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Editorial Notes.

The late Mr. B. Muniswami Naidu.

Dewan Bahadur B. Muniswamy Naidu, ex-Chief Minister of Madras, whose death at a comparatively early age is bemoaned all over this province, was a prominent co-operator of Chittoor district. He was slow in joining our movement, but having joined it, he worked for it whole-heartedly and with characteristic energy until, on becoming Chief Minister, he was obliged to sever his connection with the various societies with which he was connected. He organized the Lakshmi Co-operative Store in 1928 and became its first president. In the same year he was elected a director of the Chittoor Co-operative Town Bank and of the District Bank, and president of the local supervising union and of the District Federation. In the latter capacity he did marked service to the rural credit societies of the district. He used to hold meetings of the Federation in union centres by turns and call at the same time a general meeting of all the panchayatdars of all the societies in that area, asking them to be present with the books of their societies. He used to examine these books and other records and advise the panchayatdars as to how to improve the working of the societies. When after ceasing to be

Chief Minister he went back to Chittoor, he resumed his interest in the societies of the place. The last occasion on which he was destined to serve the movement was on the 22nd of December 1934, when he attended the general body meeting of the Chittoor District Co-operative Central Bank and took an active part in its proceedings. His death is an irreparable loss to the movement in the district.

Village uplift in Central Provinces.

The Central Provinces and Berar are to be congratulated on possessing active provincial and district Village Uplift Boards consisting of prominent officials and non-officials. The Provincial Board, assisted by the Board for Nagpur District, has arranged for a training class for village workers. It is fortunate in having Col. Kukday, I.M.S., (Retired) as its conductor. It is held in a camp near Nagpur. The various District Councils of Nagpur Division have sent in 52 students, and in addition there are 32 private students of whom 5 are ladies. In inaugurating the class the Hon. Mr. B. G. Khaparde, Minister, said that the function of the Village Uplift Board was to serve as a liaison body between the public and the various Departments of Government which existed for the benefit of rural areas. He exhorted the students to carry the light of learning to their respective areas and spread it there. He also stated that the Legislative Council had agreed to guarantee both principal and interest on debentures of land mortgage banks and that Government expected to obtain money at 4 per cent and make it available to agriculturists at 7 per cent. An exhibition in which the various Departments participated was also held on the occasion. The bore-hole latrines with which the training school camp was provided are reported to have attracted much notice.

It is a notable achievement of the Amraoti District Village Uplift Board to have secured the services of a group of ladies to work up two villages. The group includes a veteran Congress worker as well as the wife of the European Sessions Judge. These ladies will visit the two villages and associate themselves with the village women to educate them in respect of health and child welfare, says the *Hitavada* of Nagpur. Independently of the Village Uplift Boards, the Nagpur Branch of the Servants of India Society through its senior member, Mr. N. A. Dravid, has started two centres, one at Bhombora and another at Sendurjana, both of them villages in Amraoti District. At the latter place the

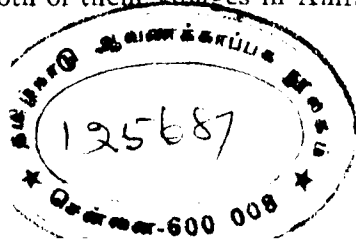
Junior Red Cross Society have stationed a qualified nurse and midwife who is giving training to village *dais* in improved methods.

The efforts of the Central Provinces deserve to be emulated by our province, especially in securing the services of non-official ladies, irrespective of race, creed or political opinions.

The Indian Co-operative Review.

We offer a hearty and respectful welcome to *The Indian Co-operative Review*—the new quarterly journal of the All-India Co-operative Institutes' Association, edited by Mr. V. Ramadas Pantulu, President of the Association. Published under such influential auspices and edited by so able and well informed a co-operator, the journal will no doubt maintain a high standard of excellence and will be eagerly read by all thoughtful co-operators in the country.

The need for an All-India co-operative journal was recognised as early as 1926 when the Ninth Registrars' Conference met and a resolution was adopted thereat to publish one from Delhi under official auspices. But the central and provincial Governments have not been able to find either the money or the necessary enthusiasm to give effect to the resolution. After the non-official All-India Provincial Institutes' Association came into existence, it resolved in 1931 to publish a journal and it has now been able to carry out the idea. Besides articles dealing with co-operation in India, the journal will publish notes from foreign correspondents on events and movements of interest to Indian co-operators. Far from competing with existing provincial journals, as is wrongly feared in some quarters, it will be of immense benefit to them, as it will be able to obtain the services of writers who will not be ordinarily available to the provincial journals. The journal proposes to devote each issue to a full discussion of one or two special topics of major importance. In the next issue, which will be published in April 1935, the subjects discussed will be (1) Debt Conciliation as affecting agriculturists in general and co-operators in particular; and (2) Consumers' Co-operation in rural as well as in urban areas. The current number has 140 pages and contains articles by prominent co-operators of different provinces on a variety of subjects such as the Reserve Bank, Consolidation of holdings, Arbitration societies in the Punjab, Co-operation and women, Co-operative



marketing &c., and also the proceedings of the Third All-India Co-operative Institutes' Conference and the Third Indian Provincial Co-operative Banks' Conference. The get up of the journal leaves nothing to be desired. Its subscription is Rs. 6 per year, the price of a single copy being Rs. 1-8-0. Intending subscribers may write to the Manager, The Indian Co-operative Review, Mylapore, Madras.

A Temporary Loss.

Professor S. K. Yegnanarayana Aiyar, after having freely given of his spare time for the service of the co-operative movement for many years, has now resolved to withdraw from it and confine himself to his profession until he retires from it. We are sure this decision is regretted by all co-operators in this province. For many years he edited this journal with ability and devotion and relinquished it only last month. He took a very large part in the organisation of the South India Co-operative Insurance Society, rendering it the most valuable service as director and propagandist. He was in no small measure responsible for the growth of Madras Teachers' Guild Co-operative Society and for the promotion of thrift among teachers. During the last six years he was a director of the Triplicane Stores, representing its Madhavapuram Branch, and during the last two years its Managing Director. The directors of the Stores and the members of the Madhavapuram Branch gave appropriate public expression to their appreciation of his valuable services and to their regret at his withdrawing from the co-operative field, although it be temporarily. Blessed with abundant energy, Mr. Yegnanarayana Aiyar never allowed his love of co-operation to interfere with the call of his profession. The latter's jealousy cannot therefore but be looked upon as unreasonable. We trust that when he comes back to us a few years hence it will be with even increased ardour.

Co-operation and Swadeshism.

In his article on 'Consumers' Co-operation', which we published last month and our comments on which we were obliged to reserve for this month, Mr. Ramadas Pantulu has made some important suggestions which, we hope, will be duly considered by members of store societies in our country. His first suggestion is that our stores, like the stores in European countries, should be actively *Swadeshi*. To a highly educated class of people like the

members of our store societies, the principle of *swadeshi* should commend itself readily as it has long ceased to be a matter of any controversy. Perhaps unconsciously, our stores are nonetheless in fact more than 90 percent *swadeshi*, that to say, deal in articles produced in our country. This is so because they deal mainly in foodstuffs which are naturally drawn from the country itself. The most important foodstuff calling for the exercise of the *swadeshi* principle is sugar. What little difficulty there was three or four years ago in obtaining Indian made sugar has now disappeared on account of the special protection given to it by the State, and it should be quite easy for any store to supply only *Swadeshi* sugar. There is no doubt a small difficulty about the price. Java sugar is generally sold a quarter of an anna cheaper per viss (120 tolas or 3½ lbs.) than *Swadeshi* sugar. Perhaps it will be possible for co-operative stores with a little effort to sell the latter at the same price as the former. But even otherwise the members should be willing to make a small sacrifice for an Indian industry. Other foreign articles of food commonly sold in our stores are cocoa, Ovaltine, Glaxo and other children's foods. The demand for them, we believe, is due more to advertisement than to any special merit they possess. Both children and adults would certainly keep better health by taking natural foods like fresh milk and cereals than by de-vitaminised tinned foods. If in particular cases they are prescribed by medical men, let them be obtained from chemists like medicines. Mr. Ramadas Pantulu has referred to the argument of the managers of some stores that they should cater to all tastes and sell to the consumer what he wants. Apart from the fact that, as shown by Mr. Pantulu, the capitalist producer by clever advertisement decides for the consumer what the latter should want, it is by no means the duty of the store to cater to all tastes or to supply everything that a consumer may want, but only such things as in its opinion will do good to its members. Just as a credit society refuses to grant a loan if its purpose is not approved, so does a store refuse to sell intoxicants and other unapproved articles, though a section of its members may have a taste for them. There can therefore be no objection in principle to the stores becoming wholly *swadeshi*. They can well refuse to sell foreign sugar, soaps, matches etc., and offer in their place Indian made articles. As we have already pointed out, their business is not likely to suffer to any considerable extent by doing so. On the other hand there will be a tremendous moral gain. And morality is the basis of the co-operative movement.

The Idea of a Wholesale.

Another suggestion made by Mr. Pantulu is that the T. U. C. S. should convert itself into a wholesale society and begin the production of some kinds of goods. This question has been repeatedly considered by the T. U. C. S. in all its aspects, but the majority of the Branches have not yet been convinced of the necessity or wisdom of the step. Some years ago opinion was canvassed in favour of the simultaneous conversion of the Branches into independent affiliated societies and of the Head Office into the wholesale. But the idea did not receive sufficient support. Mr. Pantulu has suggested that only Branches which are in a position to stand on their own legs should become separate societies and the others should be allowed to continue as branches. It is thus free from the taint of compulsion and should therefore commend itself to the Branches. But the real difficulty is not in the constitution. As a matter of fact, several mofussil store societies are at present members of the T. U. C. S., but they have never obtained from it any of the articles required by them. Their requirements at a time are generally so small that they find it more profitable to get them locally. But some of them do arrange to get rice from Nellore merchants, which with greater satisfaction to themselves they could very well get from the T. U. C. S., as the latter purchases paddy and gets it milled under its own supervision so as to avoid all adulteration. The mofussil stores are lacking in co-operative policy and enthusiasm as much as the members of the T. U. C. S., and hence the wholesale idea has not made sufficient progress. Just as the Buyers' Clubs of Nungambakam and Mamabalam are pooling their requirements and getting charcoal and other articles in bulk, so should the mofussil stores and the T. U. C. S. pool their requirements in rice, coffee, sugar, ghee, oil etc. and get their supplies from one satisfactory source. This may be begun at once informally, and later on if advisable a separate wholesale society may be registered.

A Central Institute.

A third suggestion made by Mr. Pantulu is that the common good fund of the T. U. C. S. and other store societies should become available for establishing a central co-operative institute like the Horace Plunkett Foundation of Ireland. At present the common good fund of the T. U. C. S. is hoarded in a rather unco-operative manner and the interest earned by it is utilised for supplying one or

two daily newspapers to each Branch for being read by its members. It is only a few men in each Branch who make use of these papers. It would be far better to spend the fund for *co-operative* education and propaganda. The T. U. C. S. has now a library which is no credit to it. It should be improved and made up-to-date and a good reading room added to it. A fair part of the common good fund may also be made available for the establishment of a central institute, which however would have to depend mainly upon the Provincial Bank and the District Banks. The idea of a central institute supported and conducted by the societies themselves is an excellent one, which we hope will be seriously considered by our conferences.

Government's Review of Registrar's Report.

The administration report of the Registrar of Co-operative Societies for the year 1933-34 and the Government's review of it were made available to the public a few days ago. We have published elsewhere in this issue the Government's review. In subsequent issues we propose to publish extracts from the Registrar's report and to comment thereon. Government are of course aware of the exceptional difficulties through which the societies are passing on account of the prevailing economic depression, and have recognised that "owing to the unceasing efforts both of the officers of the department and of the non-officials concerned with the movement, directed to the rectification and improvement of bad and dormant societies, the movement is resisting the effects of the depression without as much deterioration as might perhaps have been expected." In spite of these efforts of officials and non-officials, the percentage of overdues as compared with the previous year has increased in respect of principal, current interest and arrears of interest in all classes of societies, except in respect of principal in non-agricultural societies where the percentage has slightly fallen. The increase is greatest under principal due to central banks. Accepting the Registrar's advice, both central banks and primary societies lowered the rates of interest on loans and waived penal interest on overdues paid before the close of the year. But if with all these inducements the collections were unsatisfactory, it was due to the sheer inability of the members to pay. Government rightly expect that with the continuance of the present efforts to improve the efficiency of societies, the condition of the movement will become satisfactory when the rigour of the economic depression becomes reduced.

The Government note that in other respects the year under review was more satisfactory than the previous one. The number of new societies registered was larger and that of societies cancelled smaller than in 1932-33. All the central banks worked at a profit, though their loan transactions and consequently the total net profits were reduced. They were able to work at a profit because they reduced their surpluses from over a crore at the end of the previous year to about 54 lakhs at the end of the year under review, and also cut down their expenses as far as possible. The land mortgage banks showed considerable development. They have in fact become a distinctive feature of the movement in our province. The transactions of the Central Land Mortgage Bank increased all round. It issued debentures to the extent of Rs. 24.8 lakhs as against Rs. 10.8 lakhs in the previous year. It converted high interest bearing debentures to those of lower ones and passed on the reduction in the rate of interest to the ultimate borrower who can now get loans at 6½ per cent. Seven new primary land mortgage banks were started. The loans granted during the year by the primary banks to their members amounted to Rs. 14.8 lakhs against Rs. 10 lakhs in the previous year. They all met their obligations to the Central Land Mortgage Bank but could not prevent an increase in the overdues of their members. Two new industrial and credit societies with the object of manufacturing sugar were registered during the year. All the four societies of this class existing at the end of the year, of which the most important is the Vuyyur Industrial and Credit Society, have not begun actual work. Government proposes to watch with special interest the working of these enterprises. Government have also noted with satisfaction that the South India Co-operative Insurance Society made considerable progress during the year and that the transactions of non-agricultural societies generally showed improvement and slightly better profits compared with the previous year.

The Menace to Co-operation*

II

BY R. SURYANARAYANA PANTULU, B.A., B.L.

The man and the method are two aspects of the same matter. But, it is certain that the co-operative movement as any other movement, does not thrive at the touch of unclean hands of the selfish man, in spite of clean methods. It is equally certain that a selfless man finds himself embarrassed to work any institution with wrong methods coupled to it. There are certain methods, which appear harmless at the inception and which as time goes on become harmful and land the movement in chaos, if not checked at the proper time.

Without any claim to originality, I now propose to deal with the wrong methods once adopted and still persisting in the field. The leaders in the movement have already recognised that the societies have been ill organised. I do not mean to say that the society was forced upon the village from outside pressure without a genuine desire for cheap credit from within, though it may be true in a handful of cases. The desire to exhibit the organizing capacity of the official, the creative power of the non-official, the amazing ignorance of both with regard to the local conditions or self-serving sense of an apparently influential man recommending a society to a place in which his tenants or friends or relatives abound so that he or they can feed upon the institution in times of exigency, led to hasty registration in old days. The result is that places which cannot find men or materials to work have got societies, and places where there is ample scope for improvement have no societies. It logically follows that societies get moribund.

Next the unchanging directorate capable of doing no good or real work is a standing hindrance to the movement. Now that the new Act makes a provision for their removal, it is some solace to the movement. A proper and judicious application of that rule must be able to segregate the bad man from the movement and link the right man with the right place.

* Part I appeared in last December issue of M. J. C.

The maximum borrowing power of the society was fixed without any sense of proportion. I have heard of societies whose membership will be far below the figure with three digits but whose maximum borrowing power M. B. P. as it is briefly called, is Rs. 20,000. I have heard cases in which societies had actually borrowed Rs. 15,000, and nearly three-fourths of the sum is still subsisting as a liability and as an overdue from the year 1929. Again, the individual maximum borrowing power is allowed to stand on a high level—Rs. 1,000, in certain cases and Rs. 500, generally. The members will exhaust their individual capacity to borrow and then invent other means of consuming the funds through their joint family members, through other relatives, through accommodating villagers at present living in the village proper or at Rangoon or at present dead. I do not think that the real agriculturist or rural middle class man would have his yearly needs at a cost of Rs. 500. I do not say that there are no persons indebted in the villages. But such heavy obligations are outside the purview of co-operative credit societies, which can grant only short term loans re-payable with easy terms and convenient rests. This M. B. P. and I. M. B. P. have got to be lowered to the manageable limits for collective or individual needs.

With the advent of land mortgage banks, the necessity for a long term loan disappears in the credit societies. Then it is an additional reason why the borrowing power of the institution and individual should be correspondingly reduced. The granting of the loan with indifference to the present and immediate needs of the borrower and his repaying capacity, is another mistake. This indiscrimination has enhanced directly or indirectly, the rural indebtedness not only of individuals but also of the society. This frozen and solidified advance of money spells the decline of the successful era of the movement. The barren unproductive loan keeps the society in an overdue and moribund condition from which state, the movement runs to ruin at no distant date. The movement must struggle for breath if the debt is allowed to get time-barred—if the borrower is allowed to catch the last passenger steamer to Burma after disposing of the little property he possessed in the village by sale or mortgage with no charge created on it for discharging his obligation to the society.

The inroad of local politics into the co-operative circle is another baneful poison which adversely affects the growth of the

movement. It does not amount to saying that there should be no contest at elections in the co-operative field. Either to remove unworthy office-bearers who have monopolised the seat to the detriment of the society or to reinstate enthusiastic and desirable men for the betterment of the society, there may be periodical contests; but the war cry of the electioneering campaign, if there should be any, must be hushed on the morrow of elections, so that each and every man can willingly put his shoulder to the wheel, which leads to the common-wealth of the society. The contestants must contest to get in for doing service, not for wielding power, for doing duty not for enjoying right. The spirit of service and devotion must prevail at all times. The fortunes of the village society should not be linked with the vicissitudes and fluctuations of the party leaders in the local Boards, though such leaders happen to be in the society, for the simple reason that this is co-operation once and for ever; it is co-operation not only within the circle itself but beyond the circle also; real co-operators cannot afford to have internal feuds or individual bickerings; they can ill afford to have external fight as well. It is not difficult to see that age or sex is no disqualification for recruitment to the co-operative field work. Young, middle aged, and old men and women have their proper spheres of work. Co-operation is the mainstay in rural and urban uplift of a country. If we can establish this co-operative nationhood with active societies as healthy individuals, working for the uplift of rural and urban areas and one for all and all for one—I have no hesitation in saying that the co-operators can truly be said to inaugurate a federal scheme for a prosperous India.

The real work of the official and non-official co-operators lies in removing mercilessly, in keeping off compulsorily, the undesirable people from the society fold who are bent on job-hunting or fighting for rights and privileges; in the adaptation and pursuit of right methods calculated for the uplift and development of the rural and urban areas. All the legislation and all the work should unmistakably tend to reach this ideal.

The wants and needs of the urban people are different from those of the rural people. The main industry of the rural man is agriculture. In fact, agriculture cannot be viewed as a mere avocation of a leisurely or unemployed man, but the life sustaining industry of the village upon which the entire happiness of the country hinges. It is unfortunate that this important industry of our

land, pursued by nearly 90 per cent. of the population, is left in the hands of ignorant men with their crude methods. The produce is not commensurate with the labour put forward. The agriculturist must be able to get (1) the little cash he wants in the season at a moment's notice, (2) must be able to get the maximum produce with minimum labour and (3) he must be able to get a fair price for his produce. Separate co-operative societies, if it is not the function of the existing societies, may be started to ensure the sanitation, education and irrigation of the village; the agriculture graduate may be induced to settle in each village to do demonstration and propoganda work making his own living incidentally. The seasonal cheap credit for the agriculturist may be supplied on easy terms without depending upon the whims of the local money lender. The produce purchasing and selling societies may be increased to keep the ryot from the lures of the selfish village leader, who has no scruples to barter away the life blood of his villager for a mess of pottage. A well thought out balance between production and consumption must be established for raising the level of prices of agricultural commodities. Then again serious attempts must be directed towards the reduction of the rural indebtedness. The problem of rural indebtedness is simply staggering. The method of its reduction eludes the intellect of man. The debt conciliation schemes obtaining in parts of India as Bihar, Orissa and Punjab may be preferred and with advantage to debt conversion schemes. Lastly, attempts must be directed towards improvement of agriculture as an industry. In India, agriculturists do abound. But the minimum land cultivated by an average agriculturist is little more than an acre. The tendency is to divide land, each plot by itself, when there are more co-sharers than one. The consequence is impoverished agriculture. The vast natural resources must be pressed into service for converting the raw material into finished products and supplemented by other industries. Only then a sort of self-reliance and self-sufficiency is secured for the country.

This is not the work of the non-official only. Unless the Government promulgates a helping legislation and the official department puts the laws of the land in a sympathetic operation, and the non-officials, paid or not paid, make up their mind to run the institutions with a sense of service, sacrifice, honesty and devotion, co-operation, as meaning an honest endeavour of man working for realization of self and consumation of life in service and uplift of

other men, would be a lamentable failure. This humanistic institution whose foundations have been so nobly and truly laid by our far-sighted leaders and whose infancy has been so admirably guarded by the official and non-official of the past and present generation, must be allowed to function with a youthful vigour and minister to the needs of mankind, unspoiled by the poisonous hand of selfish man or by the de ceased state of a perverted method.

I would commend a prompt supercession where it is necessary, of the directorate wholly or partly as the particular case requires, a speedy change in the society by amalgamating with another in the vicinity, or extending the area of operations by comprising a few near villages, by starting new societies with care and judicial selection of men and materials. A thorough scrutiny of the existing debts may be made and action taken thereon on the lines suggested by the present Registrar of Co-operative Societies. This will no doubt entail some expenditure but it should not be grudged by the financing banks, in their own interests.

When the subsisting obligations are classified in the manner indicated by the Registrar, the financing banks or the societies may, in the case of those debts for which time for repayment can be safely given, reduce the rate of interest and grant sufficient time after taking adequate security for the obligation. In the case of debts for whose discharge the borrower has not provided any means when he parted with his property or the borrower has no repaying capacity even from the inception of the debt, the concession of reduction of interest or a sympathetic grant of time would be of no avail at all, as he is already a ruined man. In such cases, action delayed is action not taken. The sooner he is relieved of the pain of indebtedness the better for him and his creditor. The contagion should not be allowed to be caught by other individuals or institutions.

Section 51 of the Madras Co-operative Societies Act of 1932.

By P. K. SRINIVASA RAGHAVA ACHARYA, B.A., B.L.

The language of section 51 of the Co-operative Societies Act (Madras Act VI of 1932) gives rise to difficulties which might not have been perceived by the framers of the Act. It is a well known fact that societies have been advancing loans to their members on the mortgage of immovable properties. Properties which at the time of advancing the loan were worth at least twice the amount for which they were mortgaged have on account of the present day depression decreased in value. The sums due under the mortgage have mounted up on account of the default of the borrowers. At present the societies are confronted with the problem of realising the mortgage loans by the sale of the properties which cannot fetch even half the amount due under the loans.

The members who are the mortgagers have in very many cases been forced by circumstance to alienate the equity of redemption in the hypotheca. In most of the cases the subsequent alienees are non-members. Where suits have to be instituted on mortgages it is necessary to implead the subsequent alienees as defendants. The sons of the mortgagor have also to be made parties. In short any one claiming a right to the equity of redemption has to be impleaded as a defendant.

The difficulty that rises in such cases is this. The sons of the mortgagor and the subsequent alienees are more often than not non-members. Unless section 51 of the Co-operative Societies Act provides for such cases being referred to the Registrar for arbitration they have necessarily to be sent to the Civil Courts. This naturally necessitates expenditure even in cases where as already stated the hypotheca cannot be sold for even half the sum due under the loan.

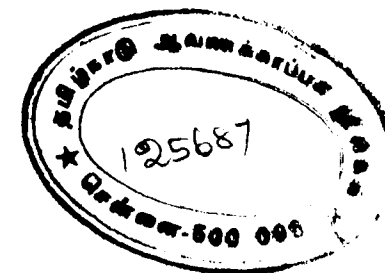
I have not been able to pitch upon any decision where the term 'claiming under' has been explained. In section 11 of the Code of Civil Procedure the term 'claiming through' occurs. The relevant portion of the section runs thus.—'No court shall try any suit or issue in which the matter directly and substantially in issue has been

SECTION 51 OF THE MADRAS CO-OPERATIVE SOCIETIES ACT OF 1932

directly and substantially in issue in a former suit between the same parties or between parties *under whom they or any of them claim*' The expression 'claim through' can be taken as synonymous with 'claiming under.' In 29 Allahabad 1 it was considered as to whether a Hindu son in a joint Mithakshara family claims under his father. It was held that he does not but becomes entitled to the property by reason of his birth. To the same effect is the ruling in 10 Allahabad 411.

In 1925 Patna (A.I.R.) 575 which is a case under the Co-operative Societies Act it is observed at page 575, col. 2 'there is no doubt that a co-operative society has complete powers to refer any matter between them and the estate of a deceased member to the arbitration of the Registrar. But there is no power in the Registrar of Co-operative Societies to compel strangers to appear before him unless they are sued as representing the estate of a deceased member. The sons of a Hindu father are jointly sued with him not on the ground that they claim the hypotheca through or under their father but on the ground that the father by virtue of the fact that he is their father has got powers to alienate under certain circumstances even the interests of his sons in the joint family property so as to bind them.' The Registrar of Co-operative Societies Madras has in L. Dis. No. F. 4881/29 dated 30-10-1929 reported at page 527 of Vol. XXI of the Madras Journal of Co-operation laid down the following rule for the guidance of the societies 'Non-members will never agree to being made subject to the jurisdiction of the Registrar. The safest course to be adopted when a property mortgaged to the Society is alienated to third party is not to submit such cases to arbitration but to file suits in Civil Courts.'

Unless the legislature steps in to save the situation, societies which are trying to recover loans the securities for which have considerably diminished in value will have to spend a good deal more in filing suits in civil courts. If in addition to the explanation now to be found to section 51 another explanation is added '*viz.* For the purpose of this section alienees of the equity of redemption and the sons of the mortgagor shall be deemed to be claiming through the mortgagor, there can be no difficulty in referring disputes with respect to mortgage debts to the Registrar.



Village Economy and Agricultural Co-operation.

BY K. L. BHANDARI, B.A.

A Member of the Legislative Council is reported to be moving a resolution in the Legislative Council for a committee of inquiry into the state of affairs, of the co-operative societies in the Ganjam District. In another, there is agitation for amalgamation of the Central Co-operative Banks. In a third district Resettlement to introduce a 12½ per cent increase in land revenue has been ordered despite the fact that societies are being liquidated, and the Central Bank cannot pay a pie (the smallest coin in the realm) as dividend to its society share-holders even after a period of 20 years of working.

In the South Arcot District, the plight of land-owners in marketing their produce in the face of competition by importers as evidenced by the statistics given below can be best imagined.

Siamese rice	1931	3,669	bags
imported into	1932	11,203	"
Cuddalore	1933	17,741	"
port.	1934	718,796	"

In S. Kanara, there is a tariff wall experienced at Goa, for their rice export, and rice is the main item of export from that District, among its indigenous products. Bigger land-owners find themselves forced to go into insolvency. Old rice has not yet been sold in some villages, though new rice is already in the market. Of late, civil debtors arrested for debt are actually courting committal to Civil Jail!

In this state of things, the lot of the middle class agriculturist does not require comment at all. Conferences, resolutions, deputations have brought no relief. There are clear, convincing and unambiguous facts which indicate that rural economy is a thing of the past, and that the day is not far off when a grave economic situation has to be faced by the country at large.

Government of Madras proposes to continue the services of the 42 temporary additional hands in the Subordinate service of the Co-operative Department, evidently to look after collection work, which amounts to lakhs of "over dues." But this is hardly sufficient to tackle the problems.

Any individual enthusiast must necessarily feel helpless in the vastness of work ahead. Will a body of Co-operators think over and make the necessary arrangements for making the life of the village agriculturist less irksome and more enjoyable by ensuring him a living in the first instance?

Each for all—All for Each.

Really a sage motto. But how in practice can this ideal be reached? The echo too answers How?

All India Co-operative Institutes' Association.

Resolutions passed at the meeting of the Standing Committee of the All India Co-operative Institutes' Association held at Calcutta on the 26th and 27th December 1934.

In order to supplement the efforts of the Provincial Co-operative Institutes to meet the unjust criticism to which the movement is sometimes subjected, the Standing Committee requests the Provincial Co-operative Institutes to report to the Association from time to time such criticisms and requests the Executive Committee to prepare and publish in the vernaculars and English pamphlets and leaflets answering the criticisms, which in its opinion are unjust and explaining the real aims and objects of the Movement and short accounts of the services rendered by the organisations in the several provinces.

2. (a) The Standing Committee requests the Provincial Co-operative Institutes to report to the All India Institutes' Association before the 31st of March 1934 the defects in the working of the organisations in their areas and suggest remedies which in their opinion are calculated to remove those defects. The Standing Committee will then make a careful investigation into the defects disclosed and the remedies suggested therefor and formulate a suitable programme for dealing with the defects and place it before the meeting of the Standing Committee to be held in the Easter holidays (April 1935) at Patna.

(b) The Standing Committee is of opinion that lack of education in the principles and practice of co-operation and almost total neglect of schemes to improve the income of the members by organising the marketing of their produce and their subsidiary occupations are the main defects of the Movement and urges on the Provincial Co-operative organisations and Provincial Governments to formulate suitable schemes to remove those defects and requests the Provincial Governments to make adequate grants for the purpose.

3. Resolved to request the Government of India to publish a consolidated Annual Review on the working of the Co-operative Societies in the several provinces in India instead of "The Statistical Progress of Co-operation in India."

4. (a) Resolved (i) to Publish The Indian Co-operative Review as a Quarterly Journal;

(ii) to appoint Mr. V. Ramadas Pantulu as the Editor of the Indian Co-operative Review;

THE MADRAS JOURNAL OF CO-OPERATION

- (iii) to fix the annual subscription at Rs. 6; and
- (iv) to sanction the necessary expenditure for one year to print 750 copies of the first issue and 500 copies of the subsequent issues.

(b) The Editorial policy enunciated in "Ourselves" is approved.

5. A scheme for the second volume of "Co-operation in India" be drafted and placed before the next meeting of the Standing Committee.

6. (a) The Committee strongly deprecate the increasing tendency to strengthen official control over the movement and views with grave concern the retrograde and reactionary character of the Bills now introduced into some provincial legislatures and rules and by-laws made under existing Acts, which virtually destroy the autonomy of the societies and make the Registrar a dictator.

(b) The registrar should help in securing the good management of societies by advice and guidance and not by interference with the internal management of the societies.

(c) The Committee calls upon co-operators to mobilise non-official co-operative opinion against such tendency and requests the Provincial Governments to give due weight to accredited non-official opinion in their provinces and to preserve intact the fundamental character of co-operation as a people's movement, which must be managed by them on true democratic principles.

(d) The President will address the Government of India and the Provincial Governments urging on them the views of the Association on the subject.

7. The Committee requests the Government of India to make an annual recurring grant to the Association to enable it to carry on its functions.

8. (a) The provincial co-operative institutes are requested to establish one or more Rural Reconstruction centres for training a band of wholetime workers (Servants of Rural India) in each province according to the resources and needs for the areas.

(b) The note* prepared by the President on programme of Rural Reconstruction be circulated to the member institutes.

(c) The existing co-operative credit societies should function not merely as agencies for supplying cheap finance to their members, but as centres of all fruitful rural activities so as to revive the corporate life of villages and to make the villages socio-economic units on whose prosperity the national economy depends.

*Please see pages 379 to 381 for the note.

ALL INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION

9. Resolved that a rural reconstruction sub-committee consisting of the following gentlemen be appointed :—

- | | |
|---|-----------|
| (1) Mr. N. Satyanarayana (Convener) | (Madras) |
| (2) Prof. H. L. Kaji | (Bombay) |
| (3) Khan Mohammed Bashir Ahmed Khan | (Punjab) |
| (4) Khan Sahib Malik Noor Mohammed Khan | (Punjab) |
| (5) Babu Tara Prasanna Ghose | (B. & O.) |
| (6) Mr. B. N. Bannerjee | (Bangal) |
| (7) Rai Bahadur Mathuraprasad Mehrotra | (U.P.) |
| (8) Rao Bahadur M. G. Deshpande | (C.P.) |
| (9) Mr. M. A. Gopalaswami Iyengar | (Mysore) |

10. Resolved to authorise the Honorary Secretary and Treasurer to operate on the accounts of the Association.

11. Note :—Various proposals for amending the constitution of the Association and to enlarge its membership were put forward by several members. It was resolved to circularise the Provincial Co-operative Institutes to make any suggestions in this behalf that they may think fit to do, and to frame draft amendments to the constitution for consideration at the next meeting of the Standing Committee.

NOTE ON RURAL RECONSTRUCTION

BY MR. V. RAMADAS PANTULU.

Programmes of rural reconstruction are the direct outcome of the new consciousness that the village is the foundation of our national economy. The implication of the phrase "Rural Reconstruction" is that the Indian village once possessed a structural organisation as a socio-economic unit and that it has now become dilapidated and needs renovation or rebuilding. No one who has any acquaintance with the history of the village communities in India, can deny that the entire fabric of village life was built upon genuine co-operation. It is, therefore, a legitimate activity of the co-operative movement in this country to promote programmes of rural reconstruction by the application of the principles and practice of co-operation to organisation of rural life. The success of the co-operative movement itself largely depends on factors of rural life which are not purely economic, and the strengthening of those factors will react favourably on the co-operative movement, while the co-operative movement itself reacts favourably on the promotion of these factors.

Two important principles have to be borne in mind in settling a programme of rural reconstruction. The main aim of rural reconstruction should be the reconstruction of the mentality of the villager by propaganda and education, especially in the economic and social spheres of rural life and to change his outlook on life. Charitable doles of money or even cheap

credit thrown into the villagers' pockets will only serve to make them more dependent and less self-reliant. The next essential principle to be borne in mind is that any reconstruction scheme should embrace all sides of the activities of the village life which are compendiously described, in Horace Plunkett's classification of the ten principal needs of a farmer, as "business needs" and "social needs." Once the villager imbibes the principles and practice of co-operation, he will realise that life is a series of concentric circles of which he is the centre, from which radiate his love and patriotism to the ever-widening circle of the village, the district, the province, the country and the world.

With these principles in view, each province should start at least one rural reconstruction centre to serve as a model and draw up a simple workable programme in accordance with local needs and conditions. Its general features may be briefly stated as under. One of the main duties of the rural reconstruction worker shall be to plant in each village in the area of his operations a co-operative society and a statutory village panchayat, if one is not already working there; and where they exist and do not work satisfactorily, no pains should be spared to resuscitate them and put them on a sound basis. Schemes of village sanitation, education and medical relief should mainly be the concern of those institutions. It shall be the duty of the worker to see that these schemes are taken up and worked by these institutions. A statutory village panchayat would be the most useful instrument for reconstruction work in collaboration with the co-operative society. Voluntary association without legal sanction is difficult both to organise and sustain. Our aim must be to strengthen and revitalise the existing limbs of the village organisation and not to introduce new ones. A statutory panchayat is a corporation and enjoys the power of local taxation for common benefit. The rural reconstruction worker and the panchayat should collaborate in making a detailed survey of the conditions of village life in all its aspects and in taking steps for improving the amenities of the village life in all directions. Another important duty of the rural reconstruction worker is to put the villagers in touch with the agricultural demonstrator, the veterinary surgeon, the sanitary and other itinerant officers, who are expected to render assistance to them in the respective spheres of their official duties.

The co-operative societies in the area should not be merely agencies for dispensing cheap credit, but must be instruments to promote the general economic welfare of their members. They must enable their members to increase their production, to organise their marketing and to develop their subsidiary industries thereby improving the income from the lands and other sources. There are several cottage industries which are languishing from lack of financial help and encouragement and which can be revived by the efforts of co-operative organisations. The preamble to the Co-operative Societies Act and the model by-laws of societies comprehend all these bene-

ficial aims and objects and envisage the life of the villager as a whole; but we have unfortunately practically lost sight of this all embracing character of the Movement in practice. All that is necessary is to bring our practice into conformity with our theory.

Two other items of rural reconstruction work, to which special attention should be drawn, are (1) promotion of programmes of adult education in all the villages of the centre. Such education is best imparted through lectures in the vernaculars, through the cinema and magic lantern, through traditional methods of *sankeerthan* and expounding *puranas* and through modern methods like organisation of village clubs and widespread use of rural and circulating libraries, and enactment of social dramas and the like. (2) Another important item of the work is the housing of the people, who now live in insanitary localities and in slums. Co-operative building societies for construction of sanitary and convenient habitations for such people should be taken up as an integral part of rural reconstruction work. Wherever possible, steps should be taken to organise a provincial co-operative building society to finance such schemes in the reconstruction of village habitations.

Enumeration of rural reconstruction activities may look formidable on paper; but these activities are intimately related to the daily life of the villager and will be found to be capable of being easily carried out, if there is a plan and organised work. The success of the scheme will largely depend upon the interest which the educated middle classes evince in problems of rural life and nation-building and the extent of rural bias they can cultivate in the immediate future. The most urgent need is the enlisting of a band of whole-time workers, who are informed enthusiasts in the cause. It should be the endeavour of every Provincial Co-operative Institute to take steps to train such workers, who may be called "Servants of Rural India" wearing the badge "S. R. I." and carrying the message of a new rural India to every home in every village in the country. India is rich in human material, and it only needs mobilising. Those who are called upon to render those services should remember that a regenerated village with its corporate life and sense of civic responsibility developed, will be the true foundation of lasting Swaraj for India. Our national poet Tagore says that "the keeping of the villages is the cradle of the race."

MEMORANDUM ON RESERVE BANK.

The Standing Committee of the Indian Provincial Co-operative Banks' Association, which met at Calcutta on the 28th December 1934 prepared the following Memorandum for submission to the Government of India on the Scope of Rural Credit Department.

Section 54 of the Reserve Bank of India Act provides for the formation of an agricultural credit department, the functions of which are :—

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

(b) to co-ordinate the operations of the Bank in agricultural credit and its relations with the Provincial Co-operative Banks and any other banks or organisations engaged in the business of agricultural credit.

It may be observed that the functions of the department are almost entirely advisory and consultative and that there is no mention in the section of any provision for rural credit.

The last Provincial Co-operative Banks' Conference considered the provisions unsatisfactory and passed the following resolution :—

“ This Conference is emphatically of opinion that the provisions of sections 54 and 55 of the Reserve Bank of India Act for the constitution of an agricultural credit department of the Bank are very unsatisfactory and that that department should not merely be an agency for advice and consultation, but should be a machinery for actually providing agricultural finance to the co-operative banks somewhat on the lines adopted in South Africa, Australia, New Zealand and other countries.”

Short Term Rural Credit

Dealing first with the existing provisions in the Act relating to credit to co-operative banks, sections 17 (2) (b) and 17 (4) (c) and (d) empower the Reserve Bank to purchase, sell and rediscount Bills of Exchange and Promissory Notes drawn for the purpose of financing agricultural operations or the marketing of crops and bearing two or more signatures, one of which may be of a Provincial Co-operative Bank, and to make loans, and advances to Provincial Co-operative Banks on their promissory notes, supported by documents of title to goods or Bills eligible for discount.

In practice, these provisions will enable co-operative banks to derive short term finance from the Reserve Bank, if the Bank gives adequate facilities to co-operative banks to supplement their resources by rediscount

of agricultural paper on reasonable terms and thus enable them to meet the demands of co-operative credit societies in busy seasons. These must not be treated as emergency provisions intended to enable co-operative banks to tide over some unforeseen difficulties. Such an interpretation will virtually nullify the benefits of the Act to the Co-operative Movement. It is normal agricultural credit that co-operative banks look for to the Reserve Bank and not merely emergency credit. Provision should also be made for giving Cash Credit facilities to Provincial Banks on such reasonable terms and security as may be prescribed.

Long Term Rural Credit.

There is no provision whatever in the Act for long term agricultural credit. The existing land mortgage banks which are approved by the local governments and land mortgage banks to be started hereafter similarly approved should be in a position, when necessary, to derive long term rural credit from the Reserve Bank ; the Reserve Bank can help these long term mortgage credit institutions by purchasing their debentures which satisfy certain prescribed standards. The Rural Credit Section of the Reserve Bank must be so constituted as to be able to provide long term credit through co-operative land mortgage banks where they exist and through other suitable agencies where there are no land mortgage banks. The Association desires to draw the attention of the Government of India to the recommendations of the Indian Central Banking Enquiry Committee in regard to State aid to Rural Credit (*Vide* paragraphs 246 to 248 of Volume I of their report).

Co-ordinating and Advisory Functions of the Reserve Bank.

Under sections 54 and 55 of the Reserve Bank of India Act, the Bank is required *inter alia*—

- (1) to study questions relating to agricultural credit ;
- (2) to co-ordinate its operations and those of the Provincial Co-operative Banks and other banks engaged in the business of agricultural credit ;
- (3) to suggest methods whereby the machinery of agricultural finance may be improved ; and
- (4) to report how the provisions of the Act may be extended to persons and firms not being scheduled banks, i.e. indigenous bankers.

As regards item No. 1, there are several uninvestigated problems with regard to agricultural credit. The Bank may immediately take up for study the following among other subjects :

- (a) Problems of agricultural indebtedness and legislation desirable or necessary to deal with their finance ;
- (b) Rural industries agricultural production and marketing.

Regarding item No. 2, there are very few Joint stock banks engaged in the business of agricultural credit. The operations of primary and central co-operative banks are at present co-ordinated by the provincial co-operative

banks. Until some experience is gained of the working of the Reserve Bank Act, nothing can definitely be stated and as matters stand at present, the co-operative banks will get little assistance in this direction.

Regarding item No. 3, the machinery of the Co-operative Movement is already there. In recent years, several provincial Co-operative Committees, the Royal Commission on agriculture and the Provincial Banking Enquiry Committees have gone into this question and have made various suggestions for the improved working of co-operative credit societies. At present, the Association thinks there is not very much for the Reserve Bank to do in this direction.

As regards item No. (4), the Association desires to state that it is in entire agreement with the recommendations of the Indian Central Banking Enquiry Committee in regard to bringing the indigenous bankers within the scope of the Reserve Bank. (*Vide* paragraphs 137 to 146 of Volume I of their report).

Amendments to the Reserve Bank of India Act.

Mr. V. Ramadas Pantulu, representing the Indian Provincial Co-operative Banks' Association before the Joint Select Committee on the Reserve Bank Bill pointed out certain directions in which the Reserve Bank Act should be amended in the interests of Co-operative Banking. Some of them were incorporated in the Act as finally passed, but some of the amendments suggested were not however made. They are important ones and we urge that those amendments to the Act should be made at the earliest opportunity. The nature of these amendments which the Association desires is set out below :—

(1) The Provincial Co-operative Banks in such of the Indian States as may be notified by the Government of India at the request of the Indian states Governments concerned, should be brought within the scope of the Act. Co-operative Societies in Indian States should also be made eligible to subscribe for shares in the Reserve Bank as in British India.

(2) *Loans and advances on promissory notes supported by documents of title to goods* :— Clause 17 (4) (d) restricts the power of the Reserve Bank to make loans or advances against the security of promissory notes of a scheduled bank or provincial co-operative bank supported by documents evidencing title to goods only in cases where such promissory notes were taken as security for *cash credit* or overdraft. There is no reason to exclude from the scope of this clause promissory notes given for "loans or advances." These words may be added.

(3) *Commercial and Trade Bills and Co-operative Banks* :— Clause 17 (2) (a), which empowers purchase, sale and rediscounting of bills and promissory notes arising out of commercial and trade transactions, excludes provincial co-operative banks from its scope and confines itself to scheduled banks. It is extremely desirable to include the provincial co-operative banks

within the scope of this sub-clause as well. The Urban Bank Movement is now developing in this country. The urban banks, that is, co-operative credit societies with limited liability, operating in urban areas, are primarily intended to finance small traders, artisans and those engaged in cottage industries. A description of their useful and growing activities is to be found in the several Provincial Banking Enquiry Committee reports. These urban banks are financed by co-operative central banks for such purposes. These co-operative central banks, in their turn, derive their finance from the provincial co-operative banks, on promissory notes. Moreover, consumers' stores and industrial and trading societies like sugar factories, handloom weaving societies and milk supply unions, to mention only a few varieties of new co-operative ventures, are fast springing up. In order to encourage all these co-operative enterprises and to finance them through co-operative banks, it is desirable to include the provincial co-operative banks also within the scope of clause 17 (2) (a).

(4) *Holding or trading in Government Securities and Co-operative Banks* :— Clause 17 (2) (c) which empowers the Reserve Bank to purchase, sell or rediscount bills of exchange and promissory notes issued for the purpose of holding or trading in securities of the Government, also excludes provincial co-operative banks from its scope and confines itself to scheduled banks. The Provincial Co-operative Banks, all over India, have large holdings in Government Securities and buy and sell them for their constituent central banks and their individual members. The volume of this business has grown considerably in recent years, especially after the commencement of the economic depression with the outlet for the investment of their funds in co-operative loans becoming severely restricted. Some of the provincial co-operative banks have much larger holdings in these securities and perhaps do more business in this line than some of the smaller scheduled banks. We therefore urge that provincial co-operative banks may be included within the scope of clause 17 (2) (c) as the provisions of section 17 (4) (d) will not be adequate.

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Conferences.

THE BIHAR AND ORISSA CO-OPERATIVE FEDERATION CONGRESS.

The following are extracts from the Presidential Address delivered by Rao Bahadur N. K. Kelkar at the 17th Session of Bihar and Orissa Co-operative Federation Congress, which was held at Chapra on the 17th and 18th of last December.

Need for Liberal Laws.

"Fellow co-operators, this year's Congress is of special importance as you have to consider questions of vital importance affecting the co-operative movement in these parts. You have to consider first the lines or principles on which your future law should be based and, secondly, the constitution, powers and responsibilities of the Federation under whose auspices we meet every year. It is needless to tell you that for the success of the co-operative movement, liberal laws framed on democratic lines are essential. Laws that are aimed at departmentalizing or officializing the movement or that are calculated to retain or strengthen official control will never do any good to the movement. Under such laws the movement will never prosper. Your laws must contain in them some provisions that will serve as an incentive to the people or their recognized leaders to associate themselves whole-heartedly with the movement and work enthusiastically and with disinterested motives as guides, philosophers and friends of the people. Laws must definitely fix the responsibility for management, guidance and control on the different authorities or bodies in such a way that the internal working may be smooth and harmonious. I beg to take the liberty to warn you that whatever laws you may advise your Government to pass will not affect only your Province but will affect other Provinces also, as there your law may be cited as an authority or precedent worth imitation. Provinces may need separate laws to cope with their special difficulties. Even so, there are certain questions of general importance on which laws should be uniform. It is in regard to such matters that we, who do not reside in these Provinces, watch with interest and anxiety the advice you give to your Government and Legislative Council."

Enforcement of Liability.

"Bad or doubtful debts may be due to two causes, first, to indiscriminate or excessive advances of loans and secondly, to carelessness or neglect to recover the loans in time. I am not quite sure if the provision for surcharge will meet all cases. I am not in favour of the provision in the Bill (Co-operative Societies Bill, Bihar and Orissa) that unlimited liability should be

enforced only after liquidation. In my opinion, it should be enforced as occasion therefor arises. Bad and doubtful debts may include sums for the recovery of which societies or their Panchayats have failed or refused to take steps in time. Audit notes should contain special mention of such debts. The liability for such debts should at once be distributed amongst the members in such proportion as the Registrar may direct and the members may be made to make contributions within a given time to make up the loss. The advantages of this suggestion are obvious. The members will have to be ever diligent in controlling or regulating the affairs of their society as well as those of individual members. The postponement of the enforcement of unlimited liability to the last is fraught with danger.

The postponement weakens the sense of responsibility and therefore the liability must be enforced as soon as occasion therefor arises. Such enforcement will have the effect of quickening or keeping constantly alive the sense of responsibility of the members. This will serve as a provision for bad and doubtful debts and if this rule is enforced in time, perhaps there will be no bad and doubtful debts or the volume of such debts may be minimised. This suggestion of mine was discussed at length by the Committee on Co-operation in Bihar and, after a mature consideration, they have endorsed it as a sound business proposition. Now, I place it before you and ask you to consider if it is worth insertion into your law under contemplation."

Village Uplift

"In his presidential address one of my illustrious predecessors has laid great stress on village uplift or village reconstruction and assigned to it preference over all other forms of co-operation. Several persons placed in high position tell us that India cannot be on the road to self-Government unless our villagers have radically changed their outlook of life. There is no question that is very true but I ask, could the village-uplift problem be solved without solving the problem of village economy? Village reconstruction is nothing more and nothing less than putting the villagers in a sound financial position. All our talk of uplift would be meaningless and will not have any effect unless the villagers are relieved of the heavy load of debts carrying exorbitant rates of interest. The villagers must also be supplied with necessary capital required for their future needs on reasonably moderate terms. I do not minimise the importance of rural reconstruction or village up-lift work. But under the circumstances we are not wrong in preferring credit to other forms of co-operation. Improvement in the financial or economic condition of the villagers would automatically lead to other activities."

Credit Co-operation

"Indeed, credit co-operation was in my opinion, a necessary preliminary to your undertaking other forms of co-operative activities. Our fault or

mistake lies not in undertaking the credit part but it lies in following a very cautious policy in dealing with only a small part of credit co-operation.

It is, indeed, strange that we took as many as 30 years to think of measures like debt redemptions, conciliations, rural insolvency laws and restrictions on money-lenders. These measures, though merely palliatives, have their own use in solving the problem of rural indebtedness and we ought to have thought of them much earlier. So long as people are heavily indebted, so long as they are harassed by various creditors from all sides and at all hours and so long as they are suffering from mental worries, they are not in a mood to listen to any advice, however sound and beneficial it may be.

Heavy Indebtedness.

Heavy indebtedness, and constant pressure from the creditor have a very demoralising effect and even the best of endeavours to educate the debtors on right lines have no effect on them. I have been associated with this movement in one capacity or another during the last 30 years. From the very beginning I have been urging on the attention of my fellow workers, officials as well as non-officials, that in order to do village uplift work efficiently, it is essential to create in the people peace of mind and free them from anxiety. We failed to appreciate fully this aspect which, really speaking, has proved to be an obstacle in the progress of Co-operation. At the very beginning I sounded a note of warning that unless we were prepared to shoulder responsibility both for short or medium term as well as for long-term loans required to meet all the legitimate needs of the people, Co-operation won't do any good. It is no use to advance petty loans at cheaper rates or on easy terms and leave the debtors at the mercy of other creditors for heavier loans carrying exorbitant rates of interest. According to all accounts, agriculture is not profitable and according to some it is not even self-supporting. If that is so, it is unreasonable to expect people to redeem so many obligations simultaneously. There is nothing unnatural that the poor people attempt to redeem their heavier obligations first and postpone the redemption of less onerous ones. This accounts for so many defaults and large outstanding loans due to our societies. This has necessitated the appointment of costly supervising agency and, above all, this has led us to ask for preferential legislation or even for unnatural, undemocratic or un-co-operative laws.

Restriction on Borrowing.

In leaving our members to the mercy of various other creditors we neglect the fundamental principle of co-operation that every debtor must also be his own creditor. This is possible only if societies undertake responsibility to provide credit to their members for all their needs and prevent the members, not by a mere pious provision in the by-laws but by an express provision in the statute, from borrowing loans from any other source.

In order to prevent extravagance or waste and in order to keep the Raiyats on their own lands certain measures, such as restrictions on alienations of lands, control over the money lending business of the creditors, were devised. We all know that none of these measures have served any useful purpose and in spite of them indebtedness has increased to an alarming extent. The total agricultural indebtedness in the whole country is said to be in the neighbourhood of Rs. 900 crores of which your share is estimated at about 155 crores, though your population is about one-tenth of the whole population of the country.

A Wrong Supposition.

Mere arguments and criticisms are not going to solve the problems. In my opinion, it is not a sound policy to give relief to the debtors by discrediting the creditors. All the recent debt redemption measures proceed upon the wrong supposition that creditors are responsible for the misery of the debtors. Some of the creditors may be dishonest or unscrupulous but the majority of them are not so. It can't be reasonably maintained that debtors are angels or quite innocent creatures. The creditors have done useful service and but for their service several debtors would not have been able to remain on their lands.

Three Ways.

Even so I believe that the time has now come for relieving the money-lenders of this thankless task. Money-lending is their means of livelihood. Money-lenders have to face various difficulties in recovering their loans and, therefore, their rates of interest are bound to be high. Under the circumstances, our duty as co-operators is to devise means either to wipe off ancestral or personal debts or to reduce them within the repaying capacity of the debtors and thirdly to make provision for their future needs on easy or reasonably moderate terms.

The first can be achieved with the aid of simple rural insolvency laws or by disregarding the provisions of personal laws which impose religious obligations on the successors to pay off the debts of their ancestors. The latter remedy is likely to be interpreted into interference with religion and it may be well to avoid it. It would be better to have recourse to modern laws of insolvency, or debt conciliations for the purpose of wholly wiping off debts or for bringing them within the repaying capacity of the debtors."

SUPERVISING UNIONS CONFERENCE.

Resolutions passed at the conference of the representatives of the Unions in the Kumbakonam Co-operative Central Bank area, held at Shiyali on 4-11-34 at 4 p. m.

(1) This conference is of opinion that the existence of Unions is absolutely necessary for the advance of the Co-operative Movement and that the

Unions should be given necessary facilities if they are to function satisfactorily under the new tentative scheme.

(2) Resolved that the by-law No. 18 should be so amended as to be in conformity with the resolution of the joint conference of 8—1—32 and the Registrar's instructions to the Bank as referred to in his letter No. A. 6960 dated 22-12-32, to the Deputy Registrar in the following terms:—

“The management of the Bank will rest in a Board consisting of as many representatives as there are supervising unions within the area of operation of this Bank, one representative being elected by each union at a meeting of its General Body from among the delegates representing society members of the Bank affiliated to such Unions.”

(3) The conference urges the necessity of amending the By-laws of the Central Bank, Kumbakonam, as follows:— (amendments omitted—Ed.)

(4) Resolved that the Registrar be requested to attend the coming General Body meeting of the Bank.

(5) Resolved that rules relating to the election to the Board of Management be deleted as suggested by the Registrar in his letter No. A. 6960 dated 22-12-32.

(6) Resolved that the list of representatives of societies to the Bank should be supplied to each Union.

(7) Resolved that the supervisors should work under the direct control of the Unions.

(8) Resolved that the financing Bank should not inspect the societies affiliated to Unions without first intimating the same to the Union concerned.

(9) This conference places on record its deep sense of dissatisfaction and protest against the Bank's directing its executive to interfere in the election of the Directors to the Bank by Societies.

(10) This conference calls upon all the Governing Body members of the Unions to tour the Union areas and select suitable representatives and see that all of them attend every General meeting of the Bank.

(11) This conference reiterates the resolutions except Resolution No. 1 passed at Ayyempet conference.

(12) Resolved that a Standing committee of the Unions be formed to carry on the work on behalf of all the Unions.

Mr. Natesa Iyer of Kumbakonam.

„ K. Narayanasami Iyer of Nannilam.

„ Tiruvenkata Mudaliar.

„ C. S. Srinivasa Mudaliar.

„ Krishnamurthi Iyer.

„ Swaminatha Iyer.

and „ N. R. Sanniappa Mudaliar.

Mr. K. Narayanasami Iyer to be the Chairman of the Committee.

Recent Utterances.

We are indebted to the *Hindu* for the following speech of Sir Alexandar Tottentam, Administrator of Pudukottah, delivered when he presided over the Annual Meeting of the Viralimalai Rural Co-operative Credit Society in Pudukottah State:—

As you know, all is not well with co-operation in Pudukottah, nor is Pudukottah in that respect unique. Your own society, I understand, was more or less dormant for some years up to 1931. Since then owing to the energy that the panchayats have thrown into the work, the society has rapidly improved its position until it has become one of those that can be held up as a model. This is a striking confirmation of my own view that all that is wanted to make co operation a success is a band of co-operators determined that it shall be a success. The society is not only benefiting its own members. It is setting a good example that I hope may be followed elsewhere. It shines like a good deed in the somewhat naughty co-operative world

Twin Banes of Co-operation.

Indiscriminate lending and indiscriminate receipt of deposits are the twin banes of co-operation. The co operative society, if it is to be a success and to realise to the full its potentialities for good, must lend only to approved borrowers who can furnish sound security and will either devote the money borrowed to freeing themselves from the burden of past debt with a determination to keep out of debt in future or lay it out wisely on some productive object that will increase their earning capacity.

Deposits, as far as possible, should be taken not so much from rich men who have money to invest as from men of small means, preferably their own members who wish to find a safe repository for their small economies where they will earn some interest and can be drawn upon at need for productive purposes. I am glad to note that out of the 140 loans that your society issued in the year under report, 110 were for productive purposes, while only 30 loans or less than 25 per cent of the loan amount issued, were for non-productive purposes. I must, all the same, express the hope that hereafter you will still further reduce the percentage of non-productive loans—loans which tend to depress rather than to improve the financial position of the borrower, and which also, to some extent, weaken the very foundations of the society itself.

Test of usefulness of Credit Society.

The usefulness of a credit society like yours is to be judged not by the mere volume of credit that it has issued; but, as I have indicated, by what

it has done to increase the earning capacity of its members. For, the essence of co-operation is the promotion of self-reliance through mutual help. The ideal to be aimed at is that credit societies should expand into multiple-purpose societies engaging in co-operative production and distribution, and in short catering for all the economic needs of the villager. I hope that hereafter your society will give the State a lead in this direction.

I heartily endorse some of the sentiments that you have expressed in your report by way of general advice to your members. You are quite right when you say that it is not desirable at the present time to advance large sums of money as loans for the redemption of prior debts, unless the borrowers can repay them out of their income. As far as possible, the object of every loan should be such as will improve the borrower's position permanently.

Subsidiary occupations needed for ryots.

Your advice to the ryot to practise thrift is opportune. But mere thrift is too negative a virtue to secure the salvation of the ryot. He must also be encouraged to take up some subsidiary occupation to supplement his income from the land. He need not be poor if he would only employ properly the sources of wealth that he possesses and that are independent of adverse seasons and insect pests—his hands and arms and bodily strength—and the abundant leisure that is at his disposal. It is not even necessary that the ryot should engage in any industry with the object of earning money by selling its products. He can add to his own wealth by working for himself, and to the wealth of his community by joining with his neighbours in working for their common good.

Your report shows that you are alive to these considerations. If the ryot could be made alive to them, much would have been done to regenerate the village community and ameliorate the conditions of village life. It is for public-spirited men with local influence to take the lead and I look to the members of your society to devote their leisure time and energies to this worthy object so that this society may form a nucleus for rural reconstruction, affecting, by its example, an ever-widening sphere of influence.

There are 649 houses in the Viralmalai Vattam, the sphere of the activities of your society; and there are 180 members in your society, so that about one in every four families is represented in your society. You may therefore legitimately claim that the conduct of your affairs has inspired public confidence primarily in your society and through it in co-operative methods in general. I am particularly glad to learn that women here are taking great interest in the movement and that there is a lady member on your Committee.

Government Order on Registrar's Administration Report. CO-OPERATION IN MADRAS.

The following Government Order No. 1666, Development, dated 8th December 1934, has been published :

The Co-operative movement passed through another year of general economic depression; but, owing to the unceasing efforts, both of the officers of the department and of the non-officials concerned with the movement, directed to the rectification and improvement of bad and dormant societies, the movement is resisting the effects of the depression without as much deterioration as might perhaps have been expected. In spite of the efforts referred to, however, there has been an increase in the percentage of balance to demand as shown in the following statement :—

	Percentage of balance to demand.	Central banks.		Agricultural societies.		Non-agricul- tural societies.	
		1932-33.	1933-34.	1932-33.	1933-34.	1932-33.	1933-34.
Principal	...	39.69	53.86	67.09	70.28	23.21	23.14
Current Interest	...	8.79	12.41	59.39	63.81	21.74	23.35
Arrear Interest	...	41.40	48.16	65.81	70.38	54.37	58.73

The percentage of balance to demand under principal in the case of the central banks has increased considerably during the year. Central banks must take all consequences to reduce this balance. There was also an increase in the percentage of balance due to agricultural societies to demand under all three items. The Registrar reports that central banks have realized that collections must be made however difficult this may be, and that postponement may result ultimately only in the accumulation of bad debts. Most of the central banks have taken stock of their position, and have set on foot schemes of rectification of their affiliated societies in order to secure their investments, on the lines laid down in the revised scheme of rectification drawn up by the Joint Registrar which is described in paragraph 12 of the report. The Government note with satisfaction that the central banks and the primary societies in their turn reduced the rate of interest charged on loans and adopted the suggestion of the Registrar to waive penal interest in the case of overdues paid before the close of the year. The Government trust that these measures of relief will tend to reduce the difficulties created by the depression and the overdues resulting from it. The Government share the hope of the Registrar that, with the continued efforts of the Department and of the non-officials in the movement to raise the standard of working of the societies, and with an improvement in the

economic conditions of the people of the movement will become more satisfactory.

Loan and Surpluses.

There was a further contraction in the loan transactions of central banks which amounted to Rs. 84.77 lakhs against Rs. 92.57 lakhs in the previous year. The loan transactions of the Provincial Bank in consequence fell considerably in the year. The fall in the loan transactions of these banks is traceable in part to a realization of the need for increased caution in the matter of advancing loans during the anxious period of depression which has crippled the repaying capacity of borrowers. That the existence of surpluses has not proved a temptation to indiscriminate lending is reassuring; the surpluses have also been reduced in the central banks from over a crore of rupees at the end of 1932-33 to Rs. 54 lakhs at the end of the year under report, as a result of the measures adopted by the banks at the instance of Government. The Government hope that with the continued adoption of these measures, the surpluses will be completely wiped out. It is noteworthy that in accordance with the contraction in their business, central banks cut down their expenses, and all of them worked at a profit in the year though the total net profits were reduced.

Compared to 1932-33, a rather larger number of societies were newly registered while the registration of fewer societies was cancelled in the year. Presumably this decrease is due to the fact that a number of dormant societies have already been weeded out. This reduction also seems to be due to the fact that a number of societies resorted to the method of voluntary supersession of their panchayats. The Registrar reports that as many as 244 societies took steps to supersede their panchayats voluntarily, so that attempts might be made to improve the affairs of the society, and, if possible, to avert its final cancellation. The number of such societies at the end of the year was 591, as against 395 at the end of 1932-33. There was a small reduction in the amount of loans disbursed by agricultural societies from Rs. 92.37 lakhs in 1932-33 to Rs. 92.16 lakhs during 1933-34.

The transactions of non-agricultural societies improved and slightly better profits were earned during the year under review.

In paragraph 39 of the report the Registrar refers to the working of the industrial and credit societies started in 1932-33 with the object of manufacturing sugar. Some of these societies have not yet begun real work. The Government watch with interest the working of these enterprises. The South Indian Insurance Society made considerable progress in the year.

Land Mortgage Banks

The Land Mortgage Bank system has come to stay and is now a permanent feature of the co-operative credit organization. There has been a steady progress in the transactions of the Central Land Mortgage Bank. It issued

during the year debentures to the extent of Rs. 24,79,500 against Rs. 10,81,400 in 1932-33. Besides issuing fresh debentures, the Bank took the opportunity offered by the lower rates of interest prevailing to convert high interest bearing debentures into issues carrying a lower rate of interest. The benefit of the reduced rate of interest on the debentures has been passed on to the ultimate borrower who is now able to get loans at $6\frac{1}{2}$ per cent. Seven new primary banks were registered during the year. The primary banks were able to grant loans to the extent of Rs. 14.78 lakhs against Rs. 10 lakhs in the previous year, and succeeded in repaying their obligations to the Central Bank completely. It has to be noted, however, that the amounts collected by primary banks, particularly in respect of principal, were inadequate; the balances overdue have increased by more than Rs. 58,000 and by approximately Rs. 11,000 under the heads of principal and interest. The Land Mortgage Banks Act which is designed to facilitate the working of the Land Mortgage Bank scheme came into force after the close of the year, and the rules which have to be issued under the Act are under the consideration of the Government. The Government of India were pleased to amend the Indian Trusts Act so as to include in the list of Trustee Securities the debentures of the Central Land Mortgage Bank which are fully and unconditionally guaranteed by the local Government in respect of their principal and interest. The Government have recently given the necessary guarantee. The Government hope that, in view of their guarantee and the inclusion of these debentures in the list of Trustee Securities, they will command a larger sale, especially among long term investors such as Insurance Companies, and provide funds sufficient for the expansion of the Bank's operations in the direction of relieving rural indebtedness.

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News and Notes.

The Krishna Co-operative Bank, Ltd., Masulipatam, has notified its member societies that in case they are willing to issue produce loans to their members at 6 per cent interest the Bank would finance them to the required extent at 5 per cent.

The Coimbatore District Public Servants' Co-operative Society had on 30th June 1934 a membership of 329 with a paid up share capital of Rs. 11,111. The Society made a profit of Rs. 1,453-2 during the year 1933-34 and its directors have recommended that a dividend of 9 per cent be declared.

The Bhimavaram Co-operative Bank in West Godavari District which was started on 27-10-1930 is making steady and satisfactory progress. It is a comparatively small society with a membership of only about 110, most of whom are salary earners; but it has no defaulters and therefore has had no need for obtaining arbitration awards or court decrees against any of its members even in these days of depression. It has been able to declare a dividend of 9 per cent every year from its commencement.

Mr. E. Lakshminarayana, Second Grade Pleader, Repalle, was charged with having misappropriated the funds belonging to the Repalle Co-operative Bank, and a clerk, by name M. Venkata Rao, with having abetted the offence. The First-class Sub-Divisional Magistrate, Tenali, tried them and sentenced the first accused to 2 months imprisonment and Rs. 200 fine, and the second accused to two months imprisonment. But on appeal the District Judge, Guntur, acquitted both the accused.

The number of readers who attended the Madras Provincial Co-operative Union Free Reading Room during the months of December 1934 and January 1935 was 1056 and 1057 respectively.

The number of readers and the number of books issued by the Government Telegraph Employees' Co-operative Society Free Public Library, during the month of January 1935, were 841 and 535 respectively.

Lady Marjorie Erskine recently visited the Methodist Mission Village Industry at Ikkadu, three miles off Trivellore. It was started some 50 years back and has been doing good work in educational, medical and industrial spheres. The village industries organized by the Mission have afforded employment to a number of poor people in the area. At present there are about 200 workers engaged in spinning, weaving,

embroidery, bag-making etc. The weaving work at Ikkadu was started with two looms and at present there are 32 looms working. During the last year the sales from the industrial section amounted to Rs. 48,000. Government examinations are also held there to enable the successful candidates to become technical teachers. This institution is now in charge of Miss. Tweddle and the people of Ikkadu owe a deep debt of gratitude to her.

The Chairman of the Reception Committee of the Seventh South Arcot District Political Conference observed in his welcome address that if the Government were desirous that the ryot should be relieved of the economic depression, the following measures should be adopted: (1) an import duty on foreign rice and paddy should be levied with a view to restrict such import, and land-tax should be reduced by 50 per cent with a view to relieve the indebtedness of the agriculturists; (2) debt conciliation boards should be established and legislation should be resorted to with a view to provide long-term credit to the agriculturists to liquidate their prior debts; (3) at least one land mortgage bank should be established in every taluk; and (4) the *Khadhar* and the Anti-drink campaign should be attended to.

The Silver Jubilees of the Purasawalkam and Car Street Branches of the T. U. C. S. were celebrated with great enthusiasm in last January and we offer them our hearty congratulations on their successful working for a period of 25 years. Dewan Bahadur A. Ramaswami Mudaliar, speaking at the Purasawalkam Branch, observed that the activities of the co-operative movement in India were confined mostly to credit and consumers' societies, and that the problems connected with marketing and with manufacturing goods had yet to be solved. He thought that if our agriculturists cultivated their lands co-operatively they would benefit immensely thereby. At the Car Street Branch celebration the Chairman was Mr. V. Ramadas Pantulu, who referring to the opinion sometimes expressed that there was not much scope for the development of consumers' co-operation in an agricultural country like India, said that most of the Western agricultural countries had developed consumers' co-operation to a remarkable extent and he believed the same thing would happen in India also. Mr. S. Satyamurty, M.L.A., suggested that some of the branches should be made producing concerns as was being done in the west. He appealed to the management to deal only in swadeshi articles, as by so doing they would be promoting the national industries of the country.

The Committee appointed recently by the Government of Mysore to investigate into the rural indebtedness of the State have submitted their

report to the Government. The Committee have dealt with the question of agricultural indebtedness in its varied aspects and the following are the four main measures of relief that have been suggested: (1) controlling rates of interest on loans, and in some cases, with retrospective effect on account of the present economic depression; (2) the prevention of expropriation of agriculturists during the depression; (3) the establishment of debt conciliation boards; and (4) the enactment of simple rural insolvency law.

Mr. N. S. Subba Rao, Director of Public Instruction, Mysore, in his address inaugurating the Education Week in Hassan, remarked that the solution of the problem of rural regeneration was set between two limiting conditions, if not indeed between two horns of a dilemma; on the one hand there was the remorseless obstacle of financial shortage, and on the other the impossibility of standing still. This dilemma could be resolved and a considerable achievement could be gained, said he, if the will to get things done was robust enough.

The Government of Travancore have resolved to appoint a small committee consisting of officials and non-officials to investigate into the extent of agricultural indebtedness and to suggest certain measures of relief which can be adopted to relieve the ryots of their age-long indebtedness. The Government in passing the above order makes reference to the memorandum that was submitted to the Dewan and to His Highness by the leading landlords of Travancore on the 15th November, to which we made reference in the last issue of this journal.

As a result of the discussions at the Co-operative Round Table Conference held at Poona in 1933, the Bombay Government appointed a Committee to examine the question of the development of land mortgage banking with a view to relieve the agricultural indebtedness. The Committee submitted its report recently to the Government. After reviewing the work of the experimental land mortgage banks, it recommends that as there is abundant supply of funds in the money market and the rural money-lenders are in a mood to compound dues by accepting smaller cash payments, and as such conditions are quite favourable for the establishment of land mortgage banks, it is quite imperative that a central land mortgage bank should be established to finance the primary land mortgage banks. In conclusion the Committee warns that if the present favourable opportunity be missed, the pressure of debt may grow to such an alarming extent as to shake the very foundations of rural economy.

Among the subjects discussed at the last Indian Economic Conference which met at Patna during the Christmas week, one of considerable

importance to co-operators was the subject of recent legislation in the various provinces relating to rural indebtedness. The delegates were of opinion that however excellent the nature of the legislation might be, it would not be able to relieve rural indebtedness completely, and so new measures of relief should be adopted which would increase the income of the ryot and at the same time his habit of unproductive borrowing should be eradicated.

The report of the Central Provinces & Berar Provincial Co-operative Bank for the year 1933-34 reveals that the present depression has affected its transactions as it has affected similar banks in other provinces. In spite of the best efforts of the management, the increase in arrears could not be arrested, and the Directors have therefore recommended that out of a net profit of Rs. 90,319-12-11 earned in 1933-34, a sum of Rs. 57,500 should be carried to the reserve for bad and doubtful debts and that only a dividend of 4 per cent be declared.

The sales of the Co-operative Wholesale Society during 1934 amounted to £90,000,000 which are an increase of 9 per cent over the sales of the previous twelve months.

Several Co-operative Societies in England have their own cinemas. On some days they give free entertainments to their members; even on other days their rates of admission are lower than those of other cinemas. Yet they are all made to pay and they give a wonderful advertisement for the co-operative movement.

Perry, the world's tennis champion, is the son of Mr. S. F. Perry, J.P., Secretary of the Co-operative Party in England, and was at one time an employee of the Co-operative Wholesale Society. His father said recently in a speech, "Fred was brought up in a co-operative home. He was reared on co-operative productions and while others are surprised at his stamina, I am not."

The London Co-operative Society began the new year with a most successful membership campaign. By the 12th January it had enrolled 19,850 new members, that is, about 1,800 members a day in eleven working days!

Special Types of Societies.

THE KURNOOL THRIFT AND LOAN CO-OPERATIVE SOCIETY, LTD. 1933-34.

1. The society passed a fourth year of its working.
2. *Members and share capital* :—The number of members and the paid up share capital increased from Rs. 54 and 69 to 60 and Rs. 75 respectively.
3. *Thrift Fund* :—Thrift Fund deposits of members at the beginning of the year amounted to Rs. 3,466. The amount received during the year was Rs. 4,356-11-0 while a sum of Rs. 1,958-11-0 was paid off. The thrift fund deposits at the end of the year amounted to Rs. 5,864.
4. *Chit Fund* :—The society started Chit funds also. During the year a sum of Rs. 420 was received and Rs. 245 was paid off leaving a balance of Rs. 175 at the end of the year.
5. *Investments* :—The investment increased from Rs. 2,475 at the beginning of the year to Rs. 5,115 as Fixed Deposit in the Kurnool District Central Bank.
6. *Loans* :—The society disbursed loans amounting to Rs. 961 on the security of the thrift fund. A sum of Rs. 425 was repaid leaving at the end of the year an outstanding amount of Rs. 666.
7. *Overdues* :—Instalments of loans were not regularly repaid by 10 members and the amount involved was Rs. 99-8-0 in all these cases.
8. *Profit* :—The society worked at a net profit of Rs. 59-6-0 as against Rs. 36-2-0 in the previous year. As per by-law 57 (1) 25% of the net profit viz. Rs. 14-14-0 should be carried to the reserve fund and the balance of Rs. 44-8-0 is available for distribution in accordance with clauses (2) to (8) of by-law 57.
9. *Reserve Fund* :—With the above addition the total reserve fund to the credit of the society is Rs. 30-9-0. The sum already invested in the Kurnool District Central Bank is Rs. 13-12-0 and the society is requested to remit the balance of Rs. 16-13-0 into the said bank.

SPECIAL TYPES OF SOCIETIES

THE INDERESWARAM CHENCHU GUDEM THRIFT AND LOAN CO-OPERATIVE SOCIETY, LTD. NO. P. 422.

At the instance of the District Forest Officer, West Kurnool and the Collector, Kurnool, a Thrift and Loan society exclusively for the benefit of Chenchus in the Atmakur Division under the above name was registered on 31-3-34 and started on work on 30-4-34.

2. The Chenchus on the Nallamalais in the Atmakur division of the Kurnool District belong to a tribe which has always been known as a turbulent and highly criminal one addicted to the commission of offences both against the general Criminal Code and against special laws such as the Forest or Excise Laws. With a view to reclaim them the Forest Department provided them with work both on ordinary forest operations and on teak plantation to keep them employed and to some extent under control. Forest Contractors were approached to provide them with work. In order to organise their living and ameliorate their economic condition it became imperative that a Co-operative Society should be started and they should join it. As a result thereof the above society was registered and started.

3. 64 Chenchus have joined the society as members. Their paid up share capital was Rs. 116 and the thrift collections at the rate of 0-0-3—0-2-0 out of their wages ranging from Rs. 0-2-0 to Rs. 0-8-0 amounted to Rs. 125 8-0.

4. Soon after starting the society undertook forest coupe contract during the year and the contract period was not over by the end of the Co-operative year. It also undertook joint cultivation of land from the Forest Department and advanced Rs. 93-13-0 towards agricultural operations to be recouped from produce. The result of this could not be mentioned as the period was not over.

5. Out of the funds on hand the society granted two loans one of Rs. 10 and the other Rs. 5 on the security of thrift fund to members, and the loans were pending recovery on the last day of the year.

6. The small beginning made by the society resulted on a net profit of Rs. 12-12-0 and the society holds out hopes for a successful future in the years to come under the fostering care of the Forest Department and the Chenchu Officer.

List of Societies Registered during the month of January 1935.

District.	Name of the Society.	Date of Registration.
Coimbatore. ...	Tirupur Co-operative Building Society Ltd.,	14-1-1935.
Salem. ...	Perumampatti Co-operative Society	... 23-1-1935.
" ...	Murungapatti Co-operative Society	... 30-1-1935.
" ...	Papparapatti Co-operative Society	... 30-1-1935.

Registrar's Circular.

R. Dis. B. 237-53.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 5th January 1935.

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

CIRCULAR.

Sub :—Audit—Classification of societies—instructions issued.

Ref :—Registrar's Circular D. Dis. 2764/83 dated 23-6-28.

The following two methods are now being adopted in audit for classification of societies. The first method is to classify societies based on the percentage of collections to the Demand while the 2nd method is in accordance with resolution No. 20 passed at the conference of Registrars of Co-operative Societies held at Bombay in January 1926 and recommended by the Committee on Co-operation in Madras. The Registrar has examined the necessity for the continuance of these two systems of classification and has come to the decision that nothing will be lost if the first system of classification based on the percentage of collections to the Demand be omitted. There will therefore be only one system of classification hereafter. The Deputy Registrars and Sub Deputy Registrars in independent charge are requested to follow these instructions carefully in future.

(By Order)

A. VENUGOPAL RAO,
Manager.

The following is the List of Societies whose Registration has been cancelled in the month of December, 1934.

Name of Society.	District.	Date of Cancellation.
Darsi Seetharamaswami Co-operative Society	Nellore	1-12-1934.
Kovvalalanka Tenants Co-operative Society	Krishna	4-12-1934.
Atmakur Agricultural Co-operative Society	Nellore	"
Kalapatti Panchama C. S.	Coimbatore	5-12-1934.
Bellahunshi C. S.	Bellary	"
Guntur Baptist Mission C. S.	Guntur	6-12-1934.
Gudipala Christian C. S.	Chittoor	7-12-1934.
Ponnani Public Servants C. S.	Malabar	"
Thadavoor Local Co-operative Union	Salem	7-12-1934.
Nangavaram Co-operative Trading Society	Trichinopoly	11-12-1934.
Siruthulai C. S.	Ramnad	"
Namakkal Adi Dravida C. S.	Salem	14-12-1934.
Trichinopoly Dt. Co-operative Federation	Trichinopoly	18-12-1934.
Agali C. S.	Anantapur	19-12-1934.
Kothapalli C. S.	"	"

Extracts.

A GOOD EXAMPLE.

Under the above heading P. L. M. gives the following account of a Co-operative Society in a recent issue of "Harijan."

The Kaira District Harijan Seva Sangh publishes a very useful item of its activities, viz., the report of the Municipal Employees' Co-operative Credit Society, started originally by the Municipality, nineteen years ago, solely for the benefit of its employees in the Health and Sanitary department. In order to make the management of the Society efficient and helpful, Sjt. A. V. Thakkar, the then President of the Gujarat Antyaj Seva Mandal, now amalgamated with the Gujarat Provincial Harijan Sevak Sangh, was requested to lend the services of one of his Harijan workers, and the Society thus became one of the chief activities for the Kaira Branch of the Mandal.

Minute enquiries were made regarding the economic condition of the Bhangis, who were Municipal employees, and it has found that most of them, being originally proprietors themselves, had mortgaged their houses to money lenders, paying an exorbitant rate of interest, varying from 29 p. c. to 36 p. c.

The economic condition of the members was analysed into three groups.

- (1) Those holding property of greater value than the amount of their debt.
- (2) Those holding property worth less than the amount of their debt, but with satisfactory current income.
- (3) Those with little property and heavy debts.

The groups were composed of 55, 35, and 21 families, respectively, with total debts amounting to Rs. 97,379-0-0.

An influential committee of five members including the (1) Asst. Registrar, Co-operative Societies, Northern Division, (2) Hon. Organiser, Co-operative Societies, N. Division, (3) Municipal President of Nadiad and (4) Sjt. A. V. Thakkar was formed. Messrs. Thakkar and Somabhai Shah, the Municipal President, went minutely into the details of the debts and the rate of interest, etc. Each individual case was examined in the presence of the borrowers and the debtors, and attempts were made to make the terms of settlement as favourable to the mortgagor as possible. With the solitary exception of one big mortgagee, who was not to be prevailed upon to accept the award of the Committee for the redemption of debt, all were quite reasonable in their attitude with the Committee, and 295 awards were given on behalf of the Committee; and debts of members amounting to Rs. 33,344-7-9 were paid off with Rs. 17,429-9-0. Before requesting the Municipality to

invite the co-operation of Sjt. A. V. Thakkar in this connection, the members had made a worthy attempt at self-purification. They took solemn vows before the Image of Ramji (in their own temple) to give up the habit of drink, to reduce to a minimum expenses on ceremonious occasions; to desist from and not to encourage or take part in child marriages. The passing of the Sarda Act had the usual result that all the children were married off just before the Act came into force, leaving no scope for temptation in this connection. All the same, they have stood the test fairly creditably, and it may safely be said that, out of 111 families who have joined, 26 are completely out of debt and, but for the stiff attitude of one solitary mortgagee, who happens to be the biggest money lender, many more would have fared better.

Fourteen months ago, a small Co-operative Store for daily necessities was started on Navsari lines, and this store has made sales worth Rs. 5,000 during the period. The Society has loaned the money to members out of its own share capital and the reserve fund, which amount to Rs. 12,494, and Rs. 8,571, respectively.

The Society also helps the members again and again to get small loans for ordinary purposes, and these are generally returned by regular instalments by the members on pay day, thanks to the good-will of the executive of the Municipality in offering the assistance of its machinery. The Chief Officer of the Municipality is the ex-officio President of this Society, which is called the "Thakurji Maharaj Municipal Employees' Co-operative Credit Society," and non-Harijan low paid members of the staff also have joined the Society; and they derive the benefit of getting loans at lower rates, just as the Harijan members do.

The Society has earned the good opinion of the Audit Officers of the Co-operative Department owing to the vigilance of Sjt. Chimanlal Narkhi, Secretary of the said Credit Co-operative Society, Nadiad, and also the Secretary of the Kaira District Harijan Sevak Sangh, and his colleagues.

CO-OPERATION IN INDUSTRIES.

The following is an extract from an article contributed by Mr. Mohammad Huzin Alam to "The U. P. Co-operative Journal" of last October issue.

In respect of cottage industries there are two schools of thought. The one holds that the cottage system cannot compete with mass production and hence it need not be helped and revived. The other takes a more practical view of the situation and suggests that cottage industries which in spite of their inherent defects have so far

stood the formidable competition of mass production and still continue to provide independent means of livelihood to millions of artisans in their principal or subsidiary occupations, must be encouraged and allowed to develop on sound lines.

The latter school, which advocates the retention and encouragement of the cottage system, quotes in support of its views the policy adopted in Germany, Italy, Japan and several other progressive countries, which inspite of having abundantly developed their organized industries have found it advisable and advantageous to support and maintain their cottage industries as well. Such a policy must therefore be all the more acceptable for a country like India where, on the one hand, capital is proverbially shy and labour is immobile, and on the other hand there is an abundance of raw material and manual dexterous labour. These are favourable features for the cottage system of industry. What is, however, required is an arrangement to purge out the evils of small-scale production and introduce the advantages of mass production in the cottage system.

This evidently means that while the cottage worker may continue to possess his thumb-rule specialization, a close personal supervision and lower over-head expenses, he may be enabled to derive the benefits of large purchases, large sales and of time-saving appliances. Now, these advantages can be secured if several artisans combine for the purposes of purchases, sales and production. Industrial co-operation can bring about such a combination without losing the individuality of the composing elements.

When co-operation was first introduced in India by the Act of 1904, it was intended for rural areas and its activities were confined to developing credit societies alone. But the needs of the country soon made it clear that there was a wider field for the movement, and the Act was accordingly modified in 1912. It is thus within the scope of the co-operative movement in India not only to combine different persons and groups for their financial and social needs but also to join them for commercial and industrial purposes. An industrial co-operative society may be formed on the basis of joint purchases, joint sales and joint production and it may undertake to (1) purchase collectively the raw materials required by the members and thereby secure the advantages of large scale-purchases, (2) make joint arrangements for selling the finished goods turned out by the members and thus derive the benefits which are generally possessed by big factories and in the case of small corners are monopolised by the middlemen, (3) provide machanical and other costly appliances which individual members may not afford to buy for effecting economy and efficiency during the manufacturing process.

RICE PRODUCTION AND TRADE.

BY C. R. SRINIVASAN.

The following is the author's summary, published in the "Madras Agricultural Journal", of a report by him on the production and trade in rice in Madras Presidency.

The rice area and rice production have been generally on the increase during the last decade in almost all the rice producing countries of the east, particularly in Burma, Siam, and Indo-China who on account of their huge exportable surplus, figure prominently in the international rice trade. Among the provinces of India, Madras occupies the fourth place as regards rice acreage and the third place as regards total production. The area under rice in Madras is about 11.4 million acres which form about 30 per cent of the area under cultivation. Of the 11.4 million acres, 8.2 millions are under irrigation while the balance is entirely dependent on rain. The net quantity of 5,936,322 tons of clean rice and 3,638,833 ton. of millets produced annually in the province allows a consumption of 5 cwt. of cereals per year per adult head of the population which has been estimated to be 75 per cent of the total population. This quantity should be almost enough for the requirements of the Province, but since the yields of millets and the rice in the unirrigated areas are entirely dependent on favourable monsoons, there are big fluctuations in the production from year to year. There is usually a deficit of two to three hundred thousand tons of rice which she has to import from other countries and Provinces. Though this deficit was being met almost entirely by Burma previously, recently two other countries, Siam and Indo-China, have come into the field. The imports into Madras from these countries are continuously on the increase and the import from Siam in particular is getting abnormally high since the beginning of 1934.

The entire import of Siam consists of broken rice, a bye-product in the preparation of raw rice for the international markets and is therefore very cheap. This cheapness combined with low transport charges by steamers is an inducement for the importers to bring it into the province in large quantities. Although its consumption is mainly confined to the poorer classes its price makes the price of the local produce come down relatively. There is no doubt that apart from the general economic depression gripping practically every country of the world, it is this huge import of the foreign rice into Madras that is responsible for disturbing the price levels of the local product. It so happens that the imports arrive at ports situated in the tracts which used to be the chief markets for the surplus product of the deltaic tracts in the province. In addition this imported rice is even sent to the centres in the interior up to distances of 80 to 100 miles from the ports where it competes with local rice. The rise or fall in price of the local rice follows more or less that of the imported rice. The price of rice in Madras at present is almost the same

as that during the period 1904-08, i.e., it has come down by over 50 per cent since the depression began.

The railways are the chief means of transport of the local rice from place to place and the railway freight rates which had increased from 30 to 80 per cent during the last 15 years continue to-day at that level with certain exceptions, in spite of the fact that the value of the produce has come down considerably. Though the railway companies have allowed concession rates for the internal movement of the local produce wherever they come in competition with other means of transport, the advantages of such concessions cannot be fully availed of on account of the arrival of the cheap foreign rice at the ports and its distribution in the neighbourhood. Examination of the various agencies employed and the charges paid from the time the local produce is brought, up to the time it is offered to the consumer as a finished product gives no scope for a reduction in any of the items except the railway freights. Because of the high railway freights the movement of the produce within the province is getting more and more restricted and the foreign rice is gradually replacing it with the result that the condition of the rice grower is getting to be increasingly serious. The cost of production of rice was only 50 per cent of the market value of the produce before 1930, but now it has gone up to 70 to 80 per cent of the value, leaving the cultivator a much smaller margin to meet his other expenses from.

Besides the huge foreign imports, there is a certain amount of rice imported into the province from Bombay, Bengal, Central Provinces and it is not of much concern except probably the import from Central Provinces into the Vizagapatam District.

As regards foreign export from Madras, it amounted to only 75,504 tons in 1933-34 or roughly 1.5 per cent of the production. The exports are for Ceylon, Federated Malaya States and Strait Settlements are, however, again on the decline. The inland supply of rice from Madras, to the total extent of 2,402 (thousand maunds) in 1933-34 is for the markets of Mysore, Hyderabad and Bombay Deccan. This supply fluctuates with the production in these places. The long distance and the high transport charge by railways act as a deterrent against a larger movement than at present.

Examining the inland movement of rice within the province, the areas chiefly concerned in it are the districts of Godavari, Kistna, Nellore and Tanjore. The despatches from Northern Circars and Nellore are mainly in the form of raw rice though East and West Godavari districts sent out some parboiled rice as well. In the Southern and Central districts, the movement is mainly confined to parboiled rice and paddy.

Machine-milling of rice has made the hand-pounding method obsolete in the rural areas. While rice is consumed as raw rice throughout

the Circars and Ceded districts, in the South, Central and West Coast districts, it is mainly consumed as parboiled rice. The method of preparing parboiled rice varies according to the tracts and according to the size of the plant used in the manufacture. The movement of grain as paddy is confined mostly to places where the machine made parboiled rice is not popular. There is no doubt that it is the railway freight that stands in the way of greater internal movement of rice. Wherever the railway companies allowed concession rates the traffic has definitely increased.

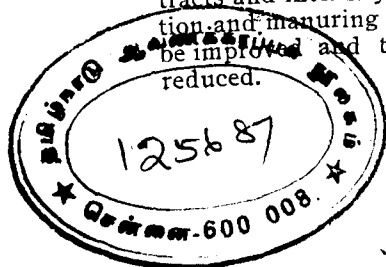
Rice millers do not generally adopt any grade or standard for the produce they deal in. They mill rice according to the requirements of each market. A certain amount of adulteration between old and new, and superior and inferior rice, is always practised, particularly in the trade of raw rice. Good polishing and the elimination of broken rice are practised only in the case of milling fine rice as it does not pay to adopt them in the case of coarse rice. In the trade there is no common unit followed. The produce is dealt, both in measure and in weight and the units of measure and weight vary from place to place often leading to confusion. The merit of the Departmental strains is appreciated by millers and merchants who pay a premium of two annas per bag of paddy for the produce obtained from them. It will be necessary to maintain their purity by the supply of pure stocks of seed from seed farms run in the different areas under Departmental supervision.

While the big landlords may be able to store their produce for some time after harvest releasing it when price improves and even borrow money on the security of such stored produce, the large number of small cultivators have no such facilities, as they are obliged to sell off their produce immediately after harvest when price is low.

The following are some of the directions in which improvements may be introduced :—

- (i) Prohibition of the import of foreign rice and paddy or the imposition of a duty on such imports.
- (ii) Reducing the railway freights to the minimum for transporting rice and paddy from all the producing centres in the Province to the different consuming centres and retaining maximum freight rates for transport of foreign imports arriving in the ports to inland centres.
- (iii) Forming associations of millers and merchants and using such associations to fix grades of produce, to control adulteration, and to introduce the system of purchase and sale by a standard unit of weight.
- (iv) Publishing regularly in the vernacular dailies of the Province, the market rates for rice and paddy at all the important centres of the Province.
- (v) Organisation of co-operative purchase and sale societies with warehousing arrangements to help the small cultivators, and
- (vi) Hastening the spread of improved strains in all the rice tracts and intensifying the propaganda about better cultivation and manuring of the fields, so that the acre yields will be improved and the cost of production proportionately reduced.

(Author's summary).



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