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Editorial Notes.

The Silver Jubilee of Their Majesties.

The Co-operative Wholesale Society of England celebrated the Silver Jubilee of Their Majesties in a manner befitting the premier co-operative society in the British Empire. Many societies in our country and in our province have also celebrated the Jubilee, though necessarily in a humbler manner but not less sincerely. And even where no public demonstrations were held, we have no doubt that silent prayers were offered for the good health and continued benevolent rule of His Majesty, whose interest in the Co-operative Movement and faith in its potentiality for the good of India were expressed in an unforgettable manner in his address to the people and princes of India at the time of his Coronation at Delhi. On behalf of the co-operators of this province, we offer our humble congratulations to Their Majesties and hope that it will be their happiness to see not only our societies emerge successfully from their present difficulties but expand and bear fruit for the benefit of the country in the manner hoped for by them.

Famine in the Ceded Districts.

The number of persons on famine relief in Anantapur and Bellary districts is reported to have exceeded 82,000 and it will perhaps increase still further as the summer advances. They are all

badly in need of clothes and other articles, which cannot be supplied by Government under the present Famine Code and have therefore to be provided by supplementary relief organisations. Our Registrar has earned the thanks of the people of the affected districts by issuing a circular letter to co-operative societies all over the province, informing them that contributions from their common good fund may be sent to the Anantapur District Co-operative Bank for famine relief purposes. But we fear our societies have not yet responded adequately to the appeal. They did their bit for the earthquake sufferers of Bihar and it is true that as contributions are made the balance of the common good fund gets exhausted. All the same, they can show their sympathy by contributing whatever is available and also by organising collections from members. We hope the Provincial Bank, which in all such matters is expected to give the lead, will set a worthy example for the other banks to follow. It is very important that whatever is proposed to be given is given quickly, for in one or two months the rains should set in and the relief camps be broken up. The citizens of Madras have done well in forming an influential committee with its office in the Servants of India Society, to collect funds and clothes. The city societies may send their contributions to this Committee if they find it more convenient to do so than sending them to Anantapur.

Co-operative Societies and Debt Conciliation.

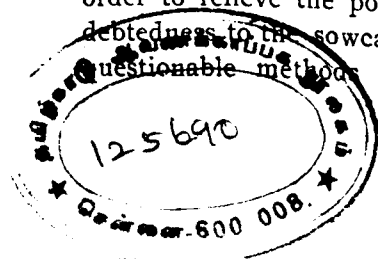
In a thoughtful note on debt conciliation schemes, *The Indian Co-operative Review*, the April number of which fully sustains the reputation of its predecessor, discusses the question whether co-operative societies should be exempted from the operation of such schemes, as some co-operators doubtless think, because of their lower rates of interest and methods of fair dealing. We quite agree with the opinion of the *Review* that it is not desirable to exempt societies from the operation of such schemes, if only to prevent "bad blood between our institutions and private creditors by any invidious distinction between the two, especially where there had been no foul play by the latter." Far from seeking exemption, co-operative societies ought to welcome debt conciliation schemes both in their own interests and in the interests of their indebted members, which really are one and the same. The societies came into existence in order to relieve the poor agriculturist from the bondage of his indebtedness to the money-lender resulting from high rates of interest and questionable methods of exploitation. The societies realise with

sympathy, more than any other class of creditors may be expected to do, the increased burden of debt due to the fall in prices and land values and the need for relieving the agriculturist from this burden in order to enable him to continue his occupation. Moreover, the presence of large reserve funds in the movement, which cannot otherwise be used for the benefit of members individually makes the adoption of conciliation an easy matter for the societies. In fact, if they should be true to the spirit of co-operation, they should not wait for legislative sanction but adopt voluntarily the principles and methods of debt conciliation in their respective spheres.

The need for adopting this course is no less urgent in the case of urban societies for Harijans and other poor people than in the case of rural societies. Many are the instances where these poor urban dwellers have gone on paying interest and penal interest at high rates for a number of years, exceeding in the aggregate the principal borrowed and yet without being able to reduce the principal to any extent. We should welcome the application of the old Indian principle of *Damduput* to their cases and urge that the debts be reviewed and settled by special boards of good co-operators. This is a matter in which the Department may well take the initiative.

Women and Co-operation.

We heartily congratulate the editor of *The United Provinces Co-operative Journal*, Mr. B. Mukherjee, Reader in Economics, Lucknow University, on the varied excellence of its Tenth Anniversary Number. With a devotion which is rare to find, he has been its honorary editor from its inception. The number contains not only messages of goodwill and appreciative notes from many eminent public men of the Province, including His Excellency the Governor, but also a large number of interesting articles on a variety of subjects of importance to the co-operator, among the contributors from outside being Messrs. V. L. Metha and S. S. Talmaki of Bombay. What is most remarkable, however, is that it contains no fewer than four articles on women and the co-operative movement, written by four distinguished ladies of the 'Provinces.' Lady Kailash Srivastava, Member of the Legislative Council and wife of Sir. J. P. Srivastava, Minister, is one of them. According to her, a co-operative society for women should, in addition to promoting thrift and home industries, be a place "for destroying old superstitions and evil practices and for putting in new ideas—modern, virile, and national—as against old and parochial notions and outlooks." Mrs. P. M. Kharegat, wife of a former



Registrar of Co-operative Societies of the Provinces, has described in a brief article the working and the results of a middle class Women's Society at Lucknow. Even more remarkable is the fact that the other two contributors are a Rani and a Begum—Rani Phul Kunwari of Sherkot and Begum Aziz Rasul of Sundila. Says the Rani, "if some educated ladies come forward, they can render great help to their ignorant and poverty-stricken sisters. I, for my part, would only be too glad to be of any service in this connection." The Begum's article is delightful as a spirited piece. If the co-operative movement, which on its merits ought to have succeeded, has not done so, in our country it is because India's womanhood has not yet put its shoulders to the wheel. "Man's arrogance may attempt to ignore biological facts, but it cannot eliminate them; and it is a biological fact that human life requires the co-operation of woman at every step and the co-operative movement is no exception to the Universal Law." Mere men can only bow his head to the charge.

We in South India are guilty of another piece of arrogance in thinking that our women are more highly educated than those of North India. But we should like them to emulate these ladies of the United Provinces in enriching the co-operative movement and also in discussing co-operative topics in the pages of this journal. We shall only be too grateful for such help.

Special Crops.

Mr. S. V. Ramamurti, I.C.S., Director of Agriculture, Madras, made recently an interesting statement regarding the work which the Agricultural Department was doing in respect of certain special crops, viz., plantain, mango, sugarcane and tobacco, in the cultivation of all of which our province enjoys certain advantages of soil and climate over the other Provinces. Regarding plantains he said that Madras plantains were sweeter than Bombay ones, and Delhi merchants were prepared to pay a higher price for the former. The Railway authorities had agreed to lower the freight on them from 50 per cent to 30 per cent of parcel rates. Madras growers can, therefore, find an expanding market for them in North India. To improve the keeping quality of the fruits, Mr. Ramamurti said, the Agricultural Department was experimenting on several varieties with potash manuring and the results were very encouraging. Experiments were also being made to find out the best methods of preparing "plantain figs," that is, of cutting and drying them in the sun without bacterial contamination, and of the

preservation of mango pulp, and to introduce new varieties of fruits etc. With regard to sugarcane, he pointed out that while Bihar had taken full advantage of the improved varieties evolved at Coimbatore, Madras had neglected to do so until two or three years ago, and thereby had lost an immense amount of income. It was now expanding rapidly its cane cultivation, but may have to suffer for its being late in the field, when in the not distant future restrictions may be imposed on sugarcane cultivation to prevent over-production.

During the present depression, the special crops mentioned above have been the ryot's saviour wherever they have been grown, as in the area of the Alamuru rural reconstruction centre. Their value has now been well realised both by the Agricultural Department and by the ryots. But their cultivation cannot be expanded without the help of organisation and finance—which are admittedly best supplied by co-operative institutions. Co-operators all over the country have now seen clearly the limitations of credit, are eager to explore other avenues of usefulness and are willing to expend their common good fund for the purpose. To them the export of plantains to North India offers a ready and promising field of activity. Thanks to the formation of the All India Co-operative Provincial Banks' Association and of the Institutes' Association, our Provincial Bank and our District Banks can easily get into touch with similar organisations in North India and arrange with them to receive and market the fruits exported from here. To our Provincial Bank, which recently deputed Mr. T. Adinarayana Chettiar of Salem to report on the working of sale societies,* we would suggest the deputation of a suitable person to study and report on the best way of developing the marketing of plantains.

The Malleswaram Co-operative Society.

The Malleswaram Co-operative Society, Bangalore City, which recently celebrated its Silver Jubilee, has more than once won distinction as the best managed urban society in the Mysore State. It was a happy idea of the Society to hold a grand dinner in connection with its Jubilee, which is reported to have been attended by over a thousand guests. Everyone who has had the pleasure of visiting the society has been struck particularly with the admirable spirit of true co-operation prevailing among its members. Rajamantrapravina Diwan Bahadur K. Mathan, Member of the Executive Council, who

* Substance of Mr. Chettiar's Report was published in the last number of the Journal.

presided over the Jubilee Function, felt sure that Government would not object, in spite of the recent Order, to its servants of the type found on the management of this society associating themselves with the management of some other societies. He observed further that co-operation at its best was something more than mere economic interest. "The spirit of punctuality, a sense of obligation to carry out one's obligations loyally, the habit of thrift and above all, thinking for the common good rather than for an individual's good, were to be the results of co-operation. Co-operation should be a factor of not only economic improvement but of social and moral improvement." These observations are true and should be remembered by all. We wish the Malleswaram Society continued prosperity and continued distinction for its co-operative spirit.

Harijan Societies.

The Harijan Sevak Sangh, which was started some three years ago by Mahatma Gandhi to remove the blot of untouchability from Hindu society and to work for the amelioration of the depressed classes, has organised a number co-operative societies for the benefit of scavengers in different parts of the country. An account of one such society is given in an interesting article in *Indian Co-operative Review* by Mr. N. R. Malkani, Joint Secretary of the Sangh. The primary function of the societies is no doubt to rescue their members from the clutches of professional money-lenders and to inculcate the habit of thrift in them. But the societies are also used as a lever for uplift in all directions. We are told: "Members of societies are required to send their children to schools; to give up eating carrion or drinking liquor; to reduce expenses on ceremonial occasions; to keep their huts and *bastis* clean; to hold monthly *Sat-sangs* and *Sabhas*. In fact no opportunity is missed to attack the various factors leading to their social degradation and use the bank as a powerful lever." Societies for municipal menial employees of the kind described by Mr. Malkani have been in existence for quite a number of years in Madras and other Provinces. They had in view at one time all the objects mentioned above. But very few of them have continuously tried to achieve them. They can show no appreciable economic or social results. Their members are indebted, thriftless and degraded as before. As, apart from mechanical efficiency, a spiritual quality is essential for the success of these societies. We would suggest that municipalities and local boards should welcome the co-operation of the workers of the Harijan Sevak Sangh and other philanthropic

bodies and give them every facility for improving the social condition of their menial employees.

Agricultural Colonies.

Will agricultural colonies of educated Indians succeed? Will the educated Indians care to live on the land and attend to cultivation personally if reasonable facilities are given? Whatever doubt there might at one time have been regarding his willingness to work, it no longer exists, thanks to the lessons taught by unemployment. Experiments in colonisation are being tried in Mysore and in the Punjab. The Bhadra Colony in Mysore consists of men who have received training in an agricultural school and who have been given land and loans by the State. The colonists have not got on as well as was expected of them, because of the fall in prices and the high cost of labour due to the colony being situated very near to Bhadravati Iron Works which draw away all available labour by attractive wages. But the colonists have proved that they possess the right spirit and there is every hope that the experiment will prove a success. The experiment made by the Punjab Government has definitely yielded satisfactory results, as will be seen from the following passage taken from the editorial of a recent issue of the *Madras Agricultural Journal*:

"It appears that to create what were known as model villages, grants of land were made to graduates in Arts and Sciences on the recommendations of the principals of colleges. Among the grantees, there were three agricultural men. The main conditions of the grant were that the grantee should cultivate the land himself and should live on the land itself. While the non-agricultural men found it difficult to settle on the land, the three agricultural men did remarkably well and demonstrated what could be done. Since then a number of the junior subordinate agricultural men who had been sent away on account of retrenchment in the staff, was each provided with fifty acres of land in the Canal Colony under the same conditions and every one of them has made good. Their cultivation was a model of what should be done and it appears the Punjab Government is now considering proposals to extend this scheme."

As *The Madras Agricultural Journal* rightly asks, will it be too much to expect that Madras might take a lesson from the Punjab in this matter?

The Madras City Co-operative Societies and Companies Tax.

In our May issue, we have drawn attention to the inequity of levying companies tax on co-operative societies and suggested an interim amendment to give speedy relief to the societies concerned instead of waiting till the bill to amend the Madras City Municipal Act is passed into law. We notice that the Select Committee which is now sitting on the bill and which is making rapid progress, has devoted some attention to this question. But, we are greatly disappointed to find that the Select Committee has only recommended the exemption from companies tax of co-operative societies with a share capital of less than Rs. 50,000. This relief is clearly inadequate. We publish elsewhere in this issue* a statement by the President of the Madras Provincial Co-operative Union, pleading for the total exemption of co-operative societies from payment of companies tax. We hope that the Members of the Council will take suitable action on the lines suggested in the statement.

Rules under the Co-operative Societies Act.

We publish elsewhere† extracts from the draft of certain amendments of the rules under the Co-operative Societies Act, published in the issue of the Fort St. George Gazette dated the 21st May 1935. Objections and suggestions to the draft amendments are invited by the Government so as to reach them on or before the 22nd July 1935.

We desire to draw special attention to some of the proposed amendments and to state our view thereon.

The new sub-rule added to the existing rule VII requires a society with limited liability and a working capital exceeding Rs. 30,000 to publish along with its annual administration report a complete list of its members as on the last day of the co-operative year. We consider this a wholly unnecessary requisition. It will be enough if the lists are required to be brought up-to-date and tendered for examination at the inspection or audit by the concerned departmental officials. The general publication of such lists besides being of no interest to the public may lead to certain undesirable results, specially in regard to certain types of non-credit societies.

* Please see pages 631 and 632.

† Please see pages 633 and 634.

The new Rule XXIV relating to registration of amendments to bye-laws is, we believe, necessitated by the difficulty of ascertaining what has transpired at a general body meeting when factious quarrels obscure the proceedings, instances of which are unfortunately becoming very common and seems to be a useful amendment.

Rule XXVI in its amended form lays down that the members of a committee *shall* vacate office on the date on which the period of office, *as specified in the bye-laws*, expires. Does this mean that a provision in the bye-law that members of the committee may hold office for a specified period or *until their successors are appointed* will be invalid in future? We are aware that under the disguise of this elasticity, bye-laws are being abused in some cases and elections are put off indefinitely to gain personal ends; but cannot something less drastic than the proposed amendment be put in to remedy such an evil?

The new Rule XXVIII which makes the holding of a prescribed number of shares or a prescribed amount of investments in fixed deposits necessary to give qualification for eligibility to membership of a committee, is *prima facie* not in keeping with principles of co-operation. Moreover we feel that the recognition of a deposit made in a society as a qualification for membership of its committee will give far too a commercial aspect to a co-operative organisation and it is undesirable that depositors should control co-operative banks. This will be a new element of disturbance in the running of the societies which are already afflicted by far too many conflicting interests.

The new Rule XXIX which provides *inter alia* for the cessation of membership of a committee to which a person was elected by the committee of another society which is superseded under section 43 of the Act has become necessary by reason of the very enactment of the section, the occasions for the application of which are unfortunately becoming common. In such cases provision must be made for the general body of the society whose committee is superseded to elect a substitute, at least until the committee is reinstated.

The new rule XXX says that an officer of a society who appears as a legal practitioner for or against such society, or on behalf of or against any other society which is a member of the former society "shall be deemed to have vacated his office as such". We consider this far too drastic in some respects and not sufficiently

strict in some respects. If for instance, the director of a central bank is engaged in a suit by or against one of the numerous societies affiliated to it or if a Director of Provincial Bank is engaged in a case by or against a central bank affiliated to it, why should such a Director vacate his office in the Central bank or the Provincial Bank? We quite agree that no Director of a co-operative society should act for or against *the society* in his professional capacity as a legal practitioner for remuneration of whatever nature—fee for consultation, advice, drafting, pleading or acting. The rule may be made stricter in this respect. But if a director is willing to help the society honorarily without charging anything for his professional services, there is no reason to penalise him by making him vacate his office of director. The most stringent rules of professional etiquette in England or India do not make such free and honorary services improper for an advocate to render as director of a company.

Most of the other amendments relate to execution of decrees and orders and require scrutiny in the light of past experience.

The Provincial Co-operative Union will be glad to receive the views of co-operators on the proposed amendments and to submit such as of them as are received in time to the Government before the date prescribed.

Relief of Rural Indebtedness*

BY MR. V. RAMADAS PANTULU.

The problem of rural indebtedness is not merely a matter between creditor and debtor. In its social aspect and effect on national economy, it is a vital problem which concerns the State and the public. Our grievance is against a most vicious and oppressive system of rural credit which well nigh destroys the economic usefulness of the peasant to the nation and we are out to fight that system and to replace it by one which is conducive to national interests.

In order to succeed in our mission we must however proceed on certain definite principles of action on three of which I would like to lay special emphasis. *Firstly*, we must bear in mind that the question of protection to and relief of agricultural debtors must be looked at from a purely economic standpoint and that measures adopted in relation thereto should be placed above all political, communal and social prejudices and controversies. *Secondly*, our endeavour should be to adjust the relations between creditor and debtor in the most equitable manner, avoiding injustice to either, as far as possible. *Thirdly*, the debtors must make it clear that they are fully alive to the fact that eligibility for credit, with which they cannot dispense even under most favourable economic conditions, depends on their readiness to meet their obligations faithfully and punctually. This involves a determination on the part of the ryot not to borrow beyond his means, to practice thrift and to strain every nerve to discharge his debts by self-help.

THREEFOLD ASPECT OF THE PROBLEM.

The problem of relief of agricultural indebtedness has, in my opinion, three definite and distinct aspects. The question of providing seasonal credit to the agriculturist for his occupational and domestic needs and organising and reforming the agencies from which such credit is derived is a different problem from that of relieving him from the effects of his indebtedness. Credit which is advanced to the agriculturist and repaid by him annually out of his agricultural and other income is a form of indebtedness which is more helpful to him than harmful, provided such debt is obtained

* Summary of opening address delivered by Mr. V. Ramadas Pantulu at the Andhra Provincial Conference for the Relief of Rural Indebtedness.

on reasonable terms and contracted for productive purposes. It is estimated that about 70 to 80 crores of rupees are thus borrowed annually and mostly repaid by agriculturists and other small scale debtors in this province. When such credit is derived on usurious and excessively onerous terms, portions of it become incapable of repayment and the proportion of the debt which thus remains unpaid will largely depend upon the magnitude of the burden imposed on the borrower in the shape of interest and other conditions of the loan. This unpaid debt gets accreted to the prior debt and is thus a potent cause of increased indebtedness. The problem of providing normal credit on reasonable terms to agriculturists is therefore one of great importance as a check on the growth of indebtedness and its solution consists in organising and reforming the credit agencies which cater to the financial needs of the agriculturist and combating usury.

The question of relieving the agriculturist from the consequences of indebtedness is different from that of providing seasonal credit. The chronic indebtedness of the agriculturist has been an outstanding feature and an anxious factor of Indian rural economy. If indebtedness of the agriculturist is a perennial problem, then something must be done, in the larger interests of national economy, to prevent his being unduly exploited by creditors and pressed below the margin of economic usefulness. This is an aspect of the problem which stands by itself.

The acuteness of the problem has become intensified by the effects of the economic depression which has brought about substantial curtailment of the agricultural incomes and an unbearable increase in the burden of the outstanding debt. A large portion of this debt has simply become incapable of liquidation. The abnormal conditions brought about by the economic depression have given rise to a third aspect of the problem namely, necessity for the application of extraordinary and desperate remedies to meet the present situation. It is to be hoped that this will not be a standing problem with us.

Unless we keep these three different aspects of the problem definitely in mind and proceed to deal with them as such, it will lead to a good deal of confusion. The divergence of opinion and disagreement on the question of concrete legislative and administrative action that has to be taken to give protection and relief to agriculturists is in some measure due to the mixing up of these three aspects of the problem.

INVESTIGATION INTO THE CAUSES OF RURAL INDEBTEDNESS.

There is now no disposition in any responsible quarter to deny that the position of the agriculturists as regards indebtedness is too serious to admit of a stand-still policy. Therefore, many provincial Governments and some legislatures are actively engaged in the search for remedial measures, transitory and permanent, and programmes of urgent action to be taken. Nevertheless, the questionnaire framed by the Special Officer appointed by the Local Government "to investigate rural indebtedness in the presidency" makes the gravity or otherwise of rural indebtedness itself an issue for investigation! (*vide* question No. 13). The rest of the questionnaire is mainly devoted to an enquiry into the general causes and consequences of agricultural indebtedness and other allied fundamental matters on which more than one committee had already reported and on which it is difficult to throw any fresh light.

In the questionnaire issued by the special officer, the following causes of indebtedness are mentioned: "Over-population, fragmentation of holdings, cattle mortality, vicissitudes of seasons, lack of insurance facilities, the inherent character of the people coupled with lack of education and the presence of the moneylender in the village"; and this enumeration is followed by the question, "What proportion of the total debt would you ascribe to each of the different causes?" No one ever suggested, so far as I know, that a specific proportion of rural debt is attributable to a particular cause, and it is certainly impossible for the most expert economist and statistician to allocate particular proportions of the debt to each of these specific causes. Moreover, this enumeration of the causes leaves out the more important causes of indebtedness to which the bulk of it must be attributed. More than half a century ago, the question was considered by the Commission appointed to investigate into the causes of agrarian riots which occurred in the Deccan in 1875; and later Sir Frederick Nicholson investigated the same question with special reference to this province and in many of the conclusions, the Deccan Commission and Sir Frederick Nicholson were in agreement. Both of them mentioned *the chronic poverty of the agriculturist* as one of the main causes for his indebtedness and said that debt was itself a potent cause for further growth of debt, giving rise to a vicious circle. Both the Deccan Commission and Sir Frederick Nicholson mentioned the rigid land revenue system of fixed demand on land as

another cause of rural indebtedness. Other commissions and committees have dealt with the uneconomical and unremunerative nature of a large proportion of agricultural industry carried on in this country by small agriculturists* and the curtailment of the agriculturist's income by loss of subsidiary occupations, as contributory causes for the poverty of the masses and of indebtedness (which is the result and not the cause of the poverty). There is no reference to these causes in the questionnaire of the special officer, and if he is of opinion that no portion of the debt is attributable to these causes, it is difficult to agree with him.

One fails to see any necessity for an elaborate and largely academic study of this nature at the present stage. The questionnaire is singularly barren of suggestions in regard to remedial measures, except some form of debt conciliation about which, almost at the close of the questionnaire, there is a leading question or two. A careful perusal of the questionnaire leaves the impression that the present enquiry is almost a device for shelving the immediate question and postponing action.

MEASURES OF RELIEF AND PROTECTION TO DEBTORS.

It must be admitted that by far the most important causes of indebtedness do not lend themselves to a simple legislative or administrative solution. General poverty of the masses, vicissitudes of seasons and climatic conditions, uneconomic nature of a large part of agricultural industry by small peasants, diminution in the agriculturists' incomes by the loss of subsidiary occupations, effect of fluctuating price levels on credit, social habits of the people and the like, so far as they are contributory causes of indebtedness of the rural masses, require for their removal state action and economic planning on a nation-wide scale. Measures for the economic rehabilitation of the agriculturist, by construction of irrigation and drainage works to overcome the physical and climatic conditions, moderating the burden of land revenue, promotion of cottage and subsidiary industries, modernisation of agricultural industry, improvement of communications and marketing facilities, adjusting of currency and banking policies to the needs and interests of Indian agriculture, industry, trade and commerce, schemes of social and economic reform and the like, have no doubt an intimate bearing on

* Over 90 per cent of the pattahs pay an assessment of Rs. 30 or less in ryotwari areas of Madras Presidency.

indebtedness, but are essentially parts of State policy to increase the earning and purchasing power of the masses, and are not measures of debt relief except in the sense that mitigation of poverty will reduce indebtedness. I shall therefore confine myself to measures of debt relief as such in respect of which immediate and definite action is called for and shall classify the measures of relief under three categories according as they pertain to one or other of the three aspects of the problem, I have already referred to.

I. ORGANISATION AND REFORM OF AGENCIES FOR RURAL CREDIT.

(a) *Co-operative Credit.*—The reform and expansion of the co-operative credit of all varieties through Rural Credit Societies and Land Mortgage Banks is, in my opinion, the best solution for providing to the agriculturists credit on reasonable terms and under beneficial conditions. There are various defects in the working of these institutions and if they are rectified, I feel that no other agency is equally capable of serving his economic needs. I plead for a larger appreciation of the benefits of co-operative credit and for greater interest in its development on the part of the friends of the agriculturists. It is to be hoped that the proposed Rural Credit Section of the Reserve Bank will be so constituted and worked as to put agricultural finance and Co-operative Credit in this country on a sound and satisfactory basis.

(b) *Regulation of moneylenders' accounts and practices.*—The question of credit to agriculturist is intimately bound up with the regulation of moneylending, as the urban and rural moneylender is still the chief agency from which the agriculturist derives his credit. I feel that legislation for the regulation of moneylenders' accounts and practices is an essential measure of reform connected with the placing of agencies of rural credit on a sound and satisfactory basis. The Central and Provincial Banking Enquiry Committees which have gone into the question very fully, made valuable recommendations on this question and in the Punjab and United Provinces some definite legislative action has been taken on these recommendations. I hope and trust that Madras will begin to act. The moneylending profession itself has, in my opinion, a great deal to gain by coming under State regulation. Such regulation will help to raise the status of a moneylender to that of a recognised banker and to link up the indigenous banker with the regular modern banking system of the country.

II. PREVENTION OF UNDUE EXPLOITATION AND ECONOMIC OPPRESSION OF DEBTORS BY CREDITORS.

In regard to the nature and scope of measures necessary to deal with the problem of affording protection to debtors against usury and other forms of economic exploitation by creditors, there is a great divergence of opinion. There is controversy practically on every measure that has been hitherto suggested. I however venture to suggest the following lines of action, though I am alive to the fact that it will be difficult to secure any substantial amount of agreement on them. I nevertheless feel convinced that if the agriculturists are insistent in demanding these measures of relief, the Government and the vested interests will yield and recognise the justice and soundness of the demands.

(a) *Rule of Damdupat.*—I think there must be very definite statutory limitations on the amount of interest which a creditor can add to his principal. The Law of Damdupat has the sanction of ancient Hindu lawgivers and is both just and humane. In accordance with this rule, the aggregate amount of the loan (principal and interest) should not exceed twice the principal amount. The adoption of the rule of Damdupat by modern legislatures will, in my opinion, be fully justified. In many countries the period of limitation prescribed for recovery of loans is now rigorously curtailed so as to prevent the augmentation of the loan by accumulation of interest. The law of Damdupat has much the same effect.

(b) *Fixing limits of Interest Rates.*—Maximum rates of interest on different kinds of loans may, in my opinion, be also usefully fixed by the legislature. I know that it is almost taken for granted that it is legally and economically impossible to fix any such limit. I am unable to see why it should be impossible to do so. If for instance there is a law in a province that the rate of interest charged by moneylenders should not exceed the prevailing rate of interest charged by co-operative societies, I do not find anything impracticable, inexpedient, unjust, or inequitable in such a law. The lending rates in co-operative societies are fixed on democratic principle by borrower and can be modified from time to time according to condition of money market. So the object of inelasticity of a fixed rate disappears.

(c) *Power to revise contracts.*—Tribunals which decide claims for recovery of debts must be invested with very wide powers of interference with contracts between creditors and debtors, so as to effectively relieve the latter from the effects of usury and penalties

under these contracts. The existing statutory measures such as the Usurious Loans Act and the Indian Contract Act have been found to be inadequate and they should be strengthened. As the relief to the debtor in these cases comes as a result of a judicial determination by impartial tribunals, there need be no apprehension of a misuse of such powers.

(d) *Exemption of certain incomes from attachment.*—The recommendation of the Royal Commission on Labour to exempt salaries, wages and earnings up to a limit of Rs. 100 from attachment is, I think, a very necessary measure of relief. It must be extended to other classes of debtors besides industrial debtors, though other limits may be fixed suitable to other professions. The provisions of section 60 of the Civil Procedure Code fixing the minimum limit of unattachable salary at Rs. 40 is clearly inadequate. Moreover, it applies only to public officers and servants of railway companies and local authorities and not to other classes of employees. In most of the Statutes enacted in the last three or four years in the Dominions of the British Commonwealth, such as Australia, New Zealand, and South Africa, Farm Debt Relief Boards which are constituted to give relief to agriculturists are directed to leave an adequate sum to cover the sustenance allowance of the indebted farmer, before meeting the claims of the creditors and even of the Crown. The recommendation of the Whitley Commission is more or less in accordance with the spirit of these Modern Statutes.

(e) *Abolition of arrest and imprisonment except in the case of recalcitrant and fraudulent debtors.*—I feel that provision for arrest and imprisonment of debtors is undesirable and should, if possible, be deleted from the Statute Book, except in regard to recalcitrant and fraudulent debtors, who are able to pay, but wilfully evade payment, in the opinion of the Court executing the decree. This is a reasonable and sufficient provision to safeguard the creditors' interests. I consider that in no system of civilised jurisprudence, poverty should be penalised to the extent of putting an honest debtor in jail. It is an extreme form of coercion which should be done away with. Moreover, the imprisonment of the earning member of a family deprives his dependants in the family of means of livelihood and works considerable hardship.

(f) *Rural Insolvency Act.*—A suitable machinery to give speedy discharge to rural insolvent debtors who are honest and willing to place all their assets at the disposal of the creditors should be set

up as recommended by the Royal Commission on Agriculture. Under present conditions, an agriculturist who is unable to repay his debts but is ready and willing to place all his assets at the disposal of the court or his creditors is unable to get a discharge without enormous expenditure and delay which almost amount to denial of relief, and is unable to get out of the shackles of his debt and earn an honest livelihood elsewhere as a free man. This must be remedied.

There is another measure of relief which has been adopted in the Punjab, parts of the United Provinces and the Deccan, viz., restraint on voluntary and involuntary alienation of agricultural lands, to prevent such land passing from the hands of the agriculturists into those of the moneylenders. This measure is sometimes advocated for adoption in this province also. After careful and anxious examination of the question I have come to the conclusion that legislation to prevent alienation of land in this province is undesirable. It will place the agriculturists in this province, who are peasant proprietors with heritable and transferable interests in their holdings, at great disadvantage, and on the whole I feel that it will operate more to their detriment and prejudice than to their benefit. The experience of the provinces, where it is being tried, has not been wholly happy. Therefore, I shall not advocate it.

III. MEASURES TO DEAL WITH ABNORMAL CONDITIONS CREATED BY THE DEPRESSION.

(a) *Conciliation of debt.*—Adoption of measures for the compulsory conciliation of existing debts, so as to scale them down to the extent of the debtor's capacity to repay is, I think, a very necessary measure of relief which is called for in the abnormal conditions created by the acute economic depression. There seems to be much scepticism about the chances of success of such a scheme. We are however, not asked to write on a clean slate. The experiment is being tried at least in one province in British India, namely, the Central Provinces and in some Indian States. A review of the working of one of the debt conciliation boards in Central Provinces, namely, Khurai Debt Conciliation Board, recently issued by the Central Provinces Government is a very interesting document. The review says that during the period of a year and a half covered by it, 2790 applications involving debts amounting to Rs. 30·67 lakhs

were received. Certificates under sections 15 (1) of the Act declaring that the creditors had unreasonably refused amicable settlement were issued in 901 cases for debts aggregating to Rs. 12·96 lakhs. This means that these debts will not carry any further interest and that the creditors will not get their costs if they go to Court. To that extent it is a tangible means of relief to the debtors concerned. The review goes on to point out that agreements under section 12 (1) between creditors and debtors were executed in 1693 cases for debts aggregating to Rs. 16·17 lakhs and that debts were conciliated for a sum of Rs. 8·37 lakhs, resulting in a remission of 48·3 per cent of the demand. It is further pointed out that even in regard to secured debts, 20 per cent had come under agreement. It is also reported that a certain amount of private conciliation of debts has been carried out in the area, owing to the moral pressure of the atmosphere created by the existence of conciliation boards. The Government of the Central Provinces proceed to say that *there is no evidence to indicate that the operations of the Board have resulted in any appreciable restriction of agricultural credit* for current needs. The experiment tried in the Bhavnagar State under the guidance of Sir Prabhasankar Pattani is another instance of the success of a debt conciliation scheme. Those who doubt the efficacy of debt conciliation as a measure of relief of agricultural indebtedness, especially the Government of Madras, will, I hope, revise their opinion in the light of facts disclosed in the review of the Central Provinces Government and the Bhavnagar experiment. I hope and trust that the predilections of our Local Government will not be allowed to influence their decision in regard to the matter and that the Debt Conciliation Bill introduced into the Council by Dewan Bahadur T. A. Ramalingam Chettiar will be allowed to be placed on the Statute Book at the earliest possible opportunity.

Conciliation of Co-operative Debt.—It may be asked whether co-operative institutions are to be exempted from the operation of such schemes by which their loans would be scaled down, because they have been lending to agriculturists at distinctly lower rates of interest and no unfair dealing could be associated in respect of their loans to their members. It cannot be said that in Madras co-operative societies are in all cases lending at distinctly lower rates than private moneylenders, particularly agriculturist moneylenders, especially where land is mortgaged. Moreover high rates of penal interest have been charged on default by co-operative

societies and loans have swollen by such additions to enormous size in some areas. Again, it will be creating bad blood between our institutions and private creditors by any invidious distinction between the two, especially where there had been no foul play by the latter; lastly an understanding has been arrived at that where the reserve funds of co-operative societies could be utilised for the purpose, schemes of conciliation would work in co-operative institutions also. After all, why should this opportunity of writing off bad debts be lost by co-operative societies? I therefore unhesitatingly advocate that co-operative credit societies' loans must also come under debt conciliation operations.

(b) *Protection Orders*.—Some further transitory measures of relief are called for to deal with the situation created by the abnormal conditions now prevailing. Suspension of Court sales of agricultural land for very low prices which now prevail and issue of protection certificates to agricultural debtors, during specified periods or pending debt conciliation operations, are measures which must be said to be necessary and called for under the present circumstances.

TWO MAIN OBJECTIONS, TO MEASURES OF PROTECTION AND RELIEF—ANSWERED.

Those who object to such measures of relief of indebtedness urge various grounds against their adoption. I shall deal with two of them which are pressed with great vehemence and which are also specifically referred to in the questionnaire of the special officer:—

(1) It is said that measures of the nature suggested above destroy the sanctity of contract between the creditors and debtors. It is true that no relief can be given to a debtor unless the creditor foregoes or is denied a part of his "legal" claim. But it cannot be denied that the contracts between the creditors and debtors have undergone serious modifications to the prejudice of the latter, by the effect of fluctuations in price levels, curtailment of incomes and other causes beyond their control. As a result of these factors, the burden of the debt has greatly increased, for no fault of the debtor and no merit of the creditor and there is nothing in justice, equity or good conscience to compel the enforcement of these contracts in their entirety to the disadvantage of the debtor and to the advantage of the creditor. Such sanctity as there is, is a mere "legal" sanctity created by an Act of Legislature and not "moral" or "spiritual" sanctity based on divine law. A change in the law will

invest the new law with the same sanctity as that which attached to the old law which is repealed or modified. Law must undergo and had undergone, in all ages and systems, modifications in the larger interests of the public.

(2) The other objection raised against measures of relief to debtors is that they will result ultimately in restriction of credit to agriculturist and thus operate to his disadvantage, instead of being helpful to him. I am unable to agree with this view. There is no reason for credit on reasonable terms not flowing through usual channels simply because moneylending is regulated or power of putting an honest debtor in jail is taken away or salaries and wages which are absolutely necessary for the bare sustenance of the debtor are exempted from attachment or debts which are piled up by addition of compound interest and other extortionate claims are sought to be conciliated and pared down. The Central Provinces Government have said that debt conciliation operations in that province have not, as a matter of fact, restricted credit. Credit is advanced in the hope that in the majority of cases, it will come out of the industry for which it is advanced and repaid because it will benefit the borrower himself to do so, and not merely because stringent powers of coercion to effect recovery exist on the Staute Book.

CONCLUSION.

The burden of excessive debt with its annual drain of interest at exorbitant rates severely reduces the balance at the disposal of the peasant to improve agriculture. The low economic standard of the ryot, will in its turn, lead, among other consequences, to deterioration of the soil and impairment of the productivity of the land. Land is a national asset and the State is bound to preserve it in an efficient condition for the benefit of future generations. The State also derives substantial part of its revenue from land. These considerations alone ought to be sufficient to induce the State to intervene in the solution of the problem. There is yet another and perhaps, from the standpoint of the State, a more serious aspect of the question. An experienced British administrator once said that "If a large body of people is oppressed by a load of debt, they must necessarily become dispirited and discontented not only with the load of the debt itself, but also with the classes to whom debt is owing and with the agencies to whom the severity of the debt is attributed." So much for the responsibility of the State. The creditors that is to say the capitalist and money lending classes, will themselves gain enormously if the peasantry is less indebted and has larger staying and purchasing power. A prosperous peasantry, is the greatest asset of the Nation.

Co-operative Marketing in Agriculture

BY MR. P. ACHYUTA MENON, B.A.

Next to Co-operative Credit, Co-operative Marketing should be developed as an important factor contributing to the improvement of the economic condition of the agricultural population in India. Before considering the problems that arise in connection with the marketing of Agricultural produce in India, it is well to refresh the mind with what Co-operative effort has achieved in the Western countries in the field of agriculture. The Co-operative method has been applied, and applied with remarkable success, to various kinds and stages of agricultural operations in Europe and America. It is well at the outset to remember that agriculture is a many-sided industry. We in India who are only familiar with the old world methods of raising some well-known crops from the land are apt to suppose that agriculture begins and ends with raising wheat, rice or cotton. This is a great mistake, because wheat or rice growing is not the be-all and end-all of agricultural activity. There are other worlds to conquer in this direction and which Western countries have actually conquered through scientific advance and co-operative organisation. Such are for instance dairy farming, poultry breeding, bacon-raising, vegetable gardening and fruit culture.

In order to understand better the lines of advance in Western countries it is necessary to analyse the processes of agricultural production and marketing. The most essential things required in agricultural production are land, labour and capital. Capital serves to buy many perquisites connected with production, such as the land itself, labour, seeds, manures, feeds, live-stock and implements. As capital occupies such a commanding position and as its distribution is unequal, credit becomes an important factor in agriculture in all countries. Next to credit there is the supply of farm perquisites, then the actual processes of cultivation and harvest and finally preparation of the product for the market and the actual process of marketing itself. In Europe and America Co-operative action has been applied with success to all these various stages. Co-operative credit, Co-operative supply of farm requirements, Co-operative ownership of implements of cultivation and harvesting, Co-operative insurance of live-stock, Co-operative conversion of product into a

more suitable form for the market and Co-operative marketing on a large scale are some of the outstanding achievements of Co-operators in the West. The only field to which Co-operative action has not been extended to any large extent is ownership of land. Ownership is still individual and organisation comes in only in the higher stages, whether it is dairy farming and bacon raising in Denmark, wheat growing in Canada or fruit farming in California. This is because farming, unlike industry, is most successful on an individualistic basis and tends to lose rather than gain by socialistic action.

Of all countries in Europe, Denmark stands foremost in having developed an organised system of production and marketing in agriculture which is a standing monument alike to the intellectual and moral qualities of the Danish farmer as to the ideals that have inspired the creation and perfection of such a system. Denmark is predominantly an agricultural country of small farmers owning small farms. The Government actively help the creation of small economic holdings, and the result is that the country is covered with a number of small farms where the owners either themselves do their farming or have it carried on under their personal supervision. This system of land distribution is most suited to dairy farming, poultry breeding, etc., rather than grain-growing, and it is in the departments of dairy farming, bacon-raising and poultry-breeding that Danish farmers have specialised. Through Co-operative organisation and applied science, it has been possible for the Danish farmer to perfect a national standard of butter, bacon and eggs and efficiently market these commodities in foreign markets particularly in Great Britain where these articles aptly fill the break-fast table every morning. These rank as the chief national products of Denmark on which depends her national prosperity, and it is no wonder therefore that the Government and the people in that country are one in taking all steps to bring their production to a high point of efficiency. Every stage in production, from the breeding of live-stock on the farms to the final packing of the finished product before export is efficiently handled and closely supervised by agencies controlled by a Commonwealth of Local Co-operative Societies joined together at the top into Central Exporting Federations. A national trade mark has been prescribed for each of these commodities, and as severe tests for purity are applied at Government laboratories before they are passed as coming up to standard, every farmer makes it his endeavour to make his farm yield the best.

It is interesting to study the method of operation of the Danish Societies. The creameries or dairies and the bacon curing societies are organised on almost the same plan, and we will therefore examine the working of a Co-operative Creamery. The Creamery is a local unit with a membership of about 150 farmers with from 800 to 1000 cows. The initial capital required for erection and equipment of buildings and machinery is raised by means of loan from a Bank, secured by the joint and several guarantee of the members. The members are bound by contract to deliver direct to the creamery all the milk produced on their farms except the quantity needed at home. At the creamery, the milk is separated, the cream being manufactured into butter, and the skim milk being returned to the members who use it as feed for their hogs. The constitution of the society embodies all the essential co-operative principles. One man one vote, membership open to all good farmers, elected board of Directors under the control of the general body, are all there. Nor is the business aspect neglected. The society employs a technically trained manager to take care of the actual plant operation and daily business management. There are no stocks or shares but every member gets a certificate of membership. The members make themselves jointly and severally liable for all obligations. Profits are divided, in accordance with the well-known Rochdale principle, in proportion to the milk delivered by members. A partial payment is made once or twice a month to each farmer for the milk delivered by him—leaving sufficient margin from the total cost payable to cover deductions for skim or butter milk returned and also for operating costs. At the end of the trading period a surplus often remains and this is returned to members in proportion to their supply of milk.

This in bare outline, is how a local creamery society works in Denmark. The local societies are aided in their operations by various Central Associations and Committees for general mutual assistance and estimating costs of production, the most important of which is the wholesale Butter Quotation Committee whose work is to keep in touch with the English and other markets and publish weekly market quotations for the benefit of the creameries. There are also Farmers' Clubs which conduct prize shows, experiments in breeding etc. and cow-testing and Bull Associations. These several organisations make up the advisory and social side of the creamery movement, while on the business side there are Federations of local creameries for the marketing of butter. Above all there is a "National

Federation of Danish Creameries" to promote matters of common interests and to study production and marketing problems at home and abroad. Thus every branch of the dairying industry in Denmark is so thoroughly organised that it has resulted in a very high standard of butter production enjoying first class reputation in foreign markets.

The same remark applies to the production of bacon and collection and marketing of eggs. In each case the object always kept in view and worked up to is to produce an article of sterling quality. When it is said that the farmers are compelled to deliver to the co-operative creamery, bacon society or egg society as the case may be a uniform quality of milk free from any taint of tubercular infection a uniform hog from which as high grade bacon can be manufactured, and a uniform quality of eggs, fresh and full-sized, and further that the eggs are tested, sorted, graded, stamped and packed under a system which leaves nothing to chance, we have some idea of the thoroughness with which business is almost raised to a fine art in Denmark. It should not be supposed that these three departments of business are carried on by separate sections of farmers, for generally all of them keep cows, pigs and poultry on their farms. Only the processes of production and marketing have been departmentalised, each farmer delivering his out-put of milk to his creamery, his hog to his bacon-plant and his eggs to his egg society. The main factors that have contributed to this remarkable success of agricultural co-operation in Denmark can be easily stated. The fair distribution of land among the farmers has already been mentioned. Another important factor is the homogeneity of interest between the whole of the people and the Government. The Government in that country has largely been administered by persons familiar with agriculture and sympathetic to the farmer, with the result that organised Government help is given both by way of expert advice and material support. Thirdly production in bulk for export to known markets as distinct from production for internal consumption has largely contributed to the success. Above all, is the high standard of education among the people; it is said that no other country has so low a percentage of illiteracy.

Denmark provides the best example of what co-operative organisation can achieve and has achieved in the field of agricultural production by the application of mechanical processes of scientific

invention to the conversion of raw produce into a higher form of finished product ready for consumption by the ultimate consumer. This results from the kinds of agricultural farming that are carried on there, dairy farming and bacon-raising. In America where grain growing and fruit farming constitute the main agricultural activity, co-operation has achieved its monumental successes in the field of pooling and marketing of agricultural produce. The marketing of produce generally passes through the following stages: (1) collection of produce from different producers for creating bulk with a view to securing higher prices obtainable on wholesale transactions, (2) holding over produce for a better price than is obtainable at harvest time or by local sale, (3) transportation of produce to the place of sale, (4) sale of produce at the Central market which alone can pay the best price. All these stages have been organised co-operatively with success in America.

Both in the United States and in Canada where wheat is an important produce, what are called grain elevators, owned and controlled by farmers themselves, have been extensively set up to facilitate the marketing of wheat. There are local elevators built near centres of production along the railway systems, which collect and store wheat before transport to terminal elevators, which are much larger establishments situated at the places of sale in the big seaports. In the constitution of Local Farmers' Elevator Associations, all the essential co-operative principles are embodied, such as, one man one vote, limited dividends on capital stock, division of profits in proportion to patronage by farmers, business on a cash basis, equitable treatment, to all, efficient management, and maintenance of correct business records and periodical audit. Among the Terminal Elevator Associations worked on a non-profit basis to the exclusive benefit of the farmer producers, "The United Grain Growers Ltd.," with head quarters at Winnipeg in Canada is the most notable example. In 1927 it had a membership of 35,000 farmers divided up into local units with a paid up capital of 2 million dollars and a general reserve of 1½ millions. It operated elevators at 368 local centres and three terminal elevators at shipping points. These figures which relate to the pre-depression period, speak of the immense size of the organisation. But its immensity by no means detracted from its essentially co-operative character, democratically controlled and administered as it was through a Central Board elected by the general body of the company which is itself a body composed of delegates from the local units consisting of local farmer members. It is to the lasting credit of this organisation that it has, operating at cost, succeeded in placing the farmer's produce at the terminal market without the intervention of any middlemen, and thereby secured to the farmer a larger share of the terminal market price of grain.

Any essay on Co-operative marketing should not fail to mention that other big organisation in America for the marketing of fruits,

the famous "California Fruit Growers Exchange," a symbol of efficiency in Co-operative marketing. It occupies a dominant position in its particular field, and markets on a strictly co-operative, non-profit making basis, the fruits, such as orange, lemon etc., produced by 11,000 grower members. The impetus to co-operative organisation came from the persistent exploitation of the Citrus fruit growers by the buyers and middlemen who cheated them in the matter of weight, prices and information. As a first step, local associations were formed with packing houses for collecting and standardising the produce of their members, which in 1905 were federated into the Central Exchange. Subsequent years saw the steady expansion of the organisation and the perfection of its machinery until at present there are about 200 local associations formed into 22 district exchanges and surmounted by the Central Exchange. The local associations are based entirely on Co-operative principles and own a packing house each alongside a rail-road where the fruit of members is assembled, graded, packed, pooled and prepared for transport, these operations being done at cost. The District Exchanges serve as a link between the local associations and the Central Exchange. The Central Exchange has a directorate consisting of representatives from each District Exchange, and a special paid manager; and carries on its work through appropriate departments. The exchange keeps agents in all the principal markets of United States and Canada, who as soon as they receive an offer for fruit, wire to the exchange which communicates the order to the local associations. After the transaction is accepted and completed, the sale proceeds are remitted to the local associations concerned, deducting only the charges. Here one very important thing is to be noted about the Exchange. It is not itself a trading body and does not purchase fruit. Its functions are purely advisory as it only helps the local associations in the sale of their fruit by keeping contract with buyers and transmitting all orders to the locals. The success of the California Fruit Growers Exchange has been due to its adherence to strict co-operative principles and business methods, efficient and economic administration equitable and efficient service to all members, the fairly uniform quality of fruit produced in a small area which the exchange handles, and the high standard of business knowledge and responsibility of the Californian farmers. Its example has been widely imitated in other fruit growing sections throughout the United States.

(To be continued.)

Co-operation and Trade Unionism

BY MR. V. SRINIVASAN, M.A.

It is a notable phenomenon of our time that employees come into constant conflict with the workers on their establishment most of whom belong to some craft or trade combine. Such clashing of interest incidental to modern industrial life has become a problem by itself as trade unions are generally affiliated to radical political forces which have in more than one country successfully bid for power.

Co-operative societies from the time they began to engage themselves in production and to employ labour have felt the impact of trade union activities no less than the private employers and the reason is not difficult to see. The Co-operative movement professes to be a popular one intent on securing better economic conditions and the belief has come to exist not only among such of its workers as are connected with trade unions but also among some of the co-operators themselves that the labour in the employ of societies ought to be ensured substantially better conditions of service than what are provided by other classes of employers. Maximum wages, a minimum working day and exclusion of non-trade union labour are the things clamoured for.

The societies however are in a peculiarly difficult position. While they are by no means disinclined to ensure favourable rates compared to what the commercialists give they find it hard to go to the full length of meeting trade union demands. Their resources are slender and it is impossible for them to pay wages at the trade union scale or keep their shops open for a limited period of the day alone. Thus it comes about that they could not compete with private enterprisers who have been tremendously organising themselves from the moment they recognised the growth co-operation to be a menace to their interests. And this competition has badly hit co-operative societies which do not work on the less of profit and they are far too crippled to grant the demands of organised labour. Particularly unenviable has been the position when the recourse had to be by joint stock companies to quasi co-operative methods like profit sharing weaned away many a worker from his allegiance to his society.

The Co-operative societies cannot also view with favour activities like sympathetic strikes which constitute a familiar feature

of trade union life. Steps like these often resorted to without any grievance against societies but merely in support of another group of strikers against some trader or manufacturer are too much a strain for a tender fabric like co-operation to stand, based as it is on mutual confidence and slender resources and the whole movement will be thrown out of gear by contingencies of that kind. Cases are also not infrequent where sympathetic strikes have prejudicially affected the interests of the strikers themselves. Gide refers for instance, to what happened during a strike of working bakers of co-operative societies in Paris. The 'sympathetic' strike proved on that occasion to be a blow to the strikers' cause not to say an error in tactics, for it would have been of service to the strike itself for the co-operative bakeries to have remained open if only to provide bread for the strikers.

Nonetheless the fact remains to be noted that disagreement has frequently arisen between managements and the managed. And since the co-operative movement can address itself to problems of labour only with eyes open to the just claims of the worker on the one hand and the consumer on the other it has not eliminated the employer and the employee. Where the relations between employers and the employed are determined by action decided on without scruples or forethought, trouble is inevitable.

The friction between co-operative societies and the labour they employ was foreseen long ago by British Co-operators whose national genius has found solutions which do not however appear to have been tried elsewhere.

In 1883 a Joint Committee of trade unions and Co-operators was established for preventing disputes and for settling any that may arise between societies and the employees. The Committee which was reconstituted in 1893 and which was composed of representatives of the Co-operative Union and the Trade Union Congress did not have much to do for some time; the two bodies preferred to settle their disputes by negotiation rather than by reference to arbitration. The committee however grew to great activity in the years preceding the Great War when it met some 304 times and its utility was greatly enhanced during and after that Armageddon. And it has assembled more frequently ever since and functioned with effect.

The majority of the disputes the societies were then engaged in were found to be with the members of the National Union of

Distributive and Allied Workers, known previously as the Amalgamated Union of Co-operative Employees. The Union was not a member of the Trade Union Congress and the fact that on that account their disputes not being within the competence of the Committee necessitated the devising of other machinery as well. The practice was commenced on 1916 of establishing District and National Conciliation Boards representative of the Co-operative Unions and the Amalgamated Union of Co-operative Employees. The subsequent amalgamation of the latter body with the Warehouse Workers Union under the name of the National Union of Distributive and Allied Workers affiliated its members to the Trade Union Congress and their disputes with employers came thenceforth within the purview of the Joint Committee.

Another interesting landmark in the progress of the settlement of disputes was the establishment in 1918 under the auspices of the Co-operative Union of a Labour Department with a labour Adviser. Under the provisions of the rules which were drawn up at the Bristol and Brighton Congresses, Hours and Wages Boards have sprung up all over the country constituted and worked on a district basis. Representatives of the board were to meet members of the Trade Unions and when they could not reach any agreement a reference was made to the Joint Committee of Trade Unions and Co-operators, for final adjustment and decision. During one year alone, Sep. 1921 to Sep. 1922, the Committee considered no fewer than 237 cases and gave several awards. It is by such efforts that the possibility of strikes and lockouts has been averted in England.

It should not be forgotten however that the relationship that should subsist between the workers and co-operative employers ought not to be anything but cordial, this in the interest of large social welfare. Their interests are really too much identical to be strained. And as Mr. Lloyd reminds us, agricultural co-operation had indeed its origin in the necessity for providing its workers with the means of subsistence during periods of depression and uncertainty. And if Trade Unions to-day give trouble, to their endeavours should be ascribed the credit of having awakened the conscience of the labouring classes urging them to efforts for asserting their legitimate rights at which no one need have reason to be concerned except the management of industries where the relation with the employed are determined by policies far too unscrupulous and inequitable.

The truth is, the two movements, co-operation and Trade Unionism are both necessary; for, 'without co-operation, to quote Catharine Webb, there is no guarantee that any industry will be carried on for the public benefit and without Trade Unionism there is no security that the public benefit will not be made a source of injury to the minority of producers.' It is not possible however for the two to be amalgamated and it is probably best that they have their own methods of recruitment. But they have influenced each other and it cannot be denied that Co-operation has also been benefitted by the control of Trade Unions. The extension of the Trade Union movement has for one thing brought within the pale of co-operative membership people from practically all walks of industrial pursuits while the close relationship with the trade unions has enabled the societies to monopolise the supply of labour and dictate their own price for money and land. Benefitting themselves as they thus do naturally, with an educated public opinion being roused to an increasing recognition of the its responsibility in the matter and with the Trade Union realising the employers difficulties through opportunities afforded in the sphere of action by their application to political parties in the state, the ideal of industrial peace should be easy of attainment.

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An Interesting Judgment.

IN THE OFFICE OF THE
ARBITRATOR OF CO-OPERATIVE SOCIETIES,
Camp :—Pakkam.

Present :—M.R.Ry. T. Thiruvengadachariar Avl.,

Arbitrator.

Friday the 5th day of April 1935

Dispute No. 812 of 1934-35 on the file of the
DEPUTY REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras—Chingleput.

Between

Doraiswamy Mudaly, Manager, C. 687, Veppambattu C. S.

Plaintiff.

And

1. K. Raghavalu Naidu member No. 28
2. S. Jagannadham Naidu " 27 (died)
3. V. Kanniappa Mudali " 32
4. S. Balakrishna Naidu
5. Minor Buchi Babu Naidu
6. Minor Lakshmi Narayanaswami Naidu
7. Minor S. Deenadhayalu Naidu

Defendants.

D. 4 and minors D. 5 to D. 7 by guardian D. 4 added as Legal representatives of D. 2 deceased as per order dated 3-2-1935 on petition No. 1 on the claim.

This claim having been heard on 22-2-1935, 3-4-1935 and 5-4-1935 and having stood over for consideration to this day the following decision is given :—

This claim was referred to me for disposal by the Deputy Registrar of Co-operative Societies, Madras—Chingleput in his proceedings dated 15-1-1935.

The Plaintiff, Manager of Veppambattu C. S. claimed from the first three defendants Rs. 323-4-0 due to the Society in respect of loan No. 21, taken by them on 12-8-1930.

The 2nd defendant died after the plaint was prepared. Hence the plaintiff applied to me to bring on record his sons as legal representatives and proposed D. 4 as the guardian of his minor sons D. 5 to D. 7. After enquiries D. 4 to D. 7 were added as legal representatives of the deceased 2nd defendant and D. 4 was appointed guardian of D. 5 to D. 7

AN INTERESTING JUDGMENT

with his consent. The application was treated as petition No. 1 in the claim.

On the first hearing day D. 1 was absent although served and he was set ex-parte.

D. 3 paid Rs. 90 admitted liability and further submitted that he was the principal debtor and applied for time to pay the balance.

D. 4 and D. 4 as guardian of his minor brothers D. 5 to D. 7 contended that they could not be added as parties to the suit proceedings before Arbitrator of Co-operative Societies that the appointment of a guardian to the minors could not be made and that they were not liable, as their father's liability to the suit claim was barred by time.

On 5-4-1935 D. 1 applied (petitions in the claim) to set aside the ex-parte order and to allow him to defend. The order having been set aside on the same day, the plaintiff not objecting. D. 1 contended that he was only a surety and D. 3 alone should pay.

The plaintiff deposed that the 3rd defendant was the principal debtor and that D. 4 to D. 7 could be brought on record in proceedings before the Arbitrator and that the law of limitation would not apply to the proceedings. He further contended that the Arbitrator of Co-operative Societies was also a court.

The following points are to be necessarily decided to come to a definite conclusion in this dispute.

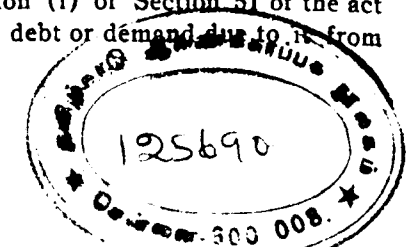
Points.

1. Is the Arbitrator of Co-operative Societies, appointed by the Registrar under the rules a Court?
2. Is the arbitrator Co-operative Societies competent to decide the legal representatives of a deceased debtor?
3. Is the arbitrator of Co-operative Societies competent to appoint guardian to the minors in the dispute?
4. Is the law of limitation applicable to proceedings before the arbitrator of Co-operative Societies?
5. Is the claim binding on defendants 4 to 7?
6. What relief?

Point No. 1. Is the arbitration of Co-operative Societies appointed by the Registrar under the rules a Court?

The law relating to Co-operative Societies in the Presidency of Madras is the Madras Act VI of 1932. The local Government in exercise of the powers conferred by sub-section (1) and (2) of Section 65 of the Act framed rules.

Dispute is explained under sub-section (1) of Section 51 of the act as a claim by a registered society for any debt or demand due to it from



a member, the past member or the nominee or legal representative of a deceased member whether such debt or demand be admitted or not is a dispute touching the business of the society.

The dispute shall be referred to the Registrar for decision as per section 51 of the Act 'Shall' is evidently used to express not only future time but also command.

The common law remedy by an action in a civil court is taken away by necessary implication by the substitutional remedy provided under the rules in cases of disputes between a society and a member in the shape of a reference to the Registrar. (A. I. R. 1924 Lahore 418).

The dispute is in writing as warranted under Rule XV. The reference is made to Registrar who under Section 51 sub-section (2) clause (c) read with Rule IV, Clause (2) refers it 'if he likes to an arbitrator for disposal.

The Registrar, the arbitrator, the body of arbitrators or other persons deciding the dispute shall have power to administer oaths, to require attendance of all parties concerned and of witnesses to require the production of all books and documents relating to the matter of the dispute under Clause (3) of Rule XV.

Under clause 4 of Rule XV it is enjoined on him who decides the dispute, to record a brief note in English or in the vernacular of the evidence of the parties and witnesses who attend and upon the evidence so recorded and after consideration of the documentary evidence produced by the parties, a decision or award as the case may be, shall be given in accordance with justice, equity and good conscience by such person. The decision or award given shall be reduced to writing, in the absence of any party duly summoned to attend the dispute may be decided ex-parte.

By sub-clause (c) of Clause 7 of Rule XV civil courts on application are asked to enforce the decision or award as if it were a final decree of that court when they have jurisdiction over the subject matter of the decision or award.

It is therefore clear that the whole procedure appears to be devised as a short cut by which the Registrar, the arbitrator, the body of arbitrators, or any person deciding the dispute takes the place of a court and decides the matter which would otherwise have been referred to it and passes an award which becomes a final decree of a civil court having jurisdiction over the subject matter of the decision when that court is asked to enforce it.

In A.I.R. 1925 Allahabad 356 at page 376 it was remarked that the Registrar of C. S. and the arbitrator appointed by him are given the powers of a civil court for the purposes of summoning witnesses and

that it is laid down that their award shall be enforceable by a civil court in the same manner as if it were a decree passed by such a court.

In A.I.R. 1930 Madras 869 it was held that the Registrar of Co-operative Societies is a court with regard to suits before him. To the same effect is the decision reported in A.I.R. 1934 Madras 40. Those authorities are from the highest tribunals of our province and to the point.

The decisions found in page 102 and 451 of Volume 26 of the Madras Journal of Co-operation 1934-35 appear to be based upon the following reasonings:—

1. The word ('Court' is not defined in the General Clauses Act and it expressly excludes arbitrators in Evidence Act where it is defined.
2. The arbitrator of C. S. is nowhere described as a court either in the Co-operative Societies regulation or the rules thereunder.

With great respect I am unable to follow them. The very fact that the arbitrator of C. S. is not described as not constituting a court and that the very fact that suits are precluded from being filed in the civil court coupled with the fact that the decision or award of the arbitrator becomes final and above question in any civil or revenue court under clause (b) of Sub-section (6) of Section 5 of the Act lend support to the view that the arbitrator of the C. S. takes the place of a civil court to decide disputes referred to him.

It has been observed that under the Arbitration Act or the Schedule (2) C. P. C. the characteristic of any arbitrator is that the matter is referred to him by consent of both parties. But the arbitrator of C. S. gets his stand when a dispute is referred to him for disposal by the Registrar to whom any party to the dispute in the case of co-operative societies should make a reference and on receipt of which he is bound to dispose it of. He may himself do it or refer it to any arbitrator or body of arbitrators. The arbitrator of C. S. and the arbitrator as understood under the arbitration act are different and section 3 of the Evidence Act which excludes arbitrators from the definition of court is not of much assistance.

For the foregoing reasons I hold that the arbitrator of Co-operative Societies appointed by the Registrar under the rules is a 'court' with regard to suits before him.

Point No. 2. Is the Arbitrator of C.S. competent to decide who the L.R.S. of a deceased debtor are?

Clause (3) of rule XV lays down that the Registrar or the arbitrator shall have power to require the attendance of all parties concerned.

Under Section 25 of the Act, the liability of a past member or of the estate of a deceased member for the debts of a registered society as they existed on the date of his ceasing to be a member or of his decrees as the case may be, shall continue for a period of 2 years, from such date.

D. 2 is the deceased member. Petition No. 1 in the claim is put in by the plaintiff to bring on record D. 4 to D. 7 as L. R. S of D. 2 deceased, being the sons of the deceased. In such cases it is the duty caused on the arbitrator of C. S. to bring on record the L. R. S. As per C. P. C. Order 22, rule 5 it is incumbent in the court to decide who the L. R. S. of the deceased are when under Or. 22 Rule. 4 a party to the suit applies to bring on record the L. R. S of the deceased. In view of my affirmative finding on the point No. 1, I hold the arbitrator of C. S. is competent to decide who the L. R. S of the deceased are. There is an authority to the position (A. I. R 1926, Bombay 352) D. 4 to D. 7 are the L. R. S of the D. 2 deceased.

Point No. 3. Is the arbitrator of C. S. competent to appoint and decide a guardian to the minor defendant in the dispute?

A court with the consent of the party who is proposed guardian by the plaintiff appoints him as guardian. The arbitrator of C. S. taking the place of court in regard to disputes before him is competent to appoint the guardian for the minor defendants in the dispute. D. 4 is proposed guardian of the natural brothers D. 5. to 7. D. 4 consents to be the guardian. I find the interests of the minors would safely be represented by D. 4. He is appointed guardian.

Point No. 4. Is the law of limitation applicable to proceedings before the arbitrator of C.S.

The right that accrues under a statute is a very valuable one. Law of limitation is a statute. There could be no estoppel against statute. The arbitrator of C. S. is a court. Hence I hold in proceedings before him. The law of limitation would apply.

Point No. 5. Is the claim binding on defendants 4 to 7?

Ex. A. The suit document is a registered bond dated 6.8.1930. The plaint was prepared on 9.10.1934. A suit for recovery of money due on a registered bond is governed by Article 116 of the Limitation Act which provides a period of six years. Therefore the suit is within time. I find the defendants are liable to the suit claim. The assets of the deceased 2nd defendant in the hands of defendants 4 to 7 will be liable to the suit claim.

Point V. What relief?

The 3rd defendant admits the claim and deposes that he is the principal debtor. (D. w. 3 D. 1.) is a surety.

D. 4 to D. 7 are L. Rs. of D. 2 surety. In the result an award for Rs. 253 with interest from 15.4.1935 at $9\frac{3}{8}$ per cent per annum is given. The plaintiff after exhausting all his remedies against D. 3 and D. 1 in order, proceed against the assets of D. 2 deceased in the hands of D. 4 to D. 7.

Pronounced by me this Friday the 5th day of April 1935.

Correspondence.

Courts constituted under Section 51 of Madras Act VI of 1932 and Advocates.

Sir,

Rule XV (b) of the rules framed by the Madras Government lays down that 'in proceedings before the Registrar, the arbitrator or body of arbitrators or other persons deciding the disputes, Legal practitioners shall not be entitled to appear to represent parties. This rule is introduced by the Local Government purporting to act under sub-section O to section 65 which relates to (i) the appointment of an arbitrator or arbitrators to decide disputes.

(ii) The procedure to be followed in proceedings before the Registrar, arbitrator or arbitrators or other persons deciding disputes...'

The Sub-section by clauses 1 and 2 contemplates the framing of rules relating to the procedure to be followed in cases before the Registrar and arbitrators. The Local Government may make such rules 'to carry all or any of the purposes of this Act'. It seems that the Government while framing that rule had in mind the promotion of thrift in litigants, one of the objects for the achievement of which the Act was passed—Perhaps it struck them that by preventing Legal practitioners from appearing in proceedings before the Registrar and arbitrators they can prevent litigants from spending money over Legal practitioners. With this object of the Government if that be their objects nobody can have any quarrel. But it is to be considered as to whether the action of the Government in framing such a rule is *intra vires* of its powers under the Act.

The right of an advocate to practise is recognised by Act XXXVIII of 1926. (The Indian Bar Councils Act). Section 14 of that Act is as follows:—

Rights of Advocates to practise (1) An advocate shall be entitled as of right to practise.

(b) save as otherwise provided by sub-section (2) or by or under any other law for the time being in force, in any other court in British India and before any other tribunal or person legally authorised to take evidence, etc. Whatever may be the correctness of the view that an arbitrator is not a court (Please refer to the Judgment of M. R. Ry. V. Satyanarayana Pantulu Garu published at page 451 of the current number of the Madras Journal of co-operation) it has to be conceded that by virtue of rule XV (3) the Registrar or a person deputed to decide a dispute is a person 'legally authorised to take evidence' within the meaning of section 14 (b) of the Indian Bar Councils Act. The position

reduces itself to this. The rights conferred by the legislature on advocates with respect to their practice have been curtailed by the Local Government purporting to act under section 65 (a) of Act VI of 1932 so far as proceedings before the Registrar and arbitrators are concerned.

Under section 65 of the Government of India Act the Indian Legislature has power to make laws for all persons, for all courts and for all places and things within British India. By section 80-A the powers of the Local Legislature have been defined Sub-section 3 (i) says that the Local Legislature of any province may not, without the previous sanction of the Governor General, make or take into consideration any law 'altering or repealing any provision of an act of the Indian Legislature made after the commencement of the Government of India Act 1919, which by the provisions of such first mentioned Act may not be repealed or altered by the Local Legislature without previous sanction'.

In the schedule to Madras Act VI of 1932, section 14 of the Indian Bar Councils Act has not been mentioned as one of the enactments that have been affected. In fact from the Act no indication that it intended to affect any of the provisions of the Indian Bar Councils Act, can be gathered. What the Act itself did not intend to affect rules framed under the Act cannot certainly affect. Nor does section 65 under which rule XV is purported to have been made give the Local Government power to prevent Legal Practitioners from appearing before the Registrar or Arbitrator deciding disputes under section 51 of the Act. Right to be represented by a Legal Practitioner before a tribunal cannot be said to be a mere rule of procedure. A rule preventing parties from getting skilled assistance to represent their cases properly before the Registrar or arbitrator should be held to be an invasion on the rights of litigants. It can never be said that the framers of Act VI of 1932 had ever in mind the curtailment of such a right. The local Government that derives its power to make rules under section 65 of the Act cannot make a rule that is inconsistent with the Act itself.

Hence it can be safely said that rule XV (b) of the rules is *ultra vires* of the powers conferred on the Local Government by section 65 of the Act.

P. K. SRINIVASA RAGHAVA ACHARYA,
The Legal Advisor to the Tindivanam Urban Bank, Ltd.
20th of April 1935.

Recent Utterances.

The following is taken from a paper read by Mr. G. M. Mehkri, B.A., L.L.B., Registrar of Co-operative Societies, Mysore at a meeting of the Mysore Civil Service Association on 23-3-35.

What Co-operation has done for Mysore.

Excluding deposits in the Central Institutions, which may consist mostly of investments of capitalists, the Co-operative Societies in Mysore own a capital of Rs. 120.78 lakhs. This represents wholly the savings of poor men. But for the creation and preservation of this huge fund of thrift by the teachings of the Movement, its incitements, exhortations and even compulsion, I would ask where all this money would have been? It gives a saving of Rs. 82-7-0 per member, and can it be said of a person of similar circumstances who has not been a member of a society that he can boast of a saving of so much? The Movement in collecting these little bits from persons, the majority of whom know "but a meal a day" has not only saved so much money to them which otherwise would have been spent and wasted away, leaving no trace, but also created a capital, huge and powerful, in the aggregate, which, without being merely hoarded, as much savings usually are, is put into circulation to meet the needs of the needy poor, otherwise without much credit. So much money which would not have come into being at all, has been created as it were and fruitfully circulated in a sphere which felt a mighty need for it.

Again, look at the huge funds of the Central Institutions. They amount to Rs. 67,82,921 and are drawn from the comparatively wealthy dwellers of the Cities. But for the co-operative organisation, would all these monies or any portion of them have reached the debt-burdened labourer in the fields, the mill hand, the poor craftsman, the petty trader or the small industrialist in the town, and supplied him the where-with-al (and that on reasonable terms) for his eking out a living or lightening his debt burden? The Movement has enabled all this shy capital usually finding investment in other spheres being diverted into co-operative fields.

Taking another aspect, the Co-operative Societies in Mysore have lent out during these 28 years, a sum of Rs. 14'8 crores. These loans usually bear an interest of nine per cent per annum while the usual rate (any way before the advent of the Movement) has been between 15 to 18 per cent. Thus on account of this Movement, there has been even on the fractional transactions taken up by the societies, a saving in interest to the borrower of the huge sum of Rs. 1.2 crores.

THE MADRAS JOURNAL OF CO-OPERATION

The Reserve Fund built up by Co-operative Societies up till now amounts to Rs. 27,74,208. This is a common indivisible fund brought into existence and kept in tact by this Movement without which it should have found its way into the pockets of the all-grabbing money-lender. It is not only a growing source of strength to the Movement during its existence, enabling it to make its loans cheaper, but on the dissolution of the society, so much money available for objects of public utility. Nearly thrice this amount or about Rs. 83 lakhs which should also have otherwise enriched the Sahukar, has been given back to the borrower as profits or for charities or for purposes of local amelioration.

Last year, the societies have spent, by way of establishment charges and bonuses to Secretaries, a sum of Rs. 1,94,868 and an almost equal sum is so spent every year. To this extent, they have created employment in these days of growing unemployment.

It is to be wished that it were possible to measure and express the indirect beneficial effects of the Movement also in terms of figures. For one thing, though it has so far been able only to touch a tiny fraction of the private bankers' lendings, whom the Movement neither can nor aspires to replace; it is—universally acknowledged that it has succeeded in bringing down considerably the level of the rate of interest, and that apart from what the Movement has itself lent, it has been able to ease the interest burden on other debts. The interest saved directly by the transactions of the societies has already been stated, and if to this is added the interest saved by the general lowering of the rate as an effect of the spread of the Movement the figure would be enormous.

The educative effects of the Movement have struck all men and are too general to be directly measured or definitely—expressed. I need not repeat what has so often been mentioned by every learned writer on Indian Co-operation, that it has inculcated, in however small degree, better business habits and has made the unthinking and improvident raiyat and the artisan more circumspect, more prudent and more thrifty. It was said by an Ex-Governor of Madras that Co-operative Societies were the best schools for teaching self-Government. Other institutions where the governing body can so well realise their responsibilities to their electors, and the voter, can so readily and directly understand the value of his vote, and feel its effect, and where the governed can question and control the governing, cannot be—thought of. For improving the moral calibre of the people, for enlarging their outlook, for raising their standards of life, for creating better feelings of fellowship and team work—instincts, and for teaching the value of organization, the Movement has great potentialities.

RECENT UTTERANCES

Better measurable though not in exact terms and figures are the local amenities which the societies have provided by their funds and their teachings, the charities they have made and the philanthropic movements they have supported. It is not uncommon for societies to maintain their own Reading Rooms, or make contributions to others. Many a rural society subscribes for a vernacular paper or two, and circulates information and knowledge, thereby. Besides contributions to small local charities, the donations to flood and famine relief funds, the Silver Jubilee Fund, School and Poor Boys Funds etc., made by these poor institutions is not inappreciable.

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Impressions of a Visitor on Alamuru R. R. Centre.

I visited the Rural reconstruction centres of Alamuru a place in Madras presidency on 4-2-1935. I was very much delighted to see what was being done in those places. It was indeed a pleasure to see so many activities for the uplift of the villagers working so satisfactorily. I was shown the library, the bank, the folk schools and Ramamandir in Alamuru as also the activities of the two other villages. It appeared to me that the whole movement is a sincere attempt at the amelioration of the conditions of the village people and raising them from their deplorable condition and I heartily congratulate Mr. Satyanarayana on the splendid activities he and his trusted band of workers have been able to carry on in these places. I felt surprised how they have been able to establish so fine a library which contained very useful books, especially on economics. Their dispensary has also attained a marvellous success through the efforts of Mr. Kameswara Rao, the younger brother of Mr. Satyanarayana. I was taken to a village to the other side of the cannal through a road which I was told was constructed through the efforts of the villagers themselves. It is indeed a fine example of corporate work which alone go a long way to achieve success in any work of Public utility. Generally villages have got no good roads even to go into the different parts of the village itself or to approach the main roads so necessary for the growth of village trade and commerce, on which depends the economic improvement of the villagers. If this example of Alamuru be followed by other villagers much improvement in the village condition will become noticeable in no time. Ramamandir is a village hall, where people meet for *Harikirtan* as well as for transacting business regarding the welfare of their villagers. This common hall in the midst of the villages give, of course, a new charm to the whole village society. I have a mind to introduce such village hall in our part. The co-operative society at Alamuru has been able to secure large deposits, quite an unusual phenomenon in the working of such village society in our part. Much is being done for giving education to their less fortunate brother especially I mean Harijans and other classes. The work done here shows what can be achieved by good will, co-operation and harmony among the villagers. I went there for inspiration and I am now glad to say I got it. I once more thank Mr. Satyanarayana for the facility he afforded me and the help he rendered during my short visit to the Alamuru Rural reconstruction centre and I congratulate him and his co-workers for the success that had attended their noble efforts. I wish their institution every success.

MUNISHWARA PRASAD,
Secretary,
Development Committee Central Co-operative Bank,
Muzaffarpur.

Reviews. YEAR BOOK OF AGRICULTURAL CO-OPERATION 1935.

Edited by the Horace Plunkett Foundation.

[P. S. King & Son, London, 12s. 6d. net.]

The high level attained by the previous year books of the Foundation has been well maintained in this, the latest, which contains authorisation accounts of agricultural co-operation in several parts of the world—The British Empire, the United States, France and French Colonies, Scandinavian Countries, Southern Europe, China, Malaya and Netherlands India. The bibliography on agricultural co-operation and notes on co-operative legislation have been brought up to date. The latest literature on co-operation and allied economic and social subjects is as usual briefly reviewed.

The leading contribution by the Foundation on *Planning and the Consumer* is a very critical study of the recent tendencies on the part of several States to attempt the planning of the production and marketing of goods. The reaction to such plans of co-operative organisations of producers and consumers is dealt with at some length. Agricultural co-operatives generally, and particularly in the newer countries, have welcomed State plans ignoring their undemocratic and unco-operative features, several of them shutting their eyes to the power of the consumer to undo them. Consumers' organisations have naturally protested at such arbitrary planning though some of them have, untrue to their faith and tradition, sought new allies in private traders. This reprehensible development is condemned and it is hoped that the attempts at rapprochement between the two great co-operative organisations, begun before the Marketing Laws were passed, will be revived and that the consumer will be given an integral place in planned economy along with the producer, so that peace and justice may be associated with plenty—the old formula for good government.

There is a paper on Co-operative Insurance by Dr. N. Barou, an authority on co-operative banking, which is at once a forceful and authoritative exposure of the profiteering character of all capitalistic insurance concerns and even of some others masquerading under the name of 'mutual' assurance, while ceasing to be so. Chapter and verse are given from parliamentary papers to show how several of them have been issuing bonus shares to their promoters who had invested little or no capital of their own, concentrating control in a few families for ever, incurring heavy expenses out of the usurious rates of premiums, accepting policies fifty per cent of which lapse—policies forced on an unwilling public by modern weapons of advertisement and an army of canvassing

agents. The distinctive features of co-operative insurance are next expounded: unrestricted membership, democratic management, insurance of groups on collective lines, limitation of interest on shares, distribution of surpluses among member-policy holders in proportion to utilisation of facilities,—though some of the shortcomings of capitalist insurance are reproduced by several of them, particularly in respect of the high cost of agency and management by paid officials. Co-operative Insurance has not yet grown considerably as “the holy dread surrounding the mysteries of insurance has inspired the ignorant masses with great respect for the old established concerns.” It is strongest where it is linked with consumers’ organisations and knit into a federal or central system, as insurance business must be operated on a large scale if it is to be free from risk. Agricultural Co-operative Insurance, though its theory is older and was formulated by Raiffeisen himself in 1872 and is even more widely spread than consumers’, has not the same volume of transactions and is therefore not so strong. It has taken several lines—the most important being, insurance against fire and hail and live stock insurance. In India we have just started with life insurance of individual co-operators, which is quite promising. Live-stock insurance has been attempted but it has had little success. Other forms of insurance against natural and trading risks, particularly of non-credit institutions, await to be experimented upon. There is ample scope with the growth of the latter type of societies for co-operative insurance of various types to develop—which will incidentally help the accumulation of long-term funds which can be invested in co-operative concerns, liberating co-operation from its dependence on capitalist finance. We heartily commend this paper to the attention of all co-operators.

It is some years since the Co-operative Movement in India received the full treatment—which it did at the hands of Prof. S. K. V. Ayyar and Prof. H. L. Kaji in this series. We are therefore glad to see the fair and full account of Co-operation in India in the current year book by Khan Mahmed Bashir Ahmad Khan of Lahore, the Hony. Secretary of the All-India Co-operative Institutes Association. Readers will find here a lucid exposition of the systems adopted and their working in various Provinces and States, with praise or criticism due to each supported by facts and figures culled from a number of Provincial and State reports not easily accessible to them. Mr. Bashir Khan is legitimately proud of the achievements of the Punjab in different forms of agriculture Co-operation—notably in the Consolidation of Holdings and Better-living. One wishes he had dealt with the shortcomings of societies for purchase and sale particularly the commission shops. Madras is given the honour as the “only Province in India where the scheme of land mortgage banks has been worked enthusiastically and successfully.” Alamuru gets the highest credit for rural reconstruction work. “It may be stated

without fear of contradiction that the most successful and comprehensive attempt at rural reconstruction has been made in Alamuru” whose activities are recited. Bengal is noted for its anti-malarial societies, on which there is a short note. As for Bombay, it “stands an easy first in the matter of deposits from members—3 out of 14 crores total—and this is one of the best tests of success of a co-operative society.” The causes of overdue loans are recounted and a consolidated table is given of overdues in agricultural societies all over India. The remedies are simple to enunciate but difficult to carry out. Mr. Khan testifies to the ability of the movement to stand the test of depression; indeed, “the depression has been for the societies a very good school master.” He deprecates the frame of mind which distinguishes the official and the non-official in the Co-operative Movement and holds up as the model the Punjab, where no such distinction is made. We can only say that this not quite in conformity with co-operative tradition which expects the movement to run on an entirely voluntary basis, with little State aid or control.

It is difficult to make a selection from among the numerous accounts of co-operation in other countries. But a brief reference to those dealing with tropical countries like Netherlands Indies and Malaya is necessary. Dr. J. H. Boeke deplors “the lack in a tropical colony, of well-to-do leisured class with social aspirations that in the temperate western countries forms the back bone of social institutions” and the necessity to pay for every service which makes management costly. All the popular credit banks in Dutch E. Indies have been amalgamated into one general popular credit bank with a centralised expert management, but “the present organisation in all its technical perfection is from a social view point just the opposite of Co-operation. It comes nearer to State Socialism, but State Socialism in a dualistic State, where rulers and the ruled have hardly anything in common.” Mr. L. D. Gammans, who has toured India and has had a first hand knowledge of our co-operative societies writes caustically not only of the prospects of co-operation in Malaya but also of India, of which he has probably revised his views since he published his book. He is hardly correct when he says that the overdue loans in Indian societies have “brought the movement to the brink of bankruptcy.” He is too sweeping in his generalisation when he clubs the Indian ryot with the Malayan cultivator and throws the blame for the failure of both on the social environment of the “Oriental peasant, unprogressive in thought and nature,” and his “climatic conditions, where hard work is neither necessary nor possible.” There is consequently no desire for improvement, which is the *sine quo non* for co-operative development. All this, we feel, is an over-simplification of the case and is hardly applicable to the average Indian ryot who does not get a dog’s chance to improve.

This does not hinder our appreciation of the Film Propaganda 'reeking of the soil' that is now the fashion to employ for generating the desire for improvement. Once interest is aroused, instruction follows. The General Purpose Societies—more like the Punjab Better-living societies—are first to be tried and later will be taken up marketing and other functions by co-operation. All this is excellent advice in regions which have hitherto been co-operative deserts, and the peasants are primitive. We have such regions in India too, though we believe that most of our ryots are more advanced in ideas and outlook, and they are ground down by poverty of resources which require more fundamental remedies than the mild doses prescribed for Malaya with its superabundance of natural resources.

Apart from limitations of space, a detailed reference to the movement in temperate western countries, where it is more advanced and each has its own problems more complicated than ours, is not of much avail to us. The greatest interest in recent years seems to have centred in the State-aided or controlled attempts to regulate the marketing of agricultural produce, including varieties of livestock and their products. But the Marketing Boards set up have, so to say, driven a wedge between producers' and consumers' organisations and the co-operative world is full of discussion as to the best methods of reconciliation between the two sides. The gulf for the moment seems to be widest in Great Britain, where the consumers are the most strongly organised, while the Minister of Agriculture is determined to help the producers and even the traders at the expense of consumers. These projects are not likely to survive the period of depression. There is already a significant reaction, nay retreat, from schemes of compulsory co-operation enforced by statutes, notably in South Africa, where a Committee of Enquiry is said to have found against it in a report admirable for its grasp of theoretical as well as practical co-operative issues. In Canada the compulsory wheat pools have been rejected as *ultra vires* by a decision of the Privy Council; a Dominion Marketing Board has been set up over a number of local boards for several crops, with power to regulate movement of crops, but not fix prices or hold up produce. In New Zealand a Council of Production and Trade has been formed to which the Dairy Control Board is subordinate.

The result of a special enquiry by the able Miss Margaret Digby, now the Secretary of the Horace Plunkett Foundation, into the social and economic conditions of Newfoundland and Labrador with a view to decide the degree and direction of co-operative action might be read with profit by those interested in the organisation of our fisherfolk on the coast.

There is a brilliant sketch by Mr. Robin Hood of the impact on the co-operative societies in the United States of the New Codes of the

National Recovery Act. The Co-operatives have been "relieved of the honour to which they were not born;" they function no longer as 'Stabilisation Corporations which they were expected to do in the Hoover regime. They are left to stand or fall by their business merits and to carry on in competition with other forms of business. The State with its giant Bureau has now taken up the function of stabilising prices as far as possible, one means employed being crop adjustment which is but 'a polite name for restriction of output.' The N. R. A. has proved a prolific source of trouble for co-operatives, as the big traders have tried all means to sabotage, destroy or handicap co-operatives with 'their inexhaustible bag of tricks'—their own ingenious interpretations of the New Codes promulgated by President Roosevelt. Other noteworthy features of the last year were the elimination of weaker societies, amalgamation of smaller banks into bigger ones, and a plan of researches on co-operation by a score of economists in the Co-operative Division of the Farm Credit Administration.

All this is exciting reading no doubt. But apart from intellectual delight, no immediate practical benefit is derived by us. Our problems are simpler to grasp though often more difficult to solve.

K. C. R.

MANUAL OF VILLAGE IMPROVEMENT: (*Government Central Press, Bombay. Price annas four.*)

One of the most important and notable steps taken by the Government of Bombay under the inspiration and guidance of Sir Frederick Sykes, when he was the Governor of that province, is the impetus given to the village improvement projects. Sir Frederick Sykes himself held Durbars at the headquarters of different divisions and propounded his views on the subject. The Manual is, as it were, a *summum bonum* of all his views, printed to serve as a guide to those engaged in the important task of rural reconstruction. It is a pity Sir Frederick Sykes inaugurated this scheme almost at the end of his career in India. While it is true his successor in office, His Excellency Lord Brabourne, is equally enthusiastic about this work, there is no denying the fact that if Sir Frederick Sykes had remained in office the movement would have gained greater momentum. Anyone who goes through the Manual, even cursorily, cannot but be struck by the fact that Sir Frederick Sykes displays a wide knowledge and closer and deeper study of the problems of village life and his scheme is not that of a *dilettante* but a sincere and ardent worker anxious to bring about a radical change in the village life of India. In regard to many problems his diagnosis is that of a skilled doctor and his remedies, if properly applied, are unmistakably the best. Sir Frederick Sykes also lays emphasis on and makes valuable suggestions in regard to *continuity*, profiting by the experience of short-lived but much advertised schemes of rural reconstruction.

In the course of the introductory remarks Sir Frederick Sykes rightly points out the characteristics of the Indian villager. He says "shrewd though he is by nature, yet his interests have been narrow, and his attitude conservative; and for a long time to come he will need the help and guidance of those who are more advanced than himself." In another place he says. "The Indian villager—not through his own fault but by reason of his traditions and environment—is dominated by custom

and distrustful of new ideas and of interference from outside; also in a large measure, he is unconscious of his own needs." It is not our purpose to examine why the Indian villager continues to be what he is and who is responsible for it. Suffice it to say that it is a true picture and how best to change it and how the help and guidance required will be unreservedly available are points for consideration. Sir Frederick enunciates certain general principles which are worthy of attention. They are :—

1. Continuity independent of changes in personnel.
2. While seeking co-operation of the officers of the Revenue Department and availing of their unrivalled knowledge and experience, excessive official stimulus should be avoided to promote continuity.
3. Establishment or reinvigoration of local organisations.
4. Creation of desire for improvement in the villagers themselves.
5. Not too ambitious, too rigid or too many-sided scheme of work in the initial stages. Emphasis is laid on simplicity, cheapness and practicability.

Those who have intimate knowledge of the conditions in villages will greatly appreciate the principles enunciated above. As the success of any scheme is to be judged by the amount of local interest it rouses and the apathy it dispels, all efforts should be devoted "to awaken in the agriculturist himself the desire for self-improvement." Any scheme to succeed and enlist the support and co-operation of the villager, should not be highly elaborate and should not attempt to produce speediest and most striking results. Miracles cannot be wrought in a day and the slower is the effect the better its ultimate results are sure to be.

The Manual devotes a chapter for organisation in which various steps by which it should be built up and perfected are dealt with in some detail. The next chapter deals with suggested lines of work such as (1) Housing and Health in Villages, (2) Education, (3) Agriculture (4) Litigation and Indebtedness, (5) Cottage industries; and under each head Sir Frederick Sykes suggests possible items which may be usefully tried. Though one is tempted to deal with all the points raised by him, it is beyond the scope of a review to do so. We shall content ourselves by inviting the attention of our readers to a careful study of the ideas set forth in the Manual. In the concluding chapter, methods of propaganda are dealt with. The author rightly emphasises the fact that fixed methods of propaganda should be avoided and that a good example is the best method of propaganda. The use of the mechanical means of spreading ideas, such as free cinema shows, magic lantern lectures, exhibitions and village plays are recommended.

Sir Frederick Sykes has inaugurated a great movement with all the zeal and enthusiasm of a missionary. It is earnestly hoped the Government of Bombay will spare no pains to push it forward and help in bringing into existence and also place it on a stable basis the organisation required to undertake the task of village improvement.

R. S. R.

News and Notes.

The Silver Jubilee of Their Majesties was celebrated on the 6th May last under the auspices of the Madura Ramnad District Co-operative Federation. A large number of prominent co-operators and local gentlemen took part in the celebrations. The function began with a procession of their Majesties' portraits through the important streets of the town. After the procession, there was a meeting when the Secretary of the Federation, Mr. A. P. Muhamed Sultan, M.A., B.L., moved the following resolution :

"This meeting of the Co-operators of Madura and Ramnad Districts beg to affirm their deep sense of loyalty to THEIR MAJESTIES the King-Emperor and Queen-Empress on the occasion of their Silver Jubilee and to express their heartfelt gratitude for the keen and abiding interest. Their Majesties have evinced in all movements tending to the welfare and advancement of all classes and communities of Their Majesties' subjects, and further this meeting fervently prays to the Almighty to vouchsafe long life and endless prosperity to Their Majesties."

The same was passed unanimously.

After long and repeated requests for nearly five years a land mortgage bank has been registered at Dharmavaram in Anantapur District on 29-4-35. Mr. S. Rama Rao Naidu, Deputy Registrar of Land Mortgage Banks, visited Dharmavaram on 29-4-35 and started the work of the Bank. He explained to the members present the objects of the Bank and read out to them the by-laws as registered. The members present expressed their thanks to the Registrar and the President of the Central Land Mortgage Bank, Madras, for having helped them in registering the Bank. It is learnt that there is a proposal to organise another land mortgage bank at Penukonda where sufficient response seems to be forthcoming.

Under the auspices of the Alamuru Rural Reconstruction Centre in East Godavari District a Social Service League has been organised with about twenty enthusiastic workers as members. The main objects of the League are the promotion of rural sanitation, education and economic welfare. The League met for the first time on the 5th of May last and Mr. N. Satyanarayana, the Superintendent of the Centre, explained to the workers the programme of the League. The League will meet every week and carry on its programme, particularly concentrating its attention on sanitation and liquidation of illiteracy. The villagers evince sympathetic interest in its work and it is hoped real improvement of the village will result.

Mr. Northcote of the Tanganyika Co-operative Department visited the Supervising Union and the Co-operative Trading Society at Tiruppur. He was very much impressed with the work of the two organisations and remarked that he would like to start such kind of societies in his country, on his return, where the movement is yet in its infant stage.

Diwan Bahadur T. A. Ramalingam Chettiyar was given a tea-party by the Coimbatore 33 Social Club and was presented with an address. He said on that occasion that there were only a few organisations in India where both sexes were members. He said that some ladies in Malabar had started societies for the benefit of their sisters and exhorted that ladies of Tamil Nad should also come forward and start societies as their sisters in Malabar.

Mr. V. Esvara Chettiar, writing in 'Kooturavu' about the present position of the hand-loom industry, points out that the weavers are economically bad and suggests some methods for bettering their economic position in life. They are as follows:—(1) that one half of the present weavers should take to other vocations, (2) that weavers should be freed from the middlemen who knock away the lion's share of their wages, (3) that arrangements may be made for the development of literacy amongst them and (4) that Co-operative Societies may be started which can supply materials for their work and dispose off the finished articles manufactured by them.

The Andhra Desa Conference for the Relief of Rural Indebtedness was held on the 12th May last at Bezvada in the local Sri Durgakala Mandiram and it was presided over by Rao Sahib K. Chitti Abbai Naidu, a tried and veteran worker in the cause of rural reconstruction and one with an intimate knowledge of conditions prevailing in the rural areas. Mr. K. Venkatachalapathiah, welcoming the delegates, explained the objects of the Conference convened for the purpose of considering the ways and means for bringing an amicable settlement between the debtors and creditors. Mr. V. Ramadas Pantulu in opening the Conference made several constructive proposals. We invite the attention of our readers to the article entitled "Relief of Rural Indebtedness" in this issue which practically reproduces his address. Rao Sahib K. Chitti Abbai Naidu in the course of his presidential address suggested that unless the Government came forward to take up the question of indebtedness and devise means to solve it, the ryots would be reduced to bankruptcy. Among other suggestions he pleaded for legislative measures fixing the rate of interest at 3 per cent in all cases including bank loans, and prohibiting all investments in foreign countries. The President then referred to the marvellous effect produced by the Debt Conciliation Boards in the Central

Provinces and pleaded that the same device may as well be adopted in our Presidency at an early date. A resolution urging the declaration by the Government of a moratorium of all the agricultural debts was passed. Another resolution was passed requesting the Government to extend the term of the Special Officer conducting enquiry into rural indebtedness, so that his enquiry may be more thorough and exhaustive. The Conference also demanded a change in the exchange policy of the Government in the interests of the country.

The President and Directors of the Vellala Co-operative Bank were 'At Home' to Mr. M.S. Koteeswaran, B.A., L.T., who resigned his Presidentship of the Bank in view of his impending departure to Geneva and England. After tea, Rao Bahadur Kalyanasundara Mudaliyar, who presided, congratulated Mr. Koteeswaran on his work as the President of the Bank and also paid a tribute to his selfless work in the uplift of the labouring masses and in the cause of education. Mr. T. G. Damodara Mudaliar, the newly elected President of the Bank, then proposed a vote of thanks and referred to the progress of the Bank under Mr. Koteeswaran's Presidentship and wished him a useful career.

The sixth annual report of the British Administered Areas Central Co-operative Union for the year ending with 6th July 1934 gives some of the important activities of the Union during the period under review. The Union had 22 society members and 44 individual members, of whom 13 are life members. The Union conducts the audit of all the societies affiliated to it through its agency of supervisor. It is one of the duties of the Union to recommend loans to its affiliated societies. As there is no Central Banks in the area, the union arranges with the bigger societies to give loans to the smaller societies. During the period under review the Union organised three housing societies, one stores society and two buying clubs. The absence of a Central Bank is being keenly felt in the area and some societies, like the housing societies, are not functioning properly. Owing to the limitation imposed upon the finances, the Government are not in a position either to start a central bank or finance the housing societies. The Union deserves to be congratulated for being the first to undertake the organisation of housing societies for the working classes.

In reviewing the progress of the co-operative movement in the State during the Fasli year 1342, the Government of H.E.H. the Nizam of Hyderabad observe that the work of the Co-operative Department in respect of audit and inspection during the year was not adequate and express the hope that it would be better in the current year. They express satisfaction at the progress made by the Dominion Bank and the work of propaganda and education done by the Co-operative Union. The latter arranged for lectures in 210 villages, and conducted training classes for co-operative employees in 46 centres attended by 774 employees and a refresher course in three other centres.

The Co-operative Wholesale Society, as the greatest co-operative organisation in the British Empire, allotted no less than £ 57,000 for the

commemoration of His Majesty's Silver Jubilee. Most of it was spent in benefiting employees, ex-employees and charitable institutions. The minimum pension for past employees was also raised to ten shillings per week entailing an annual extra expenditure of £ 5,000.

Of Mrs. Ann Stansall, the 105 year old member of Mansfield and Sutton Society, *The Co-operative News* says that she greets visitors with a warm clasp, is lively in her conversation, walks out to visit neighbours and to listen to the wireless and has no use of spectacles.

We reproduce below a statement on the working of the Debt Conciliation Boards in the Central Provinces and Berar for the month of December, 1934. The statement was compiled by the Publicity Officer of the Central Province Government and has been quoted by Mr. G. K. Devadhar, M.A., C.I.E., in his address to the United Provinces Provincial Co-operative Conference held recently at Orai. The figures quoted speak for themselves on the efficacy of Debt Conciliation method. We would specially invite the attention of the Madras Government to this statement.

Debt Conciliation Boards in the C. P.

Progress Report on the working of the Debt Conciliation Boards in the Central Provinces and Berar for the month of December 1934.

Name of Board	Agreements executed			Certificates issued under section 15 (1) of the Debt Conciliation Act.		
	Number	Amount involved	Amount agreed	Percentage of remission.	Number	Amount for which certificates issued.
Khurai Board During December ...	85	Rs. 75,016	Rs. 33,231	56	34	Rs. 44,476
Balaghat Board During December ...	2	3,812	1,673	56	...	...
Seoni Board During December ...	116	86,824	41,929	51	11	14,081
Narsinghpur Board During December ...	50	81,114	35,373	56	13	10,897
Mehkar Board During December ...	51	86,867	64,249	26	5	3,525
Kelapur Board During December ...	13	42,200	34,000	19	2	480

The Madras City Municipal Act and Co-operative Societies.

The Madras Corporation now levies under section 110 of the Madras City Municipal Act (III of 1919) companies tax from the co-operative societies transacting business in the city in pursuance of a decision of a division Bench of the Madras High Court consisting of Mr. Justice Reilley and Mr. Anantakrishna Iyer and reported in 62 Madras Law Journal at page 720. Section 110 of the Madras City Municipal Act empowers the Corporation to levy by way of license fee a half yearly tax on every incorporated company transacting business within the city on the basis of its paid up share capital on the scale shown in the taxation rules in Schedule IV of the Act, subject to maximum of Rs. 1,000. The smallest co-operative society in the city whether working at a profit or loss is liable under that schedule to pay a half yearly tax of Rs. 30 or Rs. 60 per year, for that is the tax prescribed for all companies with a share capital of less than Rupees one lakh which are grouped under one class.

This decision has caused considerable hardship to the co-operative societies working in the city. Numerous representations were made to the Government by several small societies unable to pay the tax. Deputations of prominent city co-operators also waited on the Registrar of Co-operative Societies, the Commissioner of the Madras Corporation and the Secretary to Government, Development Department, and urged upon them the need for exempting co-operative societies from the operations of Schedule IV to the Madras City Municipal Act. Everybody recognised the anomaly and hardship involved in the decision, which has the effect of imposing a heavy financial burden on the useful institutions for creating and looking after which the Government have been spending large sums of money every year through a special department. The authorities of the Corporation were equally sympathetic. Efforts were made to effect a small amendment to the City Municipal Act so as to empower the Commissioner to exempt at least smaller societies from the payment of this tax. But, nothing materialised mainly for the reason that in view of a measure for comprehensive amendment to the City Municipal Act which is pending the small amendment demanded in favour of co-operative societies might as well wait. This is an instance of how "better" is the enemy of "good." It must however be acknowledged that in the meanwhile the Corporation authorities have not been harsh or severe to the co-operative societies and have not been taking coercive measures for collecting the tax from small societies. Nevertheless, the auditors are deducting the amount payable by the societies from their profits and showing it among their liabilities. The

result is that the societies, which would otherwise have worked at a small profit, are now working at a loss. Any amendment to the Act must, therefore, empower the commissioner of the corporation to unconditionally write off these arrears in toto; otherwise, many a small society will be crippled.

From the report of the proceedings of the Select Committee on the Madras City Municipal Bill, which appeared in the Press, it appears that the Select Committee has proposed to exempt only co-operative societies with a share capital of less than Rs 50,000 from the companies tax. This does not give adequate relief to co-operative societies. The principle of subjecting co-operative societies to companies tax is itself vicious. Section 110 of the Municipal Act speaks of "incorporated companies." This expression "incorporated company" has a well recognised meaning and no co-operative society is called a company. There is no definition of the word company or of the expression "incorporated company" in the Madras City Municipal Act and the reasons given by the divisional Bench of the Madras High Court for bringing co-operative societies under the expression "incorporated company" are far from convincing. The definition of "Company" in the Madras District Municipal Act excludes co-operative societies. In England, Vaughan Williams, J. held in the Great Northern Railway Company vs. The Coal Co-operative Society reported in (1891). 2. Queen's Bench, 598, that a co-operative society registered in England under the Industrial and Provident Societies Act corresponding to our co-operative societies act, was not an "incorporated company" and one of the reasons given by him for his decision was that the Coal Co-operative Society, though incorporated bore the name society and not the name of a company and that the word, "company" had acquired a very well recognised meaning, and would exclude co-operative societies. The reasoning of Vaughan Williams, J. will equally apply to India, and the learned judge of the Madras High Court should have followed that decision. It is well-known that co-operative societies do not work for a "profit" in the Commercial sense. There is, therefore, no reason to bring co-operative societies within the operation of the City Municipal Act for the levy of companies tax.

I hope and trust that when the Bill as amended by the Select Committee comes before the Legislative Council, suitable amendments will be proposed and carried by the members of the Council to exclude co-operative societies altogether from the operation of section 110 of the City Municipal Act, so as to exempt them from payment of companies tax. Having regard to the present economic depression and the very small margin of so called "profit" in these societies, the levy of companies tax will operate very oppressively and will jeopardise the successful working of the societies. I hope that the Corporation will not object to exempting co-operative societies from the operation of the Act, as the loss of revenue involved thereby will be small and the advantages to be gained by the impetus given to the co-operative movement will be large.

V. RAMADAS PANTULU, *President*,
Madras Provincial Co-operative Union.

Draft of certain Amendments to the rules under the Co-operative Societies Act.

FORT ST. GEORGE GAZETTE, MAY 21st, 1935.

*Objections or suggestions to be received by the Government
on or before the 22nd July 1935.*

Relate to Definition.

1.
2.
3. After sub-rule (5) of the rule VII of the said rules, the following sub-rule shall be added, namely:—

"(6) A society with limited liability the working capital of which exceeds Rs. 30,000 shall publish along with its administration report for the co-operative year a list of its members as on the last day of such year.

4. After rule XVIII of the said rules, the following rule shall be inserted, namely:—

"XVIII-A. No member of a society who has been expelled under the provisions of its bye-laws shall be eligible for re-admission as a member of that society or for admission as a member of any other society for a period of two years from the date of such expulsion."

Relate procedure in execution of decrees and orders.

5.
6.
7.
8.
9. After the said rule XXII, the following rules shall be added, namely:—

XXIII
XXIV. The following procedure shall be adopted in regard to amendments to the bye-laws of a society:—

(i) Every amendment shall be made only by a resolution passed by a majority of the members present at a meeting of the general body of the members of the society.

(ii) No such resolution shall be valid unless notice of the amendment proposed has been given in accordance with the bye-laws.

(iii) Every application made to the Registrar for the Registration of an amendment shall be signed by the Secretary and two members of the Committee, and shall contain the following particulars, namely:—

- (a) the date of the general body meeting at which the amendment was made;
- (b) the number of days' notice given to convene the general body meeting;
- (c) the total number of members of the Society on the date of such meeting;
- (d) the number of members present at such meeting; and
- (e) the number of members who voted for the amendment.

XXV. No society shall contribute any money towards the expenses of any co-operative conference, unless such conference is held under the auspices of a society which is authorised by its bye-laws to undertake the holding of such conferences. The society holding the conference shall keep separate accounts of the income and expenditure of such conference and such accounts shall be subject to audit by the Registrar or by some person authorised by him under section 37 of the Act.

XXVI. The bye-laws of every society shall provide either that the term of office of all the members of its committee shall expire on the same date and at such yearly intervals, as may be specified, or that a certain proportion of the members of its committee shall retire in each year on such date as may be specified. In the former case, all the members of the committee (including those elected in casual vacancies) whether representing societies or individuals shall vacate their office on the date specified, irrespective of the date on which they were elected as members of the committee. In the latter case, the members due for retirement in each year (including those elected in their places in casual vacancies) shall vacate their office on the date specified.

XXVII. (1) The proportion of individual members to society members on the committee of a financing bank and the maximum strength of the committee shall be determined by the Registrar in consultation with the committee of the bank.

(2) No person shall be eligible for appointment as a member of the committee of a financing bank unless he holds such number of shares, or has invested in fixed deposits in such bank such amount, as may be fixed by the Registrar, from time to time in consultation with the committee of such bank.

XXVIII. No person shall be eligible for appointment as a member of the committee of any society or to continue to be a member of the committee of any society, if he—

(i) has been or is adjudicated insolvent;

(ii) has been or is convicted for an offence involving moral delinquency, such sentence not having reversed or the offence pardoned;

(iii) is or becomes of unsound mind, a deaf-mute or a leper.

XXIX. A delegate of one society sitting on the committee of another society shall cease to be a member of such committee—

(a) if the society which elected him as a delegate withdraws him or elects another delegate in his stead; or

(b) in case he was elected as a delegate by the committee of a society, on the supersession of such committee under section 43 of the Act; or

(c) if the registration of the society of which he is the delegate is cancelled.

XXX. Any officer of a society who appears as a legal practitioner on behalf of or against such society, or on behalf of or against any other society which is a member of the former society shall be deemed to have vacated his office as such."

LIST OF SOCIETIES REGISTERED AND LIQUIDATED

List of Societies registered during the month of April last.

Name of the Society.	District.
Takkolam Weavers' Co-operative Purchase & Sale Society ...	N. Arcot.
The Madras Hand-Loom Weavers Provincial Co-operative Society ...	Madras City.
Venkatesapuram Co-operative Society ...	"
Dharmavaram Co-operative Land Mortgage Bank ...	Anantapur.
The Kistna Co-operative Stores, Bazwada ...	Kistna.
The Vizivada Kalavantulu Co-operative Better Living Society, Bezwada. ...	"
The Kadathanad Raja's High School Students' Co-operative Stores, Ltd., Purameri ...	Malabar.

List of Societies whose Registration has been cancelled during the Month of April last.

Name of the Society.	Name of District.	Date of cancellation.
1. Vengulam Co-op. Supervising Union Ltd. ...	Trichy	3-4-1935
2. Kamaripalli C.S. ...	Anantapur	3-4-1935
3. Melroasapuram Christian Co-operative Society ...	Chingleput	5-4-1935
4. Hadagalli Local Co-op. Union	Bellary	6-4-1935
5. Adoni Local Co op. Union ...	Bellary	6-4-1935
6. Alur Local Co-op. Union ...	Bellary	8-4-1935
7. Bellary Local Co-op. Union...	Bellary	8-4-1935
8. Pittalvanipalam Local Co-op. Union ...	Guntur	8-4-1935
9. Musiri Agricultural C. S. ...	Trichy	10-4-1935
10. Hosabettu Moidinipalli C. S.	South Kanara	10-4-1935
11. Paruthur C. S. ...	Malabar	11-4-1935
12. Kadivedu C. S. ...	Nellore	11-4-1935
13. Tinnevely Dt. Co-op. Federation ...	Tinnevely	12-4-1935
14. Othai Alangulam C. S. ...	Madura	12-4-1935
15. Kannigapuram Panchama C. S. ...	Coimbatore	12-4-1935
16. Athananjeri C. S. ...	Chingleput	13-4-1935
17. Tinnevely Govt. Training School Students Stores Ltd. ...	Tinnevely	16-4-1935
18. Pedavankanapalam Christian C. S. ...	Nellore	24-4-1935
19. Mannarghat Board High School Students' Stores.	Malabar	26-4-1935
20. Andiappanur C. S. ...	North Arcot Dt.	30-4-1935
21. Nallur C.M.S. Christian C. S.	Tinnevely	30-4-1935

