stronger and richer have been gaining larger and greater hold on the main springs of commerce and industry—on production, purchase and sale—and have been exploiting the workers and the purchasers of the goods who form the bulk of the population and who are, generally speaking, poor, weak and disorganised. Revolt against such a system is inevitable and among the important Movements for " Social Reform " Co-operation is one. It is for this reason that Co-operation is sometimes associated with " Socialism. " The aim of both is reconstruction of the national economy on a just and equitable basis and to fight capitalism and other forms of vested interests and monopolies. The main instrument used in this fight is also the same in Co-operation and Socialism, namely, the Association or Organisation of the poorer and weaker elements in the society for the protection and vindication of their rights. Trade Unions are intended to combat the exploitation of the working classes by the employers in the matter of wages and hours of work. Consumers. societies are intended to combat exploitation of the wage earners at the spending end by the retail vendors of the necessaries of life. But the analogy between socialism and co-operation does not go further' While socialism virtually and in theory aims at making the State the owner of all land, the sole capitalist and the sole employer in the country, co-operation aims at creation of new wealth and controlling production and distribution *without State interference.* It has a moral and economic programme wholly different from Socialism. This programme is briefly and correctly expressed in the objects of the British Co-operative Union as found in the rules. The object of Union is stated to be the promotion of the practice of truthfulness, justice and economy in production and exchange (i) by the abolition of false dealing, (ii) by conciliating the conflicting interests of the capitalist, the worker and the purchaser through an equitable division amongst them of the common fund commonly known as profit, and (iii) by preventing the waste of labour now caused by unregulated competition.

In Great Britain these principles found their application in the Consumers' Movement. Their Stores have a membership of seven millions and the total trade of the English and Scottish Co-operative Wholesale Societies is about £100 millions a year. The Scandinavian group of countries and Switzerland have also made considerable progress in this direction. The Consumers' Movement made very little progress in countries where agriculture is the main occupation of the people and which produce primarily raw materials. India is one of them. But the Principles of Co-operation have found their application in other forms of associated effort based on those principles. The Agricultural Credit Movement (the model for which was furnished by this country—Germany) has made considerable progress. Since the Movement was started in India thirty years ago (1904) about one hundred thousand credit societies, six hundred central financial institutions to which these societies are affiliated and about ten provincial financial organisations to serve as apex banks for the provinces concerned, have been established. About 50 crores of rupees (about 40 million pounds) circulate in these societies among the agriculturists as loans for productive purposel mainly connected with the agricultural industry. In India, Co-operation has been put to other uses too. In Bengal, where one person dies every 1½ minutes in the marshes from malaria, anti-malarial co-operative societies have been established and are working well. In the Punjab, and certain other parts of India, societies for combating social evils like extravagant expenditure on ceremonies, drink and illiteracy have been established and are working. Societies for marketing of agricultural produce and for promoting small industries like hand-weaving are also established.

It is often said that the credit co-operation in India has not been beneficial to the agriculturist, that it has not reduced indebtedness, and that the cultivator is still in the hands of the usurious money lender. It is true that there are no data to prove that indebtedness has decreased in India among the rural population as a result of credit co-operation. But in all areas where the credit societies have been successfully established the general level of the rate of interest has gone down and the people in the area and not only the members of the credit societies are benefitted thereby. The membership of these societies is about 3 millions and computing that each member represents a family of five people, about fifteen million people have come directly under the Movement in India. This is a small number in a total population of 350 millions. But the indirect benefits of the Movement have reached others outside the societies. In the opinion of the Royal Commission on Agriculture in India and the Indian Central Banking Enquiry Committee, which reported in 1927 and 1931 respectively, the Co-operative Credit Movement in India has on the whole been productive of beneficial results. I am in a position to say that I agree with this view.

It is said that the Indian agriculturist merely looks upon his credit society as another source from which he can borrow money cheaply and does not understand the higher aims and objects of the Movement. While this charge is generally true and is to be regretted, things are not much better elesewhere even in the most advanced countries. I doubt whether the average member of a Store in Great Britain knows anything more about the aims of his society than its trading aspects, namely, paying for his purchases in ready money, attending general meetings and receiving his quarterly dividends. At the elections to the Parliament and the local self-governing bodies, I am sure that many of the members of these stores vote for capitalists and imperialists who perpetrate the very social and commercial system to fight which the Consumers' Movement was started. So does the member of the credit society vote for the landlord and the money lender who exploit him and to fight whom his credit society was established. Consequently, the Co-operative Movement has not become a potent factor for social and economic reconstruction of the national economy in any country. Many British Co-operators are capitalistic and imperialistic in their outlook, which they cannot be if they have realised the real aims of their great Consumers' Movement. It is little wonder that the illiterate Indian co-operator who is groaning under the intolerable burden of accumulated debt does not appreciate the social and moral aims of the Movement. The fault lies mostly with the leaders who have not devoted sufficient time and energy to educate the masses in the principles and practice of the Movement. No political party in India has any definite economic programme of a constructive nature.

As for the future of Co-operation in India and abroad, difficult times are ahead of us. So far as India is concerned, unless there are radical changes in the system of landholding and the agrarian policy of the Government, whereby agriculture is made more remunerative than it is, even the credit movement cannot make much further progress. Agriculture does not leave any margin of profit to enable the cultivator to meet the numerous demands of the State, the landlord and the creditor, after maintaining himself and his family on the slender and precarious income from the land. Most of the subsidiary occupations have gone. The prospect, therefore, in India is gloomy. In other countries, specially in Europe, political and economic changes and programmes of economic planning have already had serious reaction on the co-operative movement and organisation in many countries. Germany and Italy have gone out of the International Co-operative Alliance. The principle of political neutrality which held the field for a century as a main plank of co operative movement was vigorously assailed at the International Co operative Congress. In Britain, Co-operative Societies are now taxed on so called profits. In Denmark and Belgium, where there are strong socialist parties which are friendly to the Co-operative Movement, the conditions are better. It is difficult to visualise the future of the Movement in these circumstances. But the principles on which Co-operation is founded are sure to find acceptance in the long run.

In conclusion, the lecturer exhorted the Indian students in Berlin to take an active interest in the Movement on their return to India.

The Reserve Bank and Agricultural Credit

By E. S. Sunda, B.A., B.L.,

President of the M. R. C. C. Bank, Madura.

1. Effect to Section 54 of the Reserve Bank Act in Madras:—

Before one proceeds to discuss this aspect, one should note that the section provides two things (i) maintenance of an expert staff to study all questions and be available for consultation by all concerned, (ii) co-ordination of the operation of the Bank in connection with agricultural credit.

A. *Expert Staff:*—(*a*) I would suggest that a good staff be appointed for this purpose for this province. (*b*) I may be permitted to state that the expert staff shall be made to mean ***not mere theorists*** but persons who have expert knowledge of local agricultural conditions who can bring their practical knowledge to bear on the questions before them. With all deference, I am not for armchair economists being appointed, though I would desire greatly a good grounding in Economics. A degree in Economics may be insisted as one of the conditions, but I would require experience in agricultural credit operations, knowledge of rural conditions, running of rural centres being made the first requisite qualification for appointment. I shall be happy to suggest that experienced ***officials*** and ***non-officials*** in the Co-operative Department who have shown an aptitude for study and research much beyond their routine work and who are imbued with a real spirit of reform may be thought of. Such a selection will be to the advantage of the Government, the governed and much more to those who have shown a real aptitude for work in those lines.

(*c*) The work of the Department will have to be divided as follows:—

(i) Study of the indebtedness which includes

(*a*) Fragmentation of holdings,
(*b*) difficulties in Zemindari tracts and Inam regions,
(*c*) rent problems,
(*d*) Villages' domestic budget,
(*e*) inadequacy of income and possibilities of increase,

(ii) Financing

(*a*) Is he getting the necessary finance for long and short term purposes?

(*b*) Is the money got for short term purposes really spent on that or on long term purposes?.

(*c*) Does the villager understand the limitation of the two kinds of loan ?

(*d*) Whether he is willing to submit to terms regarding the same ?

(*e*) Whether he is satisfied with the financial agencies now available ?

(*f*) Whom does he find as more helpful to him—the indigenous banker, the co-operative society or a private money-lender or the joint-stock bank ?

Interests.

(*g*) Is he prepared to pay the high rates of interest to the indigenous banker, the money-lender, the joint-stock bank, even if the rate is higher than the co-operative bank ?

(*h*) What are the respective advantages he finds from each type of financing ?

(*i*) Has he prospered by the low rate of interest ?

(*j*) bulk for bulk, is the co-operative borrower more prosperous than others who borrowed from other sources ?

(*k*) Has the co-operative cheap money spoiled the villager ? Any restrictions to be placed on the co-operative financing ?

Mortgage and Surety Security.

(*l*) Should short term loan be restricted to surety loans or should they be on mortgage security in view of the present distress?

(*m*) Monies lost by surety loans that could have been saved if on mortgage security; with amounts involved

(*n*) Should there be mortgage loans, is the Society's Panchayatdars, certificate alone sufficient or should there be an insistence on encumbrance certificate. A study with figures in respective areas to be taken and preserved.

Tenures.

(*o*) Difficulties of financing people with Kudiwaram rights alone—, Zemindari ryots, etc.

(*p*) *Yielding capacity of the areas.* Yielding capacity of the lands in the respective portions of the district and presidency,

(*q*) which kind of agricultural produce will suit which areas, etc.

Problem of Marketing.

Difficulties in marketing, if any,

(i) Road and Railway Communications lacking,

(ii) Lack of funds to place the goods on the market,

(iii) possibilities of godown facilities,

(iv) which suits best, the co-operative or joint-stock lender or the wholesale dealer who advances monies before agriculture.

(v) Enterprises of foreigners regarding cotton and their advances in cotton growing areas.

(vi) How best can the Government help us to put down these foreign advances ? Are they financially beneficial to the Indian agriculturist ?

VII. Internal Trade.

(i) Can the Government do anything to foster internal trade, and will it have any effect on the yielding capacity of the villager ?

(ii) If so, suggestions.

Staff Details :—I would suggest the following as the minimum staff.

(i) A director of Agricultural Credit.

(ii) A Personal Assistant, (not indispensable)

(iii) Three Assistant Directors for Tamil Nadu.

,,	,,	Andhra Desa,
one	,,	Malabar,
one	,,	Kanara.

(iv) Three Inspectors for each District (Revenue)

The Office in Madras should be made up of :—

1. A statistical reasearch Officer.

2. Three statistical assistants for Tamil Nadu.

,,	,,	Andhra Desa,
one	,,	Malabar,
one	,,	Kanara.

3. A manager.
4. Three clerks.

The Statistical Officers under the directions of the Director will collate the figures that come from the Inspectors through the Assistant Directors from the respective areas and assort them under several heads so that they may be available in a reportable form. They may be also printed and copies may be made available for sale to bankers and others who require them. It may be an yearly report till the process gets settled; but in course of time, it should be a monthly and weekly, so that the provincial office may be a bureau of all information regarding day-to-day agricultural finance in several parts of the presidency.

Work of the Inspectors:—They are the persons on whom all responsibilities rest. They should be persons who know things previously. They may be drafted either from the Revenue Inspector's line—better from the Co-operative Department. I shall be sorry if attempts and experiments are made with raw men.

The Inspectors should work in close collaboration with the Village Munsifs and Karnams of the area.

The Collector of the District and the Revenue Officials should be strictly enjoined that all possible facilities should be given to these inspectors. They may have access to all information (except confidential and those that do not relate to the subjects on land) available in the Tahsildars' and Collectors' Offices. Want of sympathy on the part of the Revenue Officials will surely wreck any excellent staff working on the lines suggested. So also the Deputy Registrar of Co-operative Societies and the Deputy Director of Agriculture may be requested to help the Inspectors in their work with all records and information available with them.

Control of the Staff:—It is better that the office and control be of the Imperial Service and not Provincial Service. Appointments may be made by the Director who may be appointed by the Government of India or the Reserve Bank. I desire that the staff either in

the matter of appointments and further preferences are kept above the influences of parties in the respective provinces and that political forces shall not be allowed to have their play within a department of pure and disinterested report.

I originally thought that the department may work as an adjunct to and under advisory supervision of the Co-operative Department. But I believe that because of the constant change in the personnel in the office of the Registrar and also of the changes in the co-operative movement which may or may not be due to the political weather, it is better that a banking department is kept immune from these. I also believe that an officer attached to the Imperial Service and a section of the Imperial Service need not be added on to a Provincial Office, both unsound in principle and practice.

Banking Surveys:—Apart from the surveys that have been made all this time, there should be a new type of survey. (i) Need for Banking facilities; (ii) What type of facilities; (iii) How much is necessary for the agriculturally inclined population and how much for those otherwise; (iv) The banking needs and potentialities of the village should be studied by the Agricultural Credit Section.

The second part of Section 54 is co-ordination of the operations of the Bank with Provincial Co-operative Banks and other Banks.

To start with, it should be stated that the agricultural credit is now given by District Co-operative Banks generally and very few Central Banks apply for loan from the Provincial Bank.

Only recently, the Provincial Bank changed its bye-law to lending directly to certain societies and they have done so in an extensive scale in the case of Vyyuru Society—an experiment in sugar cultivation.

So the co-ordination work should be in the main with the District Banks' work, which to a large measure is in charge of agricultural credit now. There are also Sowcars and Nattukottai Chetti money-lending firms which deal only in short term or crop loans. But they are not 'organisations' as such. There is a similar section with greater details in the Commonwealth Bank of Australia Act; but about that department, Prof. D. B. Copeland on page 67-68 says, "The department has now been established but it is too early to say how it will affect the investment market. An interesting possibility is however the facilities it will offer for *short-term* investments and the assistance it will render in the Short term loan market for Australia."

Sir George Schuster was not very optimistic and he even conveyed to the Assembly House the opinion of Sir Osbourne Smith. "In Australia," spoke Sir George, "You are dealing with a comparitively small population of highly educated and comparitively wealthy people, large farmers who understand dealing with Banks and who can keep accounts and so on. But even so, I am told by Sir Osbourne Smith who has a very wide experience of Australia that attempts to form rural credit institutions have been on the whole faced with terrible difficulties and on the whole highly unsuccessful. It is an extremely difficult problem and the problem in India is quite different to that in any other country".

Section 54 does not state that the dapartment is going to be a financing agency for Rural Credit also. It is, I believe, intended to be a clearing house of knowledge and will put two banks into Banking touch with the Reserve Bank. The word is 'Co-ordination.' I believe, I am correct.

The Australian Rural Credit Section has been invested with powers to

(*a*) receive 25 per cent. of the annual net profits of note issue Department,

(*b*) power to issue debentures under conditions,

(*c*) to make advances upon the security of primary produce (placed under the legal control of the Reserve Bank) to the Bank or other banks,

(*d*) to Co-operative associations,

(*e*) such corporations or unincorporate bodies found under the law,

(*f*) and that the *advances shall be made only far a period of one year*— absolutely short-term loan,

(*g*) may discount bills on behalf of the Scheduled or recognised banks—bills secured upon produce placed under the lega control of the Bank.

If the present Reserve Bank Act of India can authorise the Bank to take all those functions, it would be welcome. The word "Co-ordination" in 54 (*b*) should be made elastic to include other functions.

Other kinds of Co-ordination may be

(*a*) affording scope for easy remittances through the Imperial Bank or the Reserve Bank at an uniform rate to all Scheduled Banks—This is considered to be a matter of utmost importance to the Co-operative Movement. (Banking Committee.)

(*b*) that the Reserve Bank in the District centres or in the Provincial headquarters should be a Bankers' Bank and it should avail itself of the full opportunities and help that may be offered by the Co-operative District and Urban Banks.

(*c*) If the Reserve Bank Rural Department is permitted to issue debentures for the purpose of meeting these short-term accommodation, the Central and Urban Banks may even cease taking in deposits at favourable rates, thus giving an impetus to the sale of debentures. The work of deposit banking may be slowly shifted on to the Reserve Bank Rural Credit Department which may issue debentures as done in the Australian system. The District Co-operative Banks may then be merely entrusted with the work of

1. Testing of loan applications,
2. Accepting or rejecting them,
3. Fixing up the amount to be paid as loan,
4. Fixing instalments,
5. Taking steps to realise the amounts and others,

without the bother of deposit banking. In effect, the District Banks will become a great partner availed of by the Reserve Bank to do its duties by a mutual adjustment of privileges and responsibilities.

The Reserve Bank, as it is likely to enjoy the benefit of large free balance of Government, there is a moral and legal obligation on the part of the Bank to finance the agricultural co-operative societies. The foreign banking experts also have stated in their evidence that there is *no better instrument for raising the level of the agriculturist* *of this country than the co-operative effort* and they made a strong appeal to the banking interests of the country to assist the movement.

(*d*) The indigenous banker also will have to come into the financial chain. His knowledge of the local conditions would form the basis of good bills

(*e*) A practical difficulty has to be felt in the matter of village agricultural financing. Short-term loans as stated have to be given—crop or marketing. But in experience, we have them failing. Even if godown societies are started and the producers are made to become members of godown societies, there is a chance of the societies discounting the bill with the District Bank and the latter in turn with other banks. The use of the Agricultural paper would than be in fashion. But the regard and respect for the Agricultural paper depend upon the yield of the land and rightful disposal of the crops. As it is, to expect a great advance in this direction immediately would be hazarduous. That is importing too much of agricultural financing and banking habit to the villager which cannot be at once swallowed by him.

It has been suggested in this matter that the recognised indigenous banker has a rightful place. A man known to them who can inspire confidence can be made to be the connecting link. As even Sir Osbourne has suggested before the Banking Enquiry Committee, the usance bill can be encouraged for the finance of village bankers by Shroffs.

Regarding crops and then sale, it may be difficult to know the time of their harvesting and sale. Still for practical purposes and to induce the Banking habit to grow the villager should be made to know the practice and a date allowing a broad margin for delay in harvesting and bad season may be fixed.

All steps should be taken for the villager to be a party to a bill which will be discounted in the central money market. This will tend to a great flow of money from the centre to the interior.

II. How far the Reserve Bank can give assistance to Land Mortgage Banks.

In Madras, except in a few areas, the Land Mortgage Banking is yet to grow. While the Co-operative Credit Society has not yet

covered the whole field, the Co-operative Land Mortgage Credit has not even moved. It is due to several causes.

(i) Examination of title with several types of inheritance rights—problems of Hindu Law, minors, all coming in.

(ii) Several types of tenure—not easily ascertainable.

(iii) The existence or otherwise of previous encumbrances on the property, the cost involved in knowing them and the delay, if the properties are situate on in two different localities under two different Sub-Registrars.

I would suggest, as has been done in other countries to avoid delay and expense as *a first step*.

1. (i) That the Rural Credit Department should immediately take up the compilation of the Land Registers (as in Austria, Denmark, etc.,) in which every plot of land is registered with a mention of all buildings, etc., standing thereon, all deeds, mortgages proprietorship transfer of rights are officially entered. If several mortgages are entered on the same estate, they rank in the order they have been executed. It shall also contain a prudent estimate of its value and yield.

(ii) That the Reserve Bank should insist on a legislation that all transfers of rights should be sent up to this office by the Registering authority.

(iii) This book shall be accessible to all. On the basis of this register, it is easy to establish a clear title, and have all knowledge of debts.

(iv) It may also be enacted that thus registered mortgages shall have preference over those unregistered.

2. If such a land register is available, one can imagine that the Madras Co-operative Land Mortgage Bank need not take up the responsibility of issuing debentures. It can get the money from the Rural Credit Department of the Reserve Bank and duplication of debentures for the same purpose, which mean duplication of costs, worry and establishment can be avoided. In fact, the debentures floated by the Reserve Bank can be more attractive and raised probably at more favourable rates:—all these may go to the poor villager. An All India Institution can surely with better ease raise

long term deposits and lend to the Provincial and District Mortgage Banks. This will create a chain to control effectively the mortgage credit of this country.

3. If the indigenous money-lender desires to come in, he may also be taken in and the mortgage bond in his favour may be assigned over to the Reserve Bank, provided the Bank is satisfied of his status as a shrewd agricultural business man and monies advanced to him with some discount charges. Or, if the double registration charges are to be avoided, the primary borrower may be made to directly execute the bond in favour of the Rural Credit section, through the medium of the Indigenous banker as an agent. Any control of mortgage credit will not be possible if he, by some means, is not brought into the financial chain. The sale of mortgage bonds also may be taken on hand through the Co-operative, Joint-stock and indigenous agencies. Mortgage bonds ought to issue from the Rural credit section. They should cover mortgages to a like amount. The Swedish Banking system has a lesson to teach us that every joint-stock or co-operative or other organization should not be permitted to issue its own bonds. It will lead to lack of uniformity and unhealthy competition. The Reserve Bank, if it is going to issue mortgage bonds may sell them to the Presidency and District Mortgage Banks. In that case, they need not deal directly with the primary borrower.

The Bank bonds may be payable to bearer secured by mortgages on land. The Provincial or District Bank may be made jointly responsible for these bonds.

It is likely there many be a view the Provincial Bank may be invested with powers to issue bonds. Though I am not against deofficialisation in general, yet in the initial stages the bonds of the Reserve Bank ought to be made attractive and better and the local atmosphere has nothing to do with it.

Whether Legislation is necessary for the Relief of Agricultural debts.

1. This is a hard question to answer:—

(*a*) If this applies to the existence of debts already overdue and if any legislation is to be made to make the creditor receive less either in principal or interest, I fear the public indignation will be too much.

(*b*) The Debt Reconciliation Board in several places has led to no reconciliation and, in fact, it has led to a scare and the money which will otherwise come into the market is not likely to come up.

(*c*) A reconciliation Board ought naturally affect all banks (joint, co-operative and indigenous) if it is to be an all-embracing measure. This will surely create a panic.

(*d*) It is one thing for a creditor to write off some amount as hopeless, it is another thing-most unpleasant—that he should be ordered to give up, however much the mood may be said to be reconciliatory.

(*e*) In the All India Co-operative Institutes Conference held at Amroati, every delegate of Central Provinces spoke in disgust of the work of the Reconciliation Board.

(*f*) A missionary from America who visited Madura recently stated that he is anxious to get something where nothing is possible; but the measure of Reconciliation Board is not viewed happily at all. It is likely to lead to a dead-lock of frozen money which may not even find a place in the Bank. No individual desires to be told by a Government or any authority that he should receive this and no more. It looks like debtors' coercion through the State.

Interest. I can understand legislation for the purpose of lowering the rate of interest statutorily. It may be even enacted that the British Courts shall not decree more than 12 per cent interest before and after decree and that the courts should discountenance and prohibit and penalise the advance payment of interest even at the time of lending (for a period) and should have the power to reopen and adjust the amount at the rate of 12 per cent. It is sure to act as a good and benevolent measure.

Court Costs. Generally the Court costs form a good portion of the debt. I desire that the suits arising out of the bonds and loans above mentioned may also come under the purview of the co-operative arbitrator to avoid payment of heavy court-fee and lawyer's fee.

Craze for Legislation. Any legislation to placate the borrower is unnecessary. After all money-lending as a profession is sure to stay. Shylocks were over-stigmatised; but in modern times, when money's power is something, if not everything, to pay for the use is nothing detestable. Let it not be too heavy. But to suggest a legislation penalising the creditor ought to be discountenanced.

Insolvency. This takes us on to the question of Insolvency Law. The provisions relating to adjudications and discharge or not observed strictly. In fact, legislation should be made that none has a right to be adjudicated insolvent,—though decisions have conferred that right by defining the words in the Statute. If adjudications or not the order of the day, there is some greater likelihood of the debtors paying the portion or a good portion of the same.

The Protection relief should be granted only to cases of *bona fide* creditors.

Speculative merchants and others who have borrowed beyond their means should be made to suffer imprisonment, the only penalty under law. Discharge provisions should be strictly followed. Eight annas in the Rupee is not insisted on in several cases and the courts say, "what is the use of insisting on it." They ought to make them remain undischarged insolvents making them absolutely unable to raise further finance except under pain of criminal punishment. Nobody can gain say the fact that the Insolvency Law sits loose on debtors. The administration of the Official Receiver in many places leaves a good many things to be desired.

Agriculturist-Insolvents. Some desire that provision should be made for small insolvencies. The law as it stands makes provision for an insolvency of Rs. 500 debts. There is no necessity to lower the limit as I believe that all one's life, one should be able to save Rs. 500 at least. Summary adjudications provisions are there, and they are enough for the purpose. *Bonafide* insolvents may be allowed to go off; but Insolvency Law should not allow room for litigous speculation.

Provision for bad and doubtful debts—a suggestion as regards primary societies

By Mr. J. Krishnamurti Rao.

A stage in the decadance of the movement is now reached when financing Banks are compelled to make liberal provision from their profits for Bad and doubtful debts. The likely amount of loss from each society financed by the Bank is carefully estimated every year after considering the realisable assets of members of societies according to the present market values. The General financial depression may be said to have reached its climax at present, and the estimated loss in each society may not grow higher. It is necessary that each society should make some provision for bad and doubtful debts, Good many societies are working at a loss, due entirely to non-realization of interest dues from members and the prospect of their working at a profit and building up a Reserve Fund is remote. Such profit items as dividend on share capital invested in Central Banks and interest on Reserve fund of each society which are negligible when compared with the amount of loss shown in the balance sheet may be ear-marked each year for bad and doubtful debts. This diversion may slightly increase the loss but there will be no real hardship. The Registrar, the Provincial Co-operative Union and the Banker's conference may consider this question. This will to some extent minimise the eventual loss to societies and Central Banks and it is but just that societies should do so.

A lacuna in the Madras Act VI of 1932 and the Rules framed thereunder.

BY MR. G. SWAMINATHAN, M.A., B.L., *Tiruvarur, 29-4-'34.*

There is no provision in the Act or the Rules framed thereunder for the manner in which legal representatives of deceased members should be added in proceedings before the Registrar or the Arbitrator.

Section 51 gives jurisdiction to the Registrar to decide disputes among persons claiming through deceased members.

If pending a reference, a member dies, what is being done is to add the legal representatives of the deceased as members of the Co-operative Society if the by-laws allow such a procedure, and to issue fresh summons to the legal representatives.

If a member dies after the passing of the award by the Arbitrator, how is the award to be executed against the legal representatives? If the awards are executed through civil courts, the provisions in the Civil Procedure Code for adding legal representatives in execution are followed and there is no difficulty. But what of the execution by the Registrar or by the collector? Rule XXII does not make any provision for the addition of legal representative at the time of execution.

Section 28 of Act VI of 1932 which gives the power to execute to the Registrar speaks of the attachment and sale of the property of the *person* against whom the decree or award is obtained. Does the word 'person' include his legal representative also? I doubt.

It is requested that suitable amendments may be made early.

Recent Utterances.

Extracts from the Presidential Address of Prof. H. L. Kaji, M.A., B.Sc, I.E.S., J.P., Vice-President, All India Co-operative Institutes' Association at the Twenty-first Mysore Provincial Co-operative Conference held at Mysore, on 15th October 1934.

Co-operation is, as we have learnt by now surely, a creed that does not appeal to instinct but belongs to the domain of higher culture. To the strong and the efficient, it is competition and individualism that appeal; to the weak and helpless, it is philonthropy and charity that appeal. The efficient would not like to sacrifice the possible rewards of their ability for the sake of the weaklings; the weaklings have all their pluck plucked out of them and depend for their salvation on the efforts on their behalf of others rather than of themselves. It is only the highly educated and cultural mind that responds to the appeal of the co-operative creed, which sees in the co-operation of the strong and the weak the hope for the raising of the mass level, which only in the long run spells national advancement and prosperity. The subordination of the individualistic instinct in favour of a group feeling the expansion of the 'I' into a broader 'We,' the spirit of service the spirit of sacrifice, the spirit of brotherhood, can only have an appeal for the cultured and humane humans. Co-operation does not therefore attract those for whom it is realy meant, unless the efficient see in it an opportunity for self-aggraudisement, the weak see in it a possible chance for receiving doles from a semi-philanthropic institution. The people are not yet fit for the gospel of co-operation, it seems. Let it not be forgotten however that the Movement has called forth the spirit of service among the educated people of the towns and cities, whose hearts bleed for their rural brethren, whose intellect grasps the fact that in the well-being of the villager the well-being of the whole country is intimately bound up and whose capacity permits them to take up the mission of love purely in a spirit of service, to function as the friends, philosophers and guides of the cultivators, under the restrictions imposed by the officially controlled movement.

Ignorance and Illiteracy of the Villager.

The greatest need of the Co-operative Movement therefore in my opinion is and has been the education of the villager. We, the officials or the non-officials, see in the Movement a powerful weapon for achieving the economic betterment of the masses, but success is only possible when the material—the human material is or has been made ready and fit to receive the message and to benefit by the willing assistance of the servants of the cause. We have delayed this too long; we have left it to the State to undertake the work of education of the masses; it is too vast, we have felt, for non-officials to try to perform. And, the State, in the British provinces as in Mysore, has not yet been able to devote itself to the task in right earnestness. The percentage of literacy is yet alarmingly low and literacy is by no means a test of education or a cultured brain. While the state provides and encourages secondary education and higher education by the establishment of schools and colleges, it has nowhere embarked on a campaign against illiteracy and ignorance of the masses, which is indeed the greatest handicap to a nation that desires to progress politically, socially, economically or in any other direction. The great countries of the world are great, I take it, not because they have better people, or they are better governed or anything of that sort, but because the people are not only literate but educated. Japan pushes ahead because practically the whole population is literate. Russia was backward and lagged behind for years because of the curse of illiteracy. But the present government there is not only conscious of it, but is waging a regular campaign against it. And, India will not progress, I am afraid, till we similarly create a wide-awake population in whom not only the gospel of co-operation but many other gospels will take root and germinate. The present times seem to call forth urgently efforts for a concerted drive against illiteracy and ignorance. When the country is being led by progressive stages of reforms to a freer and a fuller political life, when the country is embarking against the curse of untouchability, when economic distress is calling forth stronger measures, when the co-operative fabric that we have reared up in the past is in danger of collapsing, it is time that we took up the basic need and tried to do what is possible for us to do. I recognise that education is one of the fundamental functions of the State; but I do not subscribe to the doctrine that we are doing our duty by merely pointing out now and then to the State what its duty is and remaining content and doing nothing more. The state might or might not take up the work of adult education and adult literacy and compulsory primary education; we need not wait and wait; we might as well do our bit in that direction.

Co-operative Marketing.

But while cheaper finance and organised supply cannot lower costs of production, through smaller rate of interest and lower prices, they cannot have the same appeal to the ignorant or for the matter of that, to anybody as organised marketing, which would bring more rupees in their pockects. The negative doctrine that economy is wealth does not inspire; the positive gain by better marketing has a direct effect, and the neglet of this has been to my mind the most unfortunate mistake that we have made in building up the structure of co-operation. Finance with supply, or in other words, loans in kind in a sense, and marketing should have been the two important wings of our co-operative edifice, and it is really a pity that though all admit the importance of co-operative marketing, no systematic efforts seem to have been made generally speaking, in that direction. The Maclagan Committee expressed its opinion that the development of co-operative marketing was not only inevitable but essential to the balanced development of the economic condition of the country as a whole. The Royal Commission on Agriculture favoured the encouragement of sale societies as these furnished the best means of enabling the cultivator to secure an adequate premium for produce of superior quality. The Bengal Provincial Banking Enquiry Committee stressed that there was very little room for improvement in the standard of living unless means were taken to bring to the producer a greater share of the value of the crops than the harvest price he now commanded. The U. P. Committee went even further and insisted that the success of co-operative credit was jeopardised to a large extent by the absence of organised marketing. Thus though its importance has been recognised and stressed by so many and at different times, the efforts have been so far halting and spasmodic and have been chiefly in relation to the money crops like cotton and jute and not to all crops, whether produced for consumption in the country or for export overseas. Bombay has achieved notable success in the case of the cotton sale societies in Gujarat and the Bombay Karnatak, and the Gujarat Co-operative Cotton Sale and Ginning Societies' Union is the first marketing federation in the country.

While in normal times, co-operative marketing is so very important and while we have been passing resolutions in Conferences for years past and while Registrars have been emphasising the importance of sale societies, the need for the emphasis on co-operative marketing is all the greater in the times we are passing through. Low prices and the consequent distress need an attack on all fronts and the reserve of organised marketing must now be brought into action so as to afford as much relief as possible. This will need an almost as great an effort if not greater than the one needed for the inauguration of the Credit Movement thirty years back. An almost parallel organisation will have to be set up and the State might be called upon to spend more than what it does at present. But there is no escape. What was begun must now be supplemented by a vigorous push to marketing. The intentions of the sponsers of the Movement in 1904 must now be implemented by the addition of the wing of co-operative marketing to the co-operative edifice. When one has to choose between an increase of expenditure on the Movement which would probably spell success on the one hand and frittering away small resources ineffectually, there is no option at all, but comfort might be found in the thought that the additional expenditure would be more than repaid by the relief to the distressed masses and the probable prosperity of the cultivator.

The full and proper organisations of co-operative marketing has numerous difficulties to contend with. There is the members' frequent inability, due to their credit obligations to control the marketing of their produce; there are the members' apathy or disloyalty and the opposition of competing interests, the difficulties of transport, and there are the difficulties due to small scale production, inadequate storage facilities, absence of licensed warehouses, lack of standardised weights and measures, and the members' unfamiliarity with grading and methods of preparation for the market. To overcome these difficulties, thorough measures will be necessary, funds will have to be found; marketing surveys will be necessary; and expert marketing officers will have to be appointed. All this will take time and the problem is urnent. We cannot wait indeed till a well-planned system of organised co-operative marketing has been introduced. Relief measures have to be prompt enough to do any good; we must therefore think of *ad interim* measures which will afford some relief to the cultivators, train them up if possible to appreciate the advantages of collective bargaining in the sale of their produce and lead them on to the formation of sale societies or purchase and sale unions after some experience has been gained and the crisis of low prices has been successfully tided over.

Insurance.

In connection with Land Mortgage Banks and their business, I find that the importance of Insurance was emphasised from this platform last year. I strongly support the powerful plea put forward for insurance by my esteemed friend Dewan Bahadur Ramachandra Rao of Madras. As President of the Bombay Co-operative Insurance Society, I have often been thinking of the relationship of Insurance and Co-operation, and I have come to the conclusion that Insurance has a very important role to play in the Co-operative Movement. Insurance is a necessary adjunct of Co-operative Credit whether long-term or short-term. Special forms of insurance like group insurance and decreasing term-insurance seem well suited to the requirements of co-operation in the rural areas, so that the liability for unpaid instalments on the death of the borrower is shifted on to the Insurance Society. Besides, if co-operation is out to promote thrift, it cannot affort to ignore insurance which is indeed compulsory thrift of a very beneficial kind. Insurance is developing in India fast enough in recent times, but in rural areas, insurance is yet almost unknown. We are told that members of societies are too poor to afford the premiums. True, but when we see in many provinces, that to encourage thrift, a system of compulsory deposits is being adopted, and considerable amounts are being built up as members' deposits, so as to give the comfortable feeling of a large percentage of the working capital of societies as Owned Capital, there is no reason why insurance which is a system of compulsory savings should not be found practicable in rural areas. For success, insurance societies should have as wide an area of operation as possible, and I do not think, provincialisation should induce us to start separate societies, for different provinces. Bombay started its Co-operative Insurance Society some four years back, Madras has followed suit and Bengal expanded its Provindent Society into an Insurance Society too. Any one of these societies ought to serve the purpose of any Province or State. It must be recognised that among the causes of agricultural indebtedness, we have been stressing wasteful expenditure on funeral, feasts and wedding celebrations. These factors could be eliminated by insurance, for the amount received under a policy would suffice for the funeral ceremonies and a special marriage policy would obviate the need for borrowing on the occasions of the marriage of the sons or daughters. I, therefore, strongly support the appeal addressed to you last year and place before you the Bombay Society's motto—"Insurance is the co-operators' duty, the borrowers' dharma and the surety's right."

HONOURABLE P. T. RAJAN'S ADDRESS AT CONJEEVARAM.

MR. PRESIDENT, BROTHER CO-OPERATORS AND GENTLEMEN,

I am thankful to you for your warm welcome to me this afternoon and for the address of welcome you have presented to me. In the address the President has given us an woeful picture of the condition of the ryots. It is indeed very sad that the picture is true and it is the business of both the Government and the public to do all in their power to alleviate their misery and find some means to improve their lot. It is only in that view the Government have been doing all in their power to put the co-operative movement on a sound basis. I do realise that it has not been possible for us to give that help and assistance which the movement really wants. The reasons are not far to seek. To-day the whole world is passing through a financial crisis and our country is not an exception and it is suffering along with that of other countries in the world. Owing to this depression both individuals and public bodies have been obliged to take stock of the situation to cut down their expenses so that they could manage to make both ends meet by all possible retrenchments and the Madras Government has also been faced with the problem of meeting the economic crisis. They appointed a retrenchment Committee consisting of elected representatives of this Province who are members of the Legislative Council. That Committee sat for 2 or 3 months at a time, day after day to find out how best the situation can be eased and how best the Government can make her machinery efficient consistent with the retrenchment that was necessary. Like other Departments, the Department of Co-operation also had to go through a process by which it had to cut down its expenses though not to the extent to which other Departments were obliged to do. In that connection the question of charging the Co-operative Societies, the registration fees which has been imposed recently had to be considered and the Government instead of accepting the recommendation of the Committee that the societies will have to be charged the full fess like others, agreed to levy half the fees. I was handicapped at that time for this reason, that the Departments of Co-operation and the Registration were in my hands. I had to hold the balance even. If I fought for the co-operative movement, that meant I would be letting down the Registration Department. Every Department of Government was asked to reduce their expenses by at least 8 per cent or to face the

next alternative of fresh taxation. Of the two evils the Government choose the lesser one viz., instead of leving fresh taxation they had to cut down the expenditure incurred and the Development Department had therefore to levy half the fees. The Land Mortgage Banks are no doubt given the help of not levying this fee, but I may say that being a scheme newly started, it had to be given this help. In any case when finance improves either it may be possible for you to pay this or it will be possible for the Government to remove the levy of the fees. I shall be giving you false hopes if I were to tell you that your request would be considered sympathetically by Government but I can only say that as the Government finances stand to-day, it will not be possible for me to give you any reply, which might give you any hope.

Your President then referred to the audit fees for the work done free of cost hitherto. Here again it is a question of making the Department of Co-operation self-supporting. No doubt the Bank were asked to pay fees but the discretion vests with the Registrar who can either reduce the charge or waive it, if he thinks that any institution is not in a position to pay the fees. Anyhow it has been brought to the notice of Government by more institutions than one and I am prepared to look into the matter as to how far the Government can reduce the scales of fees in all cases.

Again another matter which your President referred to in the address was as regards the question of supervision of co-operative societies. As has been pointed out it has been engaging the attention of the co-operators and Government alike. If the societies had been under the close supervision either by the Departmental Officers or even by non-official agencies, the movement would not have received a set back which is the case to-day. I may assure you brother co-operators, that the question of supervision is receiving the consideration of Government but before coming to a final conclusion they would have the benefit of the officials and experienced co-operators scattered throughout the Presidency; and I am sure that with the assistance of leading and experienced co-operators like Mr. Rajabadar Mudaliar, they would arrive at a conclusion satisfactory to all parties.

INTERNATIONAL CO-OPERATORS' DAY

SPEECH BY

DEWAN BAHADUR K. DEIVASIKHAMANI MUDALIAR,

(Joint Registrar of Co-operative Societies, Madras.)

GENTLEMEN AND BROTHER CO-OPERATORS,

I thank you very much for having asked me to preside over the celebration of the International Co-operators' Day and thus having given me an opportunity to associate myself with this pleasant function. This annual meeting of the Co-operators in the City elsewhere remind us of the spirit of goodwill and mutual help which characterises the movement to which we all belong. On an occasion like this, you may perhaps not expect me to speak on the several problems touching the movement which await solution of our hands. I may, however, with your permission, say a few words on the movement with reference to the present depression.

2. For the last 5 years the world has been passing through an unparallelled economic and agricultural depression which has very vitally affected the economic foundations of society and set nations and people seriously thinking on plans of economic and social reconstruction. Co-operative institutions are essentially economic undertakings and it is inevitable that the depression should have affected the Co-operative movement as it has done other branches of economic life. The depression has brought into prominence the weaknesses of the movement as well as its strength and vitality. While it has upset the normal conditions of trade, industry and commerce and has shattered the normal functioning of the capitalistic organisation, an impartial student of Co-operative Movement might observe that whatever its weaknesses, the Co-operative movement has shown, notwithstanding the depression, signs of strength and has been weathering the economic storm with patience and a high degree of courage. If proof be required, one has to look at the financial resources of our Central Banks. Most of you would have heard of a widespread failure of Joint Stock Banks in America during this period. Generally speaking, the position of our Central Banks during the last 3 years is that they are having large surpluses, and depositors and quasi public institutions have been putting in their moneys in the Banks at very low rates of interest notwithstanding the reluctance of the banks to receive them. On 30th June last, the surpluses in the Provincial and the Central Banks in our Presidency

went up to Rs. 127 lakhs. Again, no Central Bank or any big Urban Bank in our Presidency has' failed to pay its depositors the moneys due to them whenever they asked for them. In spite of the depression the Central Banks have been building up their reserves and bad debt funds and to-day they amount to Rs. 30 lakhs and Rs. 10 lakhs respectively, while in 1929 (when the depression began) the reserves and bad debt funds amounted to only Rs. 19 lakhs and and Rs. 34,000 respectively. I do not propose to multiply instances to show that, whatever its other weaknesses, the movement to-day is financially as strong as at any time before the depression.

3. I do not mean to suggest that the depression has not reacted upon the Co-operative movement adversely or as a writer has put it, the movement is "living in a lazy back water, faced by no difficulties or problems and consequently feeling no need for struggle or improvement." The precipitous fall in the general level of prices of agricultural produce has very much affected the agriculturist borrowers of which our rural credit societies are composed, and naturally these societies reflect the sufferings of these people. The low agricultural prices and the fall in land values has reduced the repaying power of members of societies with the result that they have not been keeping up their obligations to the societies. Overdues are, of course the result. One can realise the difficulties of borrowers to repay their debts in these days. An agriculturist has now to sell twice as much of his produce as before the depression to repay a loan which he contracted in the pre-depression days. This is indeed a severe hardship and the difficulties of borrowers should receive due attention and sympathy and call for remedial measures. Again, the depression has also shown to us that the loans advanced are not all well secured and the need for additional securities for agricultural loans is perhaps greater now than ever before. I need not multiply instances. The effects of the depression on the Co-operative movement in so far as it affects the agriculturist borrowers of our societies are indeed great and require careful and sympathetic treatment.

4. This leads me to refer to the schemes of reform of the movement which have been set on foot during the last 5 years. As nations have launched schemes of economic planning and rationalisation with a view to overhaul and reconstruct trade and industry on healtheir lines of development, even so Co-operators have taken up programmes of co-operative reconstruction and planning. I am glad to be able to say publicly that on account of these schemes of

rectification and consolidation of societies, Co-operators have been sincerely endeavouring to secure the loans and recover them wherever possible, while at the same time giving relief to members wherever necessary. Societies and Central Banks have reduced and are willing to reduce their rates of interest on loans given to their members. They are also prepared to give extensions of time provided the borrowers give enough security. I am sure that with the continuance of a systematic overhauling, better results will be achieved.

5. The depression has also brought out the inherent weakness of a movement which is practically one-sided. We, in India, have developed agricultural credit to very large proportions and the depression has shown the need for marketing organisations. It is necessary to round off the organisation of the Indian Co-operative movement through the development of Co-operative sale societies. Agricultural credit alone may not solve the problems confronting the masses. It is necessary that the income of the agriculturists should be raised so that better living might be ensured to them. Co-operative marketing holds out a hope of better prices and it is the duty of Co-operators to organise the sale of agricultural produce on co-operative lines wherever conditions warrant. When I say this, I have not forgotten the attempts made during the last ten years and more to start such societies. There are certain difficulties which can only be overcome slowly. The ryot expects an appreciable difference in price the moment he joins such a society and even before the society can approach a wholesale dealer with sufficient quantity of produce in its hands. A small society here and a small society there may not achieve the object in view. The society formed should be of sufficiently large size so that it may deal with an exporting firm or it may export the produce itself. It is only then that any appreciable help will accrue to the ryot. The difficulties to be overcome in such a society are great and I hope Co-operators will rise equal to the occasion and bring about the formation of such societies for the various crops which are now exported.

6. Coming to the distributive side of the Co-operative movement, Store societies have not, it is said, become a success in India. This statement is true. But what are the reasons? The main reason is that the difference between the wholesale and retail rate in India is so narrow that it is not sufficient to meet the cost of management and to pay any appreciable bonus on custom. No society in

India is able to give "the quarterly bonus", which is usual with such society in England. There is, therefore, no incentive for people to come forward and work these societies. The societies which have succeeded are those which are able to turn over their working capital very quickly and which are able to do large business. Naturally such societies are few and they are found in places like Madras, Madura, Kodaikanal and Ootacamund. There is also another reason why these societies have not succeeded. India is an agricultural country and naturally the people consume generally what they produce. The bulk of the people, whether in towns or villages, do not consume much of imported foodstuffs. People living in some urban areas and villages stock their foodstuffs during the season and do not buy it from day to day or month after month. Further, an agriculturist cannot buy his foodstuff for ready cash, because he gets his income only once or twice in a year. You all know that a large number of "trading unions" intended for the benefit of villagers were started all over the Presidency some years ago and they have all failed. These societies worked on what is called the 'indent system.' With a view to see whether a regular Store Society could thrive in a village, I conducted an experiment for over a year in a village in Coimbatore. Provisions were sold regularly from day to day for cash at market rates. Although the society did not work at a loss, there was no profit which can be divided among the purchasers in proportion to the value of purchase. So the society had to be wound up.

7. It is said that India has developed only the credit side of the movement and that movement, too, has not done any good to the ryot. Whatever it may or may not have achieved, it has surely brought down the market rate of interest at least in the Madras Presidency. This is no small achievement. It is also said that the credit societies have not helped the ryot to get rid of his accumulated debt. The remedy for indebtedness is to give the ryot more income and regulate his life through better living societies.

8. Before I close may I appeal to all Co-operators to think out how and under what conditions they can be certain of playing an effective part in every attempt, of whatsoever kind, that can be made to promote greater harmony in the economic system in general and in the Co-operative movement in particular and thus to contribute, in however a small measure, to the better living and contentment of our agricultural classes.

The South India Co-operative Insurance Society, Ltd, Madras.

ANNUAL MEETING

18-11-1934.

ADDRESS BY V. RAMADAS PANTULU,
President.

GENTLEMEN,

This is the first occasion, on which the Board of Directors duly elected under the bylaws of the Society, have the pleasure and privilege of presenting their report on the working of the Society to the General Body. I, therefore, feel that, before you proceed to consider the administration report for the co-operative year 1933-34, the balance sheet, the revenue account and the audit certificate relating to the same period, it may be useful to present to you a brief account of the progress made by the Society since its inception and to indicate the outlines of our programme for the further development of the Society.

CO-OPERATIVE INSURANCE—OUR IDEALS AND AIMS.

The Society was registered in response to genuine and widespread desire of co-operators for the establishment of an Insurance Society on a co-operative basis. The demand of co-operators for an Insurance Society of their own is at least as old as 1912, when the Madras Provincial Co-operative Conference passed a resolution on the subject and formulated a scheme for a Co-operative Insurance Society. I hope and trust that the need for a Co-operative Insurance Society like ours is now beyond the region of controversy. In England and some of the countries on the continent of Europe where Commercial Insurance Companies are doing large business, co-operators have their own insurance societies which are also flourishing. The Co-operative Insurance Society at Manchester and the La Prevoyance Sociale at Brussels are shining examples of such co-operative enterprise in the field of insurance. About 20 Co-operative Insurance Societies in different parts of Europe are affiliated to the Insurance Committee of the International Co-operative Alliance, the meeting of which I had the privilege to attend and partici pate in at

London in August last. One of the most interesting questions discussed at that meeting was the desirability or otherwise of State monopoly in Insurance business. The conclusion arrived at was that while Social Insurance should be the concern of the public authority, commercial insurance should be co-operatised. I quote below the resolution passed at that meeting which, I am sure, will interest you.

"The Conference of Co-operative Societies affiliated either directly or indirectly to the International Co-operative Alliance and associated in the work of the International Co-operative Insurance Committee, having carefully considered the problem of the Intervention of the Public Authorities in the Insurance Business, is of opinion :—

(1) That Social Insurance (sickness, accidents of labour, unemployment and pensions) may legitimately be practised by the public authorities because (*a*) it is generally compulsory; (*b*) it applies to the whole community; and (*c*) its risks are covered not only by the payments of the beneficiaries but also, as a general rule, by the contributions of the employer and the public authority.

(2) That as regards Commercial Insurance (fire, life, accident, theft, etc.) it is necessary to compare the practices of the Joint Stock Insurance Companies with those of Co-operative Insurance Societies whose guiding principles are (*a*) a low and limited rate of interest on capital, (*b*) the establishment of a reserve fund and (*c*) the distribution of the surplus amongst the insured persons, or to works of a social character, (*d*) the investment of the funds for the benefit of the community.

The Conference, therefore, urges :

(3) That all action should be supported which would tend to impose upon the different forms of insurance activity a reasonable and limited rate of interest on capital and the return to the insured persons, in proportion to their premiums, of any surplus accruing from the operations of the Companies on a plan approximating to the practice of Co-operative Insurance Societies, in other words, extend to the insurance business, the co-operative spirit and principles."

The South India Co-operative Insurance Society was started with those very ideals and aims. We commenced business on 15-3-1932 on which date we made the statutory deposit with the Controller of

Currency and issued our first policy. In this period of about 2½ years, the Society has been able to place on its books paid up business of Rs. 16 lakhs. Among our many aims, the most important one is catering to the needs of lower middle and poorer classes by encouraging small policies, specially among the rural population. This, I am glad to say, has been realised in a very marked degree. *An analysis of the policies, issued between 15-3-1932 and 15-11-1934, will show how the Society has kept in view the aim of reaching those who are not served by the large commercial insurance companies.

In order to bring the benefits of insurance within the reach of these classes of population we have fixed our premium rates as low as possible, consistent with safety and financial requirements.

Another aim of the Society is to make its surplus funds available to the Co-operative Movement itself. In course of time, we expect that all the long term money which co-operative land mortgage banks and other co-operative organisations may require should come out of the funds of the co-operative insurance companies in India. This Society is steadily working up to that end and it has already invested some of its funds in the Madras Co-operative Central Land Mortgage Bank. Schemes to link up Insurance with Co-operative Mortgage Credit and Co-operative House-building are under investigation by the Board.

I therefore feel that those, who express the opinion that there is no need or scope for inaugurating and developing Co-operative Insurance Societies in India, speak without an adequate knowledge of the problem.

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* Classification of Policies issued as on 15th November 1934 according to sums assured.

	No.	Rs.
Policies below Rs. 500 ...	... 110	29,100
Policies of Rs. 500 and above but below Rs. 1000	... 749	3,81,050
Policies of Rs. 1000 and above but below Rs. 2,000	... 763	7,76,450
Policies of Rs. 2,000 and above ...	... 179	4,13,500
Total	... 1,801	16,00,100

OUR FUTURE PROGRAMME.

As for our future lines of development, I think we have something to learn from the Co-operative Insurance Societies in the West. The two main directions, in which these societies help the poorer classes, in addition to normal life and fire business, are industrial insurance for the benefit of working classes and agricultural insurance for the benefit of the agriculturists. The former, namely, industrial insurance is very strong in England and Belgium, while agricultural insurance is good in Denmark and Italy. I hope that we shall find it possible to devote some attention to similar schemes and in course of time to incorporate those co-operative activities in the programme of the Society.

In order to derive full benefit of the experience and knowledge of the Co-operative Insurance Societies abroad, I suggest that our Society may become a member of the Insurance Committee of the International Co-operative Alliance. Membership of that Committee has many advantages.

There are at present three important Co-operative Insurance Societies working at Calcutta, Bombay and Madras. I consider it very desirable, in course of time, to amalgamate these societies into a United Co-operative Insurance Society of India. I am glad to find that Prof. Kaji, President of the Bombay Co-operative Insurance Society, has expressed himself in favour of such a scheme, at the last annual meeting of that society. The co-operators at Calcutta, I understand, are also agreeable to such a course. We shall await with interest developments in this direction. But, in order to amalgamate these three societies, it is necessary as a preliminary measure to make their jurisdictions co-extensive. The Bombay Co-operative Insurance Society, under its constitution, has jurisdiction throughout India and the Bengal Insurance Society is, I understand, taking steps to similarly extend its jurisdiction over the whole of India. Both Bombay and Bengal Societies have proposed reinsurance with us for sums larger than they are themselves prepared to accept. But the difficulty of jurisdiction has stood in the way of mutual reinsuring. Reinsurance between the several co-operative insurance societies is the first step in unifying their interests and extending the benefits of Co-operative Insurance to the whole of India. We are now, therefore, proposing to you an amendment to the by-laws for the extension of the jurisdiction of the Society.

ORGANISATION AND MANAGEMENT.

The Society, I am glad to say, is working well within the statutory limits of expenditure on organisation and management permitted by the bye-laws—90 per cent of the first year's premium and 25 per cent of the renewal premiums. The expense ratio, which an actuary is required to show in his statement according to the rules framed by the Government of India under the Indian Life Assurance Companies Act, is the "proportion of the renewal premium income spent in payment of commission and other expenses in each year, after allowing on the cost of new business 90 per cent of the first year's premiums falling due in the year, after deduction of those unpaid under policies allowed to lapse in the year." If we apply this test, then our expenses in 1933-34 aggregated to 90 per cent of the first year premiums, plus 18·5 per cent of the renewal premiums. It must be further stated that we managed to work within these limits without spending any portion of our paid up share capital in preliminary and organisation expenses, which is rarely the case with any newly established company; nor have we assigned any portion of our management expenses to capital expenditure to be spread over a number of years as even well-established and long-standing commercial companies do.

Even if we calculate our expense ratio according to the principles on which the Table of expense ratios of Indian companies is constructed in Tuli's Insurance Vade Mecum and apportion the total expenditure between new business and renewal business, on the assumption that the former is seven times the latter, our expense ratio to first year's premium income in 1933—34 will not compare unfavourably with most other companies of longer standing. A reference to that table, which is appended*, will show that many old companies spend considerably more than 100 per cent of their first year's premiums on their new business, on the assumption on which that table is constructed. We can in no case exceed 90 per cent and we did not as a matter of fact exceed that limit. A note appended to that table says that "the expense ratio could not be worked out in the case of new companies." This is perfectly true for obvious reasons. In these circumstances, I fail to see how or why the expense ratio of a new society like ours is compared with that of old societies. But, fortunately, we are able to come out creditably even in such an unfair comparison.

* Vide page 395—Part II, 1934 Insurance Vade Mecum—extract of which is appended.

But the expense ratio, on which our rivals naturally emphasise for purposes of competitive advantages of the trade, is the ratio of expenses to total premium income. It is for obvious reasons a most unfair test to be applied to new societies, unless the comparison is confined to companies of equal or nearly equal age. If this test is applied, we are prepared to invite a comparison with any company of equal standing as ours. It must be realised that in these days of furious competition in Insurance business, no new society will or can make any headway if it stints legitimate expenditure on organisation and management. While expenditure incurred in the initial stages on an adequate scale does not grow much with lapse of time, the income grows rapidly if the company works successfully with the result that the expense ratio to the total premium income falls rapidly. Our expense ratio to total premium income in 1932-33, for instance, was 86 per cent while it fell to 54 per cent in 1933-34. It will fall still further in the current year and I am confident that in three or four years we shall be able to work in as low an expense ratio as any leading company in India does.

In the meantime, I appeal to Co-operators, official and non-official, to popularise the idea of co-operative insurance and to take a lively interest in the working and progress of the Society. This Society has for its aim not the commercial exploitation of the social needs of mankind in the sphere of insurance, but the satisfaction of those social needs by co-operation, eliminating the profit motive and high dividends on capital and making insurance both cheap and safe by pooling all the benefits of the concern for the exclusive advantage of its members. This idealism was, however, not allowed to cloud our business vision in the least. In inaugurating the Society, Mr. D.N. Strathie, I.C.S., the then Registrar of Co-operative Societies, to whom the credit of envisaging the potentialities of the Society must be unstintedly given, said that the Society was registered because there was a genuine conviction that under the by-laws as framed, there was every chance of success, that all obstacles to the success of the Society had been anticipated and that we did not embark upon this new venture in any light spirit. My humble request therefore to the co-operators of this province and to the general public is "Praise us if you can; criticise us if you must; denounce us if you will; for Heaven's sake do not ignore us."

APPENDIX

EXPENSE RATIOS OF INDIAN LIFE OFFICES.

Name of the Company.	Expense Ratio. To total premium Income.	Assuming expenses on new business as 7 times those on renewals. To 1st year's Pre. Income.	To Renewal Pre. Income.
All-India	79'2	111'769	15'967
Andhra	33'21	87'654	12 522
Argus	76'93	114'737	16'391
Aryan Mutual	97'99	161'91	23'13
Asian	36'109	115'50	16'50
Asiatic	47'792	142'982	20'426
Bengal Insurance ...	37'419	124'684	17'812
Bharat	22'442	102'669	14'667
Bombay Co-operative ...	65'03	96'705	13'815
Bombay Life	34'45	105'616	15'688
Bombay Mutual	43'652	102'438	14'634
Calcutta Insurance ...	42'639	113'365	16'195
Christian Mutual	36'239	140'819	20'117
Commonwealth	46'718	100'821	14'403
East & West	56'77	141'218	20'174
Empire	21'034	92'407	13'201
General	26'951	101'206	14'458
Great India	80'897	125'279	17'897
Hindu Mutual	30'57	108'927	15'561
India Equitable	29'97	90'013	12'859
Indian Globe	69'86	91'339	15'057
Indian Mutual	37'81	96'523	13'789
Industrial & Prudential ...	28'81	92'302	13'186
Jupitor	40'06	104'604	14'952
Lakshmi	32'94	99'974	14'282
Light of Asia	70'03	175'938	25'134
Modern India	173'84	196'756	28'108
Nagpur	52'23	137'375	19'625
National Indian	38'10	164'710	23'530
New India	49'49	98'462	14'066
Northern India	81'93	122'976	17'568
Oriental	21'0	80'549	11'507
Peninsular	128'08	171'227	24'461
Peoples	32'59	87'213	12'459
Popular	66'85	121'380	17'340
Shree Life	68'56	176'897	25'271
South Indian General ...	68'93	101'983	14'569
Star of India	52'21	129'794	18'542
Swedeshi	76'01	100'555	14'365
Tropical	45'80	139'566	19'938
Unique	39'85	75'999	10'859
United India	30'95	91'049	13'007
United National	90'40	135'975	19'425
Venus	66'70	156'807	22'401
Western India	24'17	84'707	12'101
Zenith	47'60	139'538	19'934
South India Co-operative Insurance (Co-op. Year 1933-34) ...	**54'0**	**93'95**	**13'42**

Report.

THE ALAMURU RURAL RECONSTRUCTION CENTRE.

(First Quarterly Report for the year 1934-35 for July, August and September)

M. R. Ry. N. Satyanarayana Garu continued to be the Superintendent and Messrs. Y. Dorayya and S. Veeraraswami, as members of the Rural Reconstruction Committee. The members of the Committee met once a month for sanctioning the various items of expenditure and chalked out programme of work to the workers.

PUBLIC HEALTH.

The various activities organised by this Centre are in good progress. The Homeo Dispensary opened under the auspices of the Rural Reconstruction Centre at Alamuru, has been rendering immense service to the poor people in the locality. M. R. Ry. N. Kameswararow Garu is the Honorary Physician of the Dispensary. There is an average daily attendance of 50 patients who are coming for treatment, not only from this area, but also from distant villages of the district. This is a free Homeo Dispensary, which is accessible to all castes and creeds for treatment. By the end of September 1934, 11,224 patients received treatment in this Dispensary.

The general health of the people in the Rural Reconstruction area is good. There are no epidamics, such as cholera, small-pox etc., in this area during this year. Four bore-hole latrines were constructed in private houses at Chintaluru.

EDUCATION.

The Folk School organised by the Rural Reconstruction Centre is in good progress. This school is started with a view to impart knowledge to youths in village in the three 'R' s and also special subjects, Agriculture, Co-operation and Civics. There are 120 boys and girls in 4th, 5th, 6th and 7th classes, receiving instruction in the school, Six teachers are working with Mr. A. V. Maheswarudu, B. A., B. Ed., as its Head-Master. An additional teacher, Mr. A. Venkata Sastri, Vidwan and S. S. L. C., trained, was appointed in the month of August as an Assistant. Cottage industries, such as hand-woven thread bags and cot-tapes are newly introduced in this school. Mr. V. Laxminarayana, S. S. L. C., trained is giving instruction in the above industries. Scout training is also given to the students. M.R.Ry. J. Satyanarayana Garu, M.A., L.T., District Educational Officer, visited the school in the month of August and studied the various activities of the school. Literary Association for the school is started and on every Friday, a meeting is held. Both boys and girls in the school are taking active part in the debates.

For the spread of abult education, magic lantern lectures are delivered as usual in this area. The Magic lantern Propagandist, Mr. U. Laxminarayana, was sent to West Godavari to give Magic lantern shows, during the Bhimavaram Taluk Grandhalaya Yatra. The Central Library and the Reading Room at Alamuru are well made use of, by the public. The Reading Room subscribes for two English Dailies, 'Hindu' and 'Swarajya', one Andhra Daily, and twelve other weekly and monthly journals. There is an average daily attendance of 30 people to the Reading Room. It is a Free Circulating Library, not only to this village, but all the neighbouring villages. The Reading Room and the Library are opened daily from 7 A. M. to 11 A. M., and from 2. P. M., to 7 P. M., and it is accessible to all castes and creeds. During this quarter 944 books in Telugu and 107 books in English were read by the public.

PANCHAYATS.

All the Panchayats in the Rural Reconstruction area are working as usual. After the change of the distribution of grants from Inspector of Local Boards to the President District Board the Panchayats are getting a very little encouragement by way of grants. No grants are received by the panchayats in this area for the improvements of the roads during this quarter. Two shandy sheds were constructed at Choppella. The panchayat Pracharak, Mr. S. Krishnaswami has been assisting all the panchayats in all the scriptory works.

AGRICULTURE.

The Rural Reconstruction Centre is taking keen interest in the improvement of the economic condition of the ryots by means of improved methods of agriculture. The agricultural Department has been rendering a very valuable service in this direction. The working of the iron ploughs was demonstrated as a preparation for the cultivation for turmeric and chillies at Alamuru. As the brinjal crop is attacked by Epilochna Beetle spraying with Calcium Arsenate was demonstrated to control the disease. New strains of paddy were brought and tried. They are in good progress. New varieties of sugar-cane C. O. 213 was introduced. The crop is in good condition. Improved methods of cultivaton for turmeric and onions were demonstrated at Alamuru.

CO-OPERATION.

The condition of the co-operative society in the Rural Reconstruction area is as usual. Day be day transactions of the society are dwindling

down. Except collection of arrears by coercive process, no fresh loans were issued. M. R. Ry. N. Satyanarayana Garu is regularly visiting all the co-operative societies in the area, with a view to revive them. He visited during this quarter the co-operative societies in the villages of Jonnada, Chintaluru, Mandapeta, Baduguvanilanka, Kapileswarapuram, Modukuru, Narisipudi and Machara and held general body meetings. He explained to the members of the societies the present condition of the societies and their responsibility to improve the affairs of the societies by making regular payments of arrears.

The Alamuru Co-operative Land Mortgage Bank is showing good progress. During this quarter Rs. 30,000 were disbursed to the members. It has been maintaining a valuable library on economics and co-operation worth Rs. 2,000. The books are widely used by the public, not only in this area, but throughout the District.

(Sd.) N. SATYANARAYANA,
Superintendent,
12-10-1934.

District News.

THE FIFTH MADRAS DISTRICT CO-OPERATIVE CONFERENCE.

The above Conference was held at Pachiappa's College on the 7th October 1934. The Honorable Mr. P. T. Rajan opened the Conference. Hon'ble Dewan Bahadur G. Narayanaswamy Chetty Garu, C. I. E., presided over the Conference and Mr. A. Sivarama Menon, B. A., B. L., formerly President of the Triplicane Stores and now President of the Central Co-operative Printing Works was the Chairman of the Reception Committee. *For lack of space we are holding back the speeches* made on the occasion. We have published elsewhere the resolutions passed at the Conference.

(2) THE CONJEEVARAM FUNCTION.

On the 28th October 1934 there was a pleasant function in the premises of the Co-operative Central Bank, Conjeevaram. Hon'ble Mr. P. T. Rajan unveiled the portrait of Dewan Bahadur K. Deivasikhamani Mudaliar, Joint Registrar of Co-operative Societies, and Mr. Deivasikhamani Mudaliar himself unveiled that of the late Rao Saheb C. Arullah Naidu who, along with Mr. Deivasikhamani Mudaliar was responsible for the starting and the successful running of the second registered society in the province, that at Keelacheri, Chingleput District. The Minister was presented with an address to which he made a reply and we have extracted elsewhere portions of his reply.

(3) GRAY FREE READING ROOM AND AUDINARAYANA AYYAH LIBRARY, CONJEEVARAM.

(1) The number of visitors to the Reading Room were as follows :—

June ...	1230	August ...	1147
July ...	1145	September ...	1267

(2) The following is the receipts and charges statement.

RECEIPTS.		Rs. A. P.	PAYMENTS. Rs. A. P.
Opening Balance ...	...	370 11 1	Nil.
Donations received from Various societies	...	83 6 3	"
Total	...	454 1 4	

(3) Nineteen books both in Tamil and English were added to the Library. The Tamil books have been freely used by the readers and more is wanted. Twenty one books in Tamil on varied subjects were presented to the Library by M. R. Ry., K. Jagannatha Pillai, Avergal., Supervisor of Co-operative Societies in memory of the late Mr. Nandagopal Pillai, Merchant and Honorary Magistrate, Conjeevaram.

(4) 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 October 1934 was 1,074.

(5) OBITUARY.

" We regret to report the sad and sudden demise of M. R. Ry. P. M. Meenakshisundaram Mudaliar Avl., of Paruvalanallur at 8 A. M. on Monday the 1st October, 1934, at his residence due to sudden heart failure.

He had rendered very appreciable and valuable services, to the cause of Co-operation as a Member of the Board of Management of the Trichinopoly District Co-operative Central Bank and the Trichinopoly District Co-operative Federation, and as the Secretary of the Peruvalanallur Co-operative Union for the last one decade. The Peruvalanallur Co-operative Society and Union were closed that day, as mark of respect.

The International Co-operators' Day.

This annual festival was celebrated in Madras on Saturday the 3rd November 1934 under the auspices of the Madras Provincial Co-operative Union. Dewan Bahadur K. Deivasikhamani Mudaliar, Joint Registrar of Co-operative Societies, presided, over the function and extracts from his address are published elsewhere. After Tea, the meeting began. Mr. Siri B. Yatawara, (Assistant Registrar of Co-operative-Societies, Kandy) happened to be present and took part in the proceedings. Mr. M. S. Sabhesan, Director, Madras District Co-operative Bank, Mr. L. N. Govindarajan, Lecturer in Economics, Loyola College, Madras, Mr. V. C. Rangaswami of the Madras Provincial Co-operative Bank, Mr. K. C. Ramakrishnan of the Economics Department of the Madras University and Mrs. Alamelumangathayarammal, M. L. C. took part in the meeting. After a few concluding remarks from the chairman, the following resolution was unanimously passed :—

"The co-operators here assembled pledge themselves to maintain the pursuit of universal peace, which is the oldest and firmest tradition of their internationale; to uphold with all their might the high ideals of non-profit-making service to each other which is the basis of their co-operative system, and by solidarity and eternal vigilance, which is the price of liberty, to assure the progress of their voluntary association until it embraces the whole body of consumers and producers".

With a vote of thanks proposed by Mr. C. Gopala Menon to the Chairman and the speakers, the meeting terminated.

This Day must have been celebrated all over the presidency and in the neighbouring Indian States. We have received reports from many centres and local papers also published accounts of the celebration in many other centres. Lack of space prevents us from giving a full and detailed account of the descriptions which we have received. We shall from time to time extract from the speeches made on this occasion points that may be of general interest to co-operators.

A.—REPORTS RECEIVED IN OUR OFFICE.

District.	Place.	By whom celebrated.
Madras.	Madras.	The P. C. U.
Ramnad.	Tiruppatur.	Tiruppatur Co-operative Union.
Bellary.	Bellary.	Bellary Town Co-operative Credit Society.
Chingleput.	Uttiramerur.	Uttiramerur Co-operative Supervising Union.
do.	Conjeevaram.	The Little Conjeevaram Co-operative Urban Bank.

District.	Place.	By whom celebrated.
North Arcot.	Tiruvannamalai.	Tiruvannamalai Co-operative Urban Bank.
Nellore.	Kavali.	Kavali Youngmen's Association.
Nilgiris.	Ootacamund.	The Nilgiris Public Servants Co-operative Society.
Vizagapatam.	Chodavaram.	The Co-operative Bank, Ltd., Chodavaram.
Indore.	Indore.	The Indore Co-operative Central Association.
Madura.	Madura.	Madura-Ramnad Co-operative Central Bank.
do.	Melur.	Co-operative Union, Melur.

B.—PLACES MENTIONED THE LOCAL DAILIES.

Place.	Celebrations conducted under the auspices of.
(a) Indian States :—	
1. Hyderabad (Deccan).	Hyderabad Co-operative Union.
2. Bangalore.	Mysore Co-operative Propagandist Institute.
3. Mysore.	do.
4. Trivandrum.	Trivandrum Central Co-operative Bank, Ltd., & Travancore Co-operative Institute.
5. Quilon.	Quilon Co-operative Union.
6. Cochin.	The Central Co-operative Institute.
7. Pudukottah.	The Co-operative Institute & Bank Pudukotta.
(b) District Headquarters :—	
8. Salem.	District Urban Bank, Salem.
9. Vellore (North Arcot District)	Co-operative Central Bank, Vellore.
10. Conjeevaram (Chingleput District).	Conjeevaram Co-operative Central Bank.
11. Calicut (Malabar).	District Bank, Calicut.
12. Ellore (West Godavari District).	West Godavari District Co-operative Central Bank, Ellore.
13. Vizianagaram.	Co-operative Central Bank.
14. Bellary.	Town Co-operative Credit Society & Loan Sale Co-operative Society.
15. Cuddapah.	District Co-operative Central Bank.
16. Coimbatore.	District Urban Bank, Coimbatore.
(c) Other Centres :—	
17. Alamuru (East Godavari District).	Local Co-operative Union, Alamaru.
18. Chidambaram (South Arcot District).	Annamalai University Co-operative Union.
19. Periyakulam (Madura District).	Co-operative Urban Bank, Periyakulam.

Conferences.

Proceedings of the Working Committee of the Madras Urban Banks, at its meeting held at 1 P. M. on Saturday, the 18th August, 1934, at the Office of the P.C.U., Royapettah.

Present :—

M.R.Ry., E. S. Ganapathi Ayyar Avl., President.
„ Rao Bahadur A. Rajabadar Mudaliar Avl.,
„ L. Gangadhara Sastri Avergal,
„ K. Govindarajulu Naidu Garu,
„ P. S. Sundaram Ayyar, Secretary.

1. Passing of the Accounts of the Third Madras Urban Banks' Conference.	The Secretary is requested to have the accounts of the 3rd Urban Banks' Conference for the period from 24-4-34 to 11-3-34 audited by an authorised auditor and have the report and the audited statement presented at the next meeting.
2. Consideration of the statement to be made by the secretary in regard to the disputed liability of the Periyakulam Urban Bank, Ltd., to pay the Working Committee the sum of Rs. 565-15-3 and the draft reference for arbitration prepared and decidings as to how the same is to be realised.	The President is authorised to make a demand on the Periyakulam Urban Bank, Ltd., for refund of the amount due Rs. 565-15-3 with interest theron to the 3rd Madras Urban Banks' Conference, under its Current Deposit Account No. 169 and have the matter placed before the Registrar of Co-operative Societies, Madras, for interference and action, in case the Bank fails to pay as demanded.
3. Fixing up an office for the Working Committee or the making of such other arrangements as will enable the Committee to have its property, books, accounts, papers, etc., lodged and preserved without need for shifting and also considering how the publications can be effectively marketed.	The Committee resolves to request the authorities of the Provincial Co-operative Union Madras, to accord permission for keeping two shelves of the Committee in their premises for keeping their records books, etc. Resolved also to request them to arrange for the disposal of the publications of the Committee and have the proceeds credited to the Committee reserving to themselves such portion of it as they would fix as their commission for the purpose.

4. Consideration of the statement of accounts of the Committee after the 3rd Urban Banks' Conference, up to the end of 30-6-34.	The secretary is requested to have the accounts embodied in a regular account book and placed at the next meeting.
5. Consideration of the draft letter to be sent to the Provincial Co-operative Union in pursuance, of resolution No. IX the 3rd Urban Banks' Conference.	Draft Approved.
6. Approval of the questionnaire prepared for carrying out the resolution No. VIII of the 3rd Urban Banks' Conference.	The draft questionnaire will be sent round to the members of the Committee. The suggestions, if any, sent by the members of the Committee before 20-9-34 will also be incorporated.
7. Consideration of the steps to be taken to give effect to resolution No. IV-B of the said Conference.	Resolved that the resolution in question be sent to all the Central Banks in the Presidency for incorporating the necessary changes in their by-laws, to give effect to the resolution. Resolved further to request the Registrar to instruct the Central Banks in the matter. Also resolved to instruct the Urban Banks in each District to agitate for the privilege.
8. A suitable division of the Presidency into 3 groups of districts as will facilitate and be appropriate for the organisation of Regional Central Banks and fixing up two groups to be taken up for that work for this year.	The president may proceed in the line of organising *one or two* Regional Central Banks as a preliminary measure observing the following principels, viz., (i) that at least 3 Revenue District will form the jurisdiction and(ii) that at least 15 Urban Banks should join in the application for Registration.
9. To decide about the essential features to be incorporated in the draft by-laws of Regional Central Bank as contradistinguished from those of an ordinary Central Bank.	The President is requested to formulate the points on which opinion is wanted and obtain remarks by circulation.
10. Consideration of the replies of the Government on the resolutions of the three Conferences held so far.	To lie over. The Secretary will address the Government again for orders on the Conference Proceedings.
11. Consideration of the ways and means of carrying on an effective propaganda in regard to popularising the scheme of Audit Unions for the Urban Banks.	The President will take steps to ascertain which Urban Banks desire to have an Audit Union and then place the matter for consideration.

12. Consideration of the steps to be taken and methods to be adopted in regard to (a) the executions of resolutions of the 3 Conferences still remaining unexecuted, (b) carrying on propaganda in regard to resolutions the execution of which require the same (c) for collection of materials to be placed at the next Conference.	Steps may be taken for doing propaganda and carrying out resolutions after ascertaining the views of the members by circulation. As regards clause (c) the Urban Banks concerned may be requested by circular letters to report about their problems and difficulties as they arise or are experienced.
13. Steps to be taken for strengthening the financial resources of the Working Commitee, as well as the collection of the contributions authorised to be levied.	Lie over
14. Question of editing a Manual for the Urban Banks in the Presidency and authorising the President to take the initiative and do the needful.	Lie over
15. Approval of the draft rules for carrying on the work of the commitee expeditiously between one meeting and another.	Draft rules approved.
16. Registers and accounts to be maintained by the Secretary	The following registers and books will be authorised to be maintained:— 1. Register of Urban Bank. 2. Conference Minute Books. 3. Working Committee Minutes Book 4. Circulation Resolution Book. 5. Cash Book. 6. Ledger, 7. Receipt Book. Further suggestións, if any, will be considered.
17. Scale of T. A., to be paid to the members of the Committee.	The scale allowed by the Provincial Co-operative Union will be followed.

(Sd) E. S. Ganapathi Ayyar, *President.*
(Sd). P. S. Sundaram Ayyar, *Secretary.*
(Sd). A. Rajabadar Mudaliar.
(Sd). K. Govindarajulu Naydu.
(Sd). L. Gangadhara Sastri.

(True Copy.)

P. S. SUNDA.
Secretary,
24-8-34

THE FIFTH MADRAS DISTRICT CO-OPERATIVE CONFERENCE.

Held on 7th October 1934.

RESOLUTIONS PASSED.

1. This Conference is of opinion that societies with territorial jurisdiction in the city should be so re-constituted as to avoid overlaping of jurisdiction.

2. Resolved to request the Registrar of Co-operative societies to strictly prohibit membership in more than one credit society and to strictly enforce the disabilities of defaulting members as per the rules framed by the government in this behalf.

3. This conference is of opinion that the presence of paid employees of Co-operative institutions on the boards of management of their own societies or on that of the bank which finances them is a real menace to the movement in the city and requests the government to frame rules prohibiting them to be members of such boards.

4. This Conference requests the Government to instruct the Registrar of Co-operative Societies to take the necessary steps to insure that people of experience are not shut out from the boards of management of co-operative institutions for the reason that they are associated with the management of public institutions registered under the Indian Companies Act.

5. Resolved to request the government to introduce a clause in the City Municipal Amendment Act exempting Co-operative societies with a share capital of less than Rs. 20,000 from taxation.

5. (*a*) Resolve to request the Government to add a clause in the Madras City Municipal Act alloting three seats to represent co-operative institutions in the city.

6. Resolved to request the Madras District Co-operative Central Bank to reduce its lending rate of interest to societies to such a way as not to exceed 1½ per cent over and above the rate given by it on the reserve fund deposits of the societies with it and to request the Registrar to see that the financing bank adopts this resolution.

7. Resolved to request the government to frame rules under the Act compelling co-operative institutions to employ only persons trained in co-operation with a view to encourage co-operative education.

8. This conference requests the government to take early steps to form a Central Co-operative College at Madras on the lines of the Co-operative College at Manchester.

9. This conference is of opinion that the audit of co-operative societies should be handled by a department other than that of the Registrar who should be made responsible for the rectification of the defects noticed during the audit.

10. This conference requests the government to have an Arbitration Board for the city of Madras with powers to decide all co-operative disputes arising within the city and which are now decided by the Registrar or his Deputies.

11. Resolved that a Central Co-operative Marketing society be registered with a mixed membership consisting of individuals and loan and sale societies of the presidency.

12. This conference is of opinion that a careful investigation of at least one industry should be made in the city to develop industrial co-operation.

13. Resolve that the following gentlemen be constituted into a Committee known as the Madras District Co-operative Propaganda Committee' and that they be empowered to take all the necessary steps to popularise and develop the movement in the city.

1. Hon'ble Dewan Bahadur G. Narayanaswamy Chetty, C.I.E.,
2. Dewan Bahadur A. Appadurai Pillai, M.A., M.L.C.
3. A. Sivarama Menon, B.A., B.L.
4. Mrs. Alamelumangathayarammal, M.L.C.
5. J. Sivashanmugam Pillai, M.A.
6. G. D. Nayagam.
7. G. Sriram Babu, B.A., B.L., Dip. Econ.
8. L. M. Ghulam Mahomed.
9. Professor S. Subbaramier, M.A.

14. Resolved to request the Registrar to register the Depressed Class, Co-operative societies' federation without any further delay as the supervision of depressed class societies is given up by the Madras District Co-operative Central Bank, Ltd., by the abolition of its administrative section.

15. Resolved that a welcome address on behalf of the Madras City Co-operators be presented to Lord Erskine on his assumption of office as the Governor of Madras and the Committee constituted by Resolution No. 13 with power to add be authorised to make the necessary arrangements for the purpose.

Registrar's Circulars.

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G. O. No. Press 1400 Dated 2nd October 1934,

ABSTRACT.

Co-operative Societies—Central Land Mortgage Bank—debentures issued after the date of coming into effect of the Land Mortgage Banks Act—principal and interest guarantee.

Order :—Under the provisions of sub-section (1) of section 6 of the Madras Land Mortgage Banks Act, 1934, the Government of Madras declare that all debentures issued by the Board of Directors of the Central Land Mortgage Banks under sub-section (1) of section 4 of the Act on or subsequent to 31st July 1934 redeemable within a period not exceeding 25 years from the date of issue and bearing a rate of interest not exceeding 5% per annum shall be fully and unconditionally guaranteed by the Government as regards the principal and interest, provided, that the total aggregate face value of the debentures carrying this guarantee shall not exceed Rs. 50 lakhs exclusive of the value of such debentures as may have been redeemed by the Board from time to time. The Government have no objection to the inclusion of the terms of this guarantee in the debentures to be issued by the Bank which satisfy the foregoing conditions.

(By order of Government, Ministry of Public Works).
C. A. HENDERSON,
Secretary to Government.

No. B. 1. 2152-34.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, 16th October 1934.

Copy communicated to all Deputy Registrars, Deputy Registrars Land Mortgage Banks, Sub-Deputy Registrars in independent charge, all Central Banks, all Land Mortgage Banks, the Madras Provincial Co-operative Bank, the Madras Co-operative Central Land Mortgage Bank, the editors "The Madras Journal of Co-operation" and the "Kooturuvau."

(By order)
G. VENUGOPAL NAIDU,
Manager.

B. 4731/34

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES.
Madras, dated 19th Octo. 1934.

T. AUSTIN ESQUIRE, I. C. S.,
Registrar.

CIRCULAR.

Loans—Rate of interest—reduction by central banks to societies and by societies to individuals.

Read: Registrar's Circular No. B. 1084/34 dated 2—2—34,
2. Registrar's Circular B. 2207/34, dated 20—4—34.

In the first circular quoted, the Registrar suggested some amendments for adoption by co-operative central Banks and primary societies in the hope that they would afford relief to their members. Information was called for from the Deputy Registrars and Sub-Deputy Registrars in independent charge as to the extent of relief given by Central Banks to primary societies and by societies to their individual members. The reports received from the officers show that the concessions were not availed of to any great extent during 1933—34, partly because there was not sufficient time. In view of the fact that the position of Agriculturists has not improved and that they require relief, the Registrar considers it necessary that the concessions should be extended to the current co-operative year, viz. 1934—35. Central Banks and primary societies are advised to amend their by-laws in the manner suggested already in the Registrar's circular quoted. They are also requested to see that their members are properly instructed and are induced to avail themselves of the concessions. The Registrar hopes that better results will be achieved during the current co-operative year.

By Order
C. VENUGOPAL NAIDU,
Manager
22—11—1934.

R. Dis. A. 3101-34.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES.
Madras, 1st September, 1934.

T. AUSTIN ESQ., I. C. S.,
Registrar.

CIRCULAR.

[*Subject.*—Fluid Resource—Society with limited liability—Form of maintenance—Revised.]

In their order No. Press 1237, Development Department, dated 29th August 1923, the Government decided in respect of limited liability societies other than Provincial and Central Banks, that only such of them as accept deposits and loans exceeding a total of Rs. 20,000, need maintain fluid resource in any or all of the three forms mentioned below :—

(1) Cash balance ;
(2) Government of India Promissory notes ;
(3) Overdraft with a Central Bank.

2. In modification of the above orders, the Government in their order No. 1223 M. S., Development Department, dated 27th August 1934, have directed that limited liability societies referred to in G. O. No. 1237, Development, Press, dated 29th August 1923, may maintain fluid resources in any or all of the following forms :—

(1) Cash balance on hand.

(2) Moneys invested in current deposits in Co-operative Central Banks, in the Provincial Co-operative Bank and in the Imperial Bank of India.

(3) Moneys invested in Savings deposits in the Co-operative Central Banks, in the Provincial Co-operative Bank and in the Imperial Bank of India and in the Postal Savings Bank.

Societies can take credit for purpose of fluid resources only of such amounts invested in Savings deposits as are readily withdrawable without notice.

(4) 80 per cent of the market value of Government promissory notes and 80 per cent of the value at the time of post office cash certificates.

(5) Undrawn portion of the cash credit with a Central Bank.

3. All limited liability societies other than the Provincial and Central Banks shall maintain fluid resource in the proportion laid down and in any or all the forms mentioned in paragraph 2 above. They should keep a register in the *form* annexed showing the immediate liabilities and the extent of fluid resource maintained from day to day.

REGISTER SHOWING THE IMMEDIATE LIABILITIES AND THE EXTENT OF FLUID RESOURCES AVAILABLE TO MEET THEM.

Name of the Society.

	Liabilities.				Fluid Resources.									
Year, month and date.	25 per cent of the fixed deposits falling due in the next 30 days.	25 per cent of the Savings deposits.	25 per cent of the current deposits.	Total fluid resources required (Columns 2 plus 3 plus 4).	Cash balance on hand.	Moneys invested in current deposits in the Central Bank, the Provincial Bank, the Imperial Bank of India.	Moneys invested in *Savings* deposits in the Central Bank, in the Provincial Bank, in the Imperial Bank of India and in the Postal Savings Bank.	80 per cent of the market value of Government promissory notes.	80 per cent of the value at the time of Post office cash certificates.	Undrawn portion of the cash credit with the Central Bank.	Total fluid resources available (columns 6 to 11).	Amount of deficiency (column 5—12).	Amount of excess (column 12—5).	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

TO LET.

Edited by Prof. S. K. Yegnanarayana Iyer, M.A.,
and Printed at the C. C. P. Works, Chintadripet, Madras.