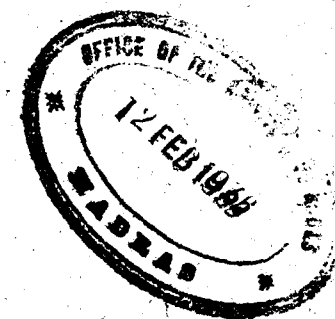


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THE
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The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Editorial Notes.

The Late King Emperor.

Co-operators in India, like other people living in the British Empire, are immersed in sorrow at the passing away of the late King Emperor George V. When a few months ago His Majesty's Silver Jubilee was celebrated with great enthusiasm all over the Empire, no one ever thought that so soon his loss would have to be mourned. His innate nobility, his sympathy with all classes of his subjects, and the ease and grace with which he moved with them endeared him to one and all; and at a time when thrones and empires tumbled down elsewhere, he made the British throne more loved than ever. His Majesty had real faith in the co-operative movement. When he was in India for his coronation, in reply to the Delhi Municipal address on the 13th December 1911, he said, "If the system of Co-operation can be introduced and utilised to the full, I foresee a great and glorious future for the agricultural interests of the country." On behalf of the co-operators of this province we offer our humble and deep sympathy to Her Majesty and the other members of the Royal Family in their sad bereavement and our loyalty and best wishes to His Majesty Edward VIII, whose tremendous popularity as Prince of Wales in every part of the Empire is a sure indication that he will closely follow the example of his illustrious father.

Mr. V. Ramadas Pantulu, President of the Madras Provincial Co-operative Union, and of the All-India Co-operative Institutes' Association, and Member, Central Committee, International Co-operative Alliance, London, has sent the following message to the Private Secretary to His Majesty the King :—

“ On behalf of the Co-operators of India, I offer our sincere condolences to the British Royal Family on the demise of His late Majesty, who gave unforgettable expression to his great faith in co-operation at the Coronation Celebration, 1911, and who was a great factor in national and international co-operation, and also offer our respectful homage to His Gracious Majesty Edward VIII on his accession.”

The Late Messrs. T. K. Hanumantha Rao and V. C. Rangaswami.

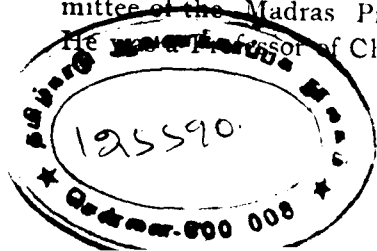
It is our great misfortune to have lost two of our prominent and useful co-operators in the month of January last—Rao Sahib T. K. Hanumantha Rao and Mr. V. C. Rangaswami. Death came to them rather suddenly and unexpectedly, as they were attending to their usual work till the end. Mr. Hanumantha Rao was a veteran co-operator and was sixty-eight at the time of his death. He was one of the fourteen founders of the Triplicane Stores, and no one during all these thirty-one years of its existence has done more than he by word and deed to make it work on right lines and to make it known outside Madras City. Mr. Hanumantha Rao was born with the gift of propaganda. He was the delight of audiences and his eloquence was usually irresistible. If, wherever there is a considerable colony of South Indians, a co-operative store is started and successfully managed, as in Bombay, Nagpur and other places, if co-operators of other provinces see in South Indians what they call the “ Triplicane Spirit,” it is due to the example and precept of Mr. Hanumantha Rao more than to any other single cause. His name is a household word in every co-operative store in this province and in Mysore. It was the dear wish of his heart to see the Triplicane Store develop into a wholesale society with banking and educational sections as in England. Though he did a certain amount of educative propaganda in this direction, his wish was not fulfilled, owing, we believe, chiefly to the fact there is not yet sufficient business in our store societies to maintain a wholesale. He was Chairman of the Reception Committee of the Madras Provincial Co-operative Conference in 1926. He was a Professor of Chemistry in Government service, but it used

to be humorously said that his students always learnt more co-operation than chemistry—he used to be so full of it. During the last few years he devoted himself to the building up of the Triplicane Fund. He had the satisfaction of seeing it firmly rooted and located in a good building of its own. Mr. Hanumantha Rao will undoubtedly be remembered long for his splendid idealism and continued devotion to the cause of the consumers' movement. We offer our sympathy to the members of his family.

Mr. V. C. Rangaswami was the son of Sir V. C. Desikachariar who was one of the founders of the Madras Central Urban Bank which is now known as the Madras Provincial Co-operative Bank. Sir V. C. Desikachariar was its honorary secretary for some years after it was started. Mr. Rangaswami joined it in 1911 as its honorary assistant secretary and was later appointed as its paid secretary, in which capacity he served the institution efficiently and conscientiously for over twenty-three years. He was ever ready to help the Madras Provincial Co-operative Union as examiner and lecturer for the training classes organised by it. He was of the greatest help to the Ramakrishna Students' Home, Mylapore, in the industrial section of which he took a special interest. He was a worthy son of a great pioneer of the co-operative movement in this province. Though for some years he was keeping indifferent health, his death was sudden and unexpected. He was only about fifty years of age and should ordinarily have given many years of service yet to the co-operative movement. We offer our deepest sympathy to Mrs. Rangaswami and the other members of the bereaved family.

The Travancore Co-operative Conference.

We have published as supplement to this issue the address delivered by Mr. V. Ramadas Pantulu as President of the eighth Travancore Co-operative Conference on the 14th January last. The conference was convened chiefly with a view to discuss the recommendations of the Devadhar Enquiry Committee and the Bill drafted by it in amendment of the present law relating to co-operative societies. Mr. Pantulu's address covers a wide field and generally condemns the stiffening of official control over the movement. Only to one point we should like to draw particular attention on this occasion. In the note appended to his address on the Bill drafted by the Committee, he urges that unlimited liability should not be made compulsory for agricultural societies, but that it should be



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made optional. He rightly points out: "There is no particular reason why societies composed of a majority of agriculturists should necessarily be of the unlimited type. It must be a matter of choice and not a statutory compulsion. Formation of new societies will be difficult under such compulsion. Liability, even of the limited type, can, if so desired, be augmented by provision for some reserve liability on shares or some other basis." The conviction is growing in the minds of experienced co-operators that unlimited liability is not so suited to our country as it was once believed to be. We pointed out recently that in Japan unlimited liability was the exception and not rule. Unless unlimited liability is given up and substituted by limited liability—with if necessary reserve liability added, as suggested by Mr. Ramadas Pantulu—there is very little chance of improving bad societies at all. We understand that in the United Provinces an attempt is being made to persuade the Local Government to exempt non-borrowing members of a society from the operation of unlimited liability, under the proviso contained in section 4 of the Co-operative Societies Act of 1912. That section lays down where liability shall be unlimited and where it shall be limited, "unless the Local Government by general or special order otherwise directs." So the co-operators of the United Provinces are seeking to induce the Local Government to direct by a general or special order that unlimited liability shall not apply to members who join a society without the intention of borrowing from it. We wish every success to the attempt of our brethren in the United Provinces. Travancore has a very good opportunity to benefit by the experience of the whole of India and we hope it will not miss the opportunity.

Liberal Federation Resolutions.

The National Liberal Federation which met at Nagpur in the last week of December adopted only a few resolutions, but among them were two which may be described as belonging to the platform of co-operators. One was on rural uplift in the following terms:

"While the Liberal Federation notices with satisfaction the practical interest with Government are at last evincing in rural uplift, it regrets that they are working with inadequate funds and mainly through official agency and are spending an excessive part of the available money on salaries of staffs and establishments. In the opinion of the Federation the work can be done economically, yet efficiently, through trained unofficial agencies, as far as possible."

The resolution was moved by Dewan Bahadur C. M. Gandhi, President of the Co-operative District Bank, Surat, and a veteran co-operator. The agency employed for rural uplift in North India, particularly in the United Provinces and the Punjab, is mainly official. Such agency may be able to show good results for a short time owing to an all-round exercise of official pressure, but the whole effort evaporates when that pressure is removed, as happened in Gurgaon district in the Punjab. That the official agency is costly is self-evident, but another inherent defect in it is that the personnel is changed too frequently for the work to be efficient. Our province could perhaps claim to have supplied the most convincing illustration of the unsuitability of the official agency in its Tiruvellore project. A number of well paid officers from different departments—whose combined salaries amounted to several thousands of rupees each month—were concentrated in Tiruvellore Taluk, were reported to be very busy there for the best part of a year, and suddenly it was announced that the project was abandoned. No report and not even a word of explanation was offered to the public. On the other hand, several rural welfare centres conducted by non-official agencies are working steadily, economically and comparatively efficiently for a number of years. Our experience therefore fully supports the resolution of the Liberal Federation on this subject.

The other resolution related to agricultural indebtedness:

"While approving the object of the laws passed in some provinces for the relief of agricultural indebtedness, the Federation is firmly of opinion that they will fail to produce a beneficial effect unless the Government (1) take suitable steps to provide adequate finance at a cheap rate of interest, (2) advance money for the repayment to creditors as Mr. Gokhale suggested in the Legislative Council of the Governor-General in 1906 and (3) supplement the legislation for the better organisation of rural credit including the establishment of land mortgage banks and the extension of the co-operative movement."

This resolution is in conformity with the resolutions passed on the subject at the last Madras Provincial Co-operative Conference. It is very interesting to learn that the late Mr. Gokhale pleaded so far back as 1906 that the funds of the State should be made available, of course under suitable conditions, to agriculturists for the redemption of their debts. We are glad that even a purely political conference like that of the Liberals has realised the importance of rural uplift work and the need for affording relief to the indebted agriculturist.

Government Servants and Societies.

The Secretary of the Government Servants' Co-operative Society, Sompeta, Ganjam District, was convicted sometime ago by the Joint Magistrate, Berhampore, on the charge of having misappropriated the society's funds. He appealed against the conviction before the Sessions Judge. In acquitting him, the learned Judge commented on the work of the society as follows: "They (President and Secretary) reduced themselves to the position of mere figure-heads who were prepared to sign anything and everything that was placed before them, trusting that things were and would be all right. It is a pity that persons who cannot discharge such public duties, should still hanker after the presidentship and secretaryship of such societies, believing that their social status might thereby be improved. As a matter of fact, instead of getting name and fame, such stupid men get into trouble for defalcations by others and get very near or actually into the gaol." These observations are true and ought to be a warning to all office-bearers of societies. The learned Judge said further, "I am afraid co-operative societies will not flourish satisfactorily so long as we do not have wholetime and paid officers in control of their affairs and I am distinctly of opinion that Government servants in active employ must be prohibited from undertaking any honorary office in such societies." Societies have fully realised the necessity for paid staff and are employing them as soon as their finances permit. Perhaps the learned Judge was not aware that Government servants *are* prohibited from holding offices, except in societies intended solely for Government servants. This prohibition was introduced, indeed, not because Government servants were considered unusually ignorant or easy-going, but because it was feared that the influence attached to their position might adversely affect the interests of others. Negligence lands one in difficulties, whether one is Government Servant or not; and on account of their training, Government servants are less likely to be negligent than others. We do not believe that defalcations etc., are more common in co-operative societies than in other business organisations. If one hears more often of them in connection with societies, it is because publicity is one of the characteristics of co-operation, while the opposite is true of other bodies. We are sure no further restrictions on Government servants are called for.

A Mysore Government Order.

A recent order of the Government of Mysore directs the Mysore Provincial Co-operative Apex Bank to discontinue the practice of

making advances to depositors on the security of their deposits. The ground on which the order is based is that the object of the Apex Bank is to finance registered societies only. In a well reasoned memorandum the Bank pointed out to the Government that advances made to depositors against their deposits were not really in the nature of loans but mere repayments of the deposits, that the practice was obtaining in the Provincial and Central Banks of Madras, Bihar, Central Provinces, the Punjab and some of the Indian States, that it had been permitted for a long time in Mysore State itself, that it was supported by the last Mysore Provincial Co-operative Conference held in October 1935, and that if the Government still thought that such advances were opposed to Section 29 of the Co-operative Societies Regulation, the Government may be pleased to exempt the Bank from the operation of the section. The Registrar too recommended the exemption, as he considered the continuance of the existing facilities to depositors necessary in order that the Bank may continue to attract deposits from the public. The Government, however, disregarded all these considerations and passed the order referred to above. We are afraid the Government have not properly appreciated the memorandum of the Bank and have taken an unfortunate decision. One could have understood it if the Bank was unable to meet the demands of societies for loans on account of these advances to depositors. Far from that being the case, the position everywhere is that provincial and central banks have a good deal of idle money on their hands. We trust the Bank will make further representations and the Government will be pleased to reconsider their present decision.

Gaekwad's Diamond Jubilee.

The celebration of the diamond jubilee of the accession of a ruler is a very rare event anywhere. The happiness of a such celebration occurred to His Highness the Maharajah of Baroda and his subjects in the first week of January. In addition to the usual items there were some which were quite characteristic of the enlightenment for which His Highness's rule is justly noted. One such item was an exhibition of rural life, which was opened by His Highness himself and the object of which was educative. The boons granted on the occasion were intended to benefit the agricultural population in particular and included the adoption of an Agriculturists' Debt Redemption Act, the extension of land mortgage banks throughout the State, additional facilities for the supply of pure drinking water,

the creation of a section in the Public Works Department to attend to field drainage, the establishment of a broadcasting station for the education of the rural population and the completion of the village dispensary programme. More important than even these was the constitution of a special trust fund of one crore of rupees the income from which will be devoted for improving the conditions of life of the rural population, especially those of the poor and the depressed classes. This is to be in addition to the amounts usually and progressively provided in the budget of the State for the welfare of the rural population. His Highness's message to the people, delivered on the occasion, which we have published elsewhere, should prove inspiring alike to the rulers of Indian States and the administrators of the British provinces. By pursuing an enlightened policy throughout his long reign, marked by such measures as compulsory education, the village library movement, social legislation etc., the Gaekwad has richly earned the affection and gratitude of his subjects. It will be the prayer of everyone in this country that he may live long to enjoy it and that it may even increase.

New Year Honours.

On New Year's Day the titles of Rao Bahadur and Rao Sahib were conferred respectively on Mr. K. Sambasiva Chettiar, President, Urban Bank, Conjeevaram and on Mr. C. Venkataramana Aiyar, President Town Bank, Chittoor. In other provinces Mr. Satyansu Kumar Sinha, Deputy Chairman, Central Co-operative Bank, Burdwan, was made Rai Bahadur and Malik Sultan Mahmud, Assistant Registrar of Co-operative Societies, N. W. P. Province, was made Sardar Sahib. The title of Sardar Sahib has apparently replaced the older title of Khan Sahib. Kaisar-i-Hind Medal of the third class was conferred on Maulvi Abdul Zabbar, Inspector of Co-operative Societies, Bengal. We believe this is the first time that an Inspector of Co-operative Societies has been honoured, and Mr. Abdul Zabbar must have promoted social work in a striking manner through co-operative societies to be thought of for the Kaisar-i-Hind Medal. The share of co-operators in the honours list is comparatively meagre but not surprising in view of the fact that during these years of economic depression it is the defects and difficulties of the movement which are coming uppermost and not its benefits. We offer our hearty congratulations to the recipients and in particular to Mr. Abdul Zabbar. We hope his example will stimulate other Inspectors to win distinction by meritorious work.

Rural Reconstruction in India.

By REV. RALPH RICHARD KEITHAHN, DEVAKOTTAH, RAMNAD DT.

We meet to-day at one of the significant moments in the history of mankind. There is a stir in the hearts of men never felt before. The most sacred customs and beliefs are being rethought and modified to a new comprehension of Truth. In the first place, in spite of all our uncertainties it would seem that there is a growing conviction through valid experience of the fundamental importance and reality of religion. May I dare to include even the Communist, the Self-Respector, the Humanist in this generalisation. It seems to me that all of us have something very fundamentally religious in our make up, no matter how much we rebel against certain modes of religious expression. The psychologist often sees more of the elements of religion in him who denies any religious belief than in many of our so-called religious people. Secondly, there is a growing unity of the liberal forces of religion throughout the world. Many of us find more in common with liberals in other religions than with the conservatives of our own religion. Such fellowships as this have been the result. Thirdly, world problems such as War, "statism", unjust economic orders, racial discrimination and rural oppression and exploitation are becoming more acute. We are seeing more and more clearly that these problems must be faced and solved on a world basis.

India is becoming a very real part of the modern world. However, her aspect of the world problem is distinctive. What may be problems are also her assets. For example, she has been the mother of four of the eleven living religions of the world and is the home of the main religions to-day. All this tends to division. Yet it is also India's asset. She has a tremendous past experience to build upon. It is for us to take of the valid of the past and build it into the New India.

India is one of the most rural countries of the world. Most of her population is massed in the 7,00,000 villages. This too is her strength and her problem. Here are massed the multitude—the peasants—hungry and growingly impatient, superstitious and fundamentally religious, illiterate but not ignorant, unsanitary and disease-ridden yet not unclean, caste-ridden and at the same time the authors

of the Panchayat, once called by Ramsay MacDonald, the most democratic local form of Government ever produced by mankind. Yes, here is the Indian farmer whose food we eat daily but whom we never fail to exploit. Here is the man who makes our lives of greater ease and culture possible but who feels the bitter lash of persecution of those he befriends. However, all over the world this "forgotten man" is protesting. He is demanding his rights. In India, the Harijan in particular, at the bottom of the scale, proclaims his revolt by often joining or threatening to join another religion *en masse*. I know this is a caste problem but it goes much deeper than that. The caste system clings so tenaciously to the village, in part because it supports an exploiting economic system. But the struggle takes a new form when there is an absentee landlord. Only two weeks ago, I stood in a village listening to determined Harijan and Nattar farmers, who have been at one another's throats the last five years, now united against the Chettiar landlord and attacking the Beshkarar for unfair dealings. Strangely enough, the Beshkarar sat silently by, listening to as bad a scolding as I generally hear. He sensed evidently that he was dealing with nothing less than serious. These farmers are not going to continue to submit. The danger is that those of us who are truly responsible will not awake soon enough and the farmer will use violence in his resistance. In fact, this is already happening in places.

Will India voluntarily and aggressively direct its unique resources to the solution of this great rural problem? Up to this time the various religious groups have been treating one another as potential enemies. But to-day we face a most unusual opportunity of experimenting with the truth we claim to have. Let us put aside our differences and bring those unique resources which each group claims to have to bear upon the great rural problem. If there is no contribution our vanity will soon reveal itself. The truth will assert and speak for itself. The International Fellowship has been proclaiming this ideal. I suggest that the Fellowship make another pioneer movement and bring the truth of co-operation it proclaims to attack one of the most serious problems in India to-day. What greater call is there! And if we succeed what greater message or contribution can we give to the world! My wife and I have returned to India to give ourselves to this rural problem on an international and inter-religious basis. We feel that the *total resources* of India must be poured into a *total programme for the whole village*.

We bring the Christian tradition and resources with us. We feel that they have little significance unless they do bring the more abundant life unto others. And as we come we ask our Muslim and Hindu brother to join us with his resources and with the same spirit that we may be a demonstration to India and through her to the world that the resources of the various religions are ready for use in solving such troublesome problems and that these religions have a definite contribution to make as the new world is built. We come to the International Fellowship which has proclaimed this ideal now for many years, asking it to give us its blessings by requesting its various groups to throw their complete resources behind this—another "Experiment with the Truth."

It will not be out of order to picture a programme for the group. I shall try to do so in terms of problems which I have been facing the last few months in the villages.

1. *The Villages are caste-ridden.* It seems to be the largest problem any scheme of rural reconstruction must face. I go into a village and try to meet a demand for a well. I insist that it must be a well for all castes, for surely India cannot afford a well for each caste when many villages are still without them. As I insist, a leading caste man says, "Why do you come to trouble us! Go, help some other villages!" In this same village a week ago, I went to see that a home might be constructed for the village teacher. Unfortunately it was in the Harijan quarters but it was there because the caste people had prevented all efforts to put it in a neutral place. Unless the school could be for them alone they wanted no school at all, a dog-in-the-manger attitude. That morning as the Harijans began building the house, the caste people came with the headman, supposed to be neutral in these matters, trying to prevent any work. When the work went on, and I was careful that our man would not be drawn into a quarrel, the headman burst forth in anger, "Tie this white man and carry him away. If he is not here these fellows will not dare to do anything!" I had visions of a free ride but nothing happened and the house was built. But I have no doubts about the future. Until those caste people are convinced that their efforts are useless they will not leave any stone unturned in preventing any rural reconstruction in that particular village. The only reason why we stay on is the interest and request of the Harijans. At the same time we realise that the work can never be completely successful until the whole village co-operates—and we await that day. And

may I say the following in spite of the certainty of being misunderstood. Hinduism must find a way out for the Harijans. She must give them an equal place in her fold. It is of no use to complain about conversions. In spite of my abhorrence for conversions as I know them in general, I must admit that I often have to throw up my hands in desperation when I meet the orthodox Hindu attitude on the Harijan question. I come to feel with that Congress leader who had just visited a centre of the Harijan-Nattar conflict near Devakottai. He was thinking out loud, "Well, why not let all these Harijans become Christians? What other way is there!" We must not take a fatalistic attitude however. We must open our hearts and folds to these our brothers. One practical way of doing this is the organisation of a Village Welfare Panchayat. The Government will co-operate with us here.

2. *The Villager is Suspicious.* Wherever I go, and particularly when I speak of organising schools, one of the questions is, "Will you teach your Veda?" There is a general suspicion of any religion but one's own, particularly of the Christian religion. But we have a positive contribution to make in this respect. I am a firm believer in religious instruction. I believe that the races have had experiences of eternal values which we are duty-bound to pass on to the new generation. In our country there is a "Treasure-House of the Religions" which still needs discovering and putting into such a form that it has meaning for the children of this day. In other words, I believe that we must foster a religious instruction in our schools and that there is a body of Truth in the Scriptures which should be known by all good Indian citizens. Why should not every child in India know the soul of the Gita, the Koran or the Sermon on the Mount. We do not sectarianize the truths of physics, why should we do so with those of religion?

3. *Then there is the Economic Problem.* Not very long ago, a poor country woman came to one of our towns to sell her bundle of wood, the toil of one day, the livelihood of the next. A good city man argued with her about the price. Finally, he grabbed the bundle and threw her an anna, one third of the real value. Three weeks ago a Harijan came running to my door to tell me that he had brought in a sheep to be sold for rupees five. A shopman offered rupees three and then took the sheep by force, beating the man for good measure. I sent the beaten to the police saying that if he received no help, to let me know. A few days later he told me

that the sheep was returned and sold for five rupees. But if there had been no friend, as so often is the case, do you see the fate of the Harijan? We town people must interest ourselves in the village cause. The farmer must get more for his produce. Better methods of agriculture, subsidiary village industries and co-operative societies will help. May I suggest here that the Co-operative Movement is growing by leaps and bounds all over the world and that Fellowship Groups can do no better service to India than to study and carefully promote its welfare. We might well go home to start Consumers' Co-operatives not only for our own welfare but also for the good of the producer. A regular market will be a stimulus for better products from the village.

4. *The Problem of Health;* is one of India's greatest. Much of the economic problem arises because of a sick India. We need more L. M. P.'s, yes, more M. B.'s to go to the villages for pioneer health work. Such groups as we propose can co-operate very helpfully in making such pioneering possible. In the beginning we shall probably have to depend upon workers with little training but with much consecration and enthusiasm to go out to do the spade-work of village sanitation and elementary medical and surgical work. Then as the interest and confidence grows we can establish village dispensaries. In starting a village centre near Devakottai, we are proposing to organise a voluntary unit of Devakottai Doctors to give part time honorary service to this work. Vakils have already responded to such a similar request of service on their part. Only two Sundays ago an advocate walked with me twelve miles through the fields to help in a village dispute. A few evenings later another leading advocate of the place went with us to the Chettiar in the interest of the cause of the villager. There are many people to-day interested in village work. We need give them an opportunity to serve.

Although many other problems of the village might be mentioned, I shall speak of only one more—that of *indifference and apathy*. Villagers are just not aware of what is taking place about them. They live in the past and the Modern World might as well be situated on Mars for all they are aware of it. They are illiterate and although I have much faith in such methods as the Laubach Method of Teaching Adults to read quickly, yet I do not think we can wait for even that method when we have great instruments of science at our hands. Already rural reconstruction work in China is making use of the radio. Small broadcasting stations are built out in a rural

centre and used entirely in this rural work. A cheap loud speaker set is bought by the village in common and each day the people can listen to world news, good music, to what is happening in other parts of the farmed world. This is going to be done very soon in India. I know of nothing that may bring more rapidly a new spirit, a new interest, a new awareness, to the villager than this. I wish that such a group as ours might pioneer in this field.

We hope very much we may start one or two Rural Reconstruction Centres in the villages where we can concentrate on the problems of an interested group of villages in co-operating with them to solve their problems. Village workers are even now ready. The funds alone are lacking. And I feel those also are awaiting those who show that they are really doing something for the villager.

What then can we do as a Federation of International Fellowships? First of all, we seek your sympathy and whatever co-operation you feel you can give. We believe that a representative and interested committee of the Federation might be of great help. It probably would be little more than advisory; yet it might take a very active part in creating friends for the enterprise, and as time goes on, in spreading its gospel. Then we hope that a local Chettinad Committee might be organised to co-operate with us more fully in the actual village work. That might be a special project of the Chettinad International Fellowship newly organised. With such representative supporting committees not only shall we command the interest and backing of Indian friends but also those in the West.

Finally, we hope that some of you or your friends may come to fellowship with us in this, what we consider, one of the greatest opportunities for service in the world to-day. We want this to be truly Indian and unless many of our Indian friends join with us in service, it cannot be so.

Do the feasters gluttonous feast?

Do the corpulent sleepers sleep? have they lock'd and bolted doors?

Still be ours the diet hard, and the blanket on the ground,

Pioneers! O Pioneers!

Still with sound of trumpet,

Far, far off the daybreak call—hark! how loud and clear I hear it
wind—

Swift! to the head of the army!—Swift! spring to your places,

Pioneers! O Pioneers!

[These thoughts were presented to the Council of the Federation of International Fellowships at their meeting at Wardha the end of the past year. That Council gave its hearty approval to these proposals. We go ahead now continuing to inspire and encourage the villagers hereabouts, and to organise more definitely that our service may be more effective. Already the Government, Local Mission workers, the All-India Village Industries Association, the Harijan Seva Sangh and many local friends have welcomed co-operation. Prospects are bright.]

Section 49 of the Co-operative Societies Act (VI of 1932)

By P. R. SRINIVASARAGHAVA ACHARYA, B. A.

The provision of law under which officers of Co-operative Societies, whether past or present, or any person who has taken part in the management or organisation of the societies, can be compelled to make good to the societies, the loss occasioned by the misfeasance or other wrongful acts of such officers or persons, is contained in section 49 of Act VI of 1932. No provision corresponding to that section is to be found in Act II of 1912. In the Indian Companies Act VII of 1913 and in Act VI of 1884 there are similar provisions.

The applicability of the provisions of the Indian Limitation Act to proceeding under section 49 depends on the position that the Registrar occupies in such proceedings. If he is a court, then only the Limitation Act can be held applicable to proceeding under section 49. The Registrar is expected to *examine* into the conduct of such person or officer and make an order. It has been held that such proceedings are judicial in character and the officer authorised to conduct such proceedings is a 'court'. In 36 M. L. J. 95 the question arose as to whether a Collector acting under part III of the Land Acquisition Act, is a 'court'. At page 98 Ayling, J. observes 'The proceedings under part III of the Land Acquisition Act are undoubtedly judicial in character, and although the part played in them by the Collector is small, he is far from being a mere post office or channel for the transmission of the representations of the persons interested. He has to *determine* whether the application satisfies the conditions of the proviso to section 18 and in making the reference he has to set out the grounds of his own award and his opinion as to what persons are really interested in the land acquired. I think he may be considered to be acting as a 'Court'. An officer who receives, scrutinises, and rejects or accepts nomination of candidates to the Local Boards has been held to be a judge. (Please *vide* 30 CR. L.J. 365). Hence there is no doubt that the Registrar acting under section 49 of the Act is a 'Court' and that the provisions of the Limitation Act apply to such proceedings.

If the Directors of societies are to be construed as their trustees, then according to section 10 of the Limitation Act an action against them is not barred by any length of time. In 60 M.L.J. 280. Their Lordships of the Madras High Court after carefully examining all the English Cases on the point came to the conclusion that the Directors are not trustees of Companies. In 71 Indian Cases 899 the Lahore High Court held the same view. At page 901 (2) Sir Shadi Lal, C.J. says 'It is beyond dispute that the rule laid down in that section (10 of the Limitation Act) restricts the saving portion of the

statute to express trusts, and it has been repeatedly held that the Directors of a company are not express trustees as the Company's property is not vested in them within the meaning of the aforesaid section, much less can the officers of the company be described as trustees contemplated by that section'.

Section 10 of the Limitation Act not being applicable in such cases, it has to be ascertained as to what article of the Indian Limitation Act applies to surcharge proceedings. The Limitation Act makes clear distinction between suits and applications. Proceedings under section 49 have to be started by the Registrar *suo moto* or by an *application* by one of the persons mentioned in that section. The decisions under section 235 of the Indian Companies Act 1913 are not of any help since sub-section 3 to section 235 makes the provisions of the Indian Limitation Act that are applicable to suits, applicable to those proceedings even though they are started by means of an application. Section 214 of the Indian Companies Act 1882 contained no provision similar to that contained in sub-section 3 to section 235. In construing that section the Madras High Court held in XIX Madras 149 that an action under that section was not barred by the Limitation Act. It was contended that Article 36 applied. At page 150 it is said 'It appears to have escaped the notice of the learned judge that Article 36 of the second schedule of the Limitation Act (it has here to be observed that the language of Article 36 of Act XV of 1877 is identical with the language of article 36 of the Limitation Act of 1908) refers only to suits and not to applications. A clear distinction is drawn under the Limitation Act between suits, appeals and applications. They are treated in three distinct divisions of the second schedule. The present case is not a suit but is an application under section 214 of Act VI of 1882, to compel the directors to repay the money which has been misapplied. Article 36 has therefore no application.' In XVIII Allahabad 12 the applicability of the provisions of the Limitation Act to proceedings under section 214 of Act VI of 1882 was considered. At page 15 Their Lordships say "In our opinion the word 'suit' of the Indian Limitation Act 1877 has a specific and limited meaning. It is according to section 3 of that Act, distinguished from an appeal and an application. In our opinion Article 36 does not apply to this case. It may well be that the Legislature intended not to provide any limitation in cases in which courts proceeded to enforce the provisions of section 214 of Act VI of 1882." Later on they say 'We hold that the proceedings in this case against the appellant under section 214 of Act VI of 1882 are not barred by limitation.' Since there is no provision in the Co-operative Societies Act VI of 1932, similar to that in sub-section 3 of section 235 of the Indian Companies Act 1913 it may be said that there is no period of limitation for proceedings under section 49 of Act VI of 1932.

Rules under the Agricultural Loans Act.

By MR. N. SATYANARAYANA OF ALAMURU.

Having accepted the principle of issuing loans under the Agricultural Loans Act to poor ryots for the clearance of prior debts, the Government have resolved to conduct an experiment in that direction in two revenue divisions, one in Chingleput and the other in East Godavari, before applying the Act for this purpose to the whole presidency generally. They have appointed two Special Officers of the grade of Deputy Collectors and laid down the procedure and the rules which should guide these Special Officers in giving effect to the Act. The rules were published in the *Fort St. George Gazette* of October 29th last, and the Special Officers are explaining them to the ryots in the areas concerned. In East Godavari the revenue division of Rajahmundry is chosen and in that the firkas of Alamuru and Rajanagaram. While the Special Officer is sympathetic and quite suitable for the job, I am afraid the rules are unsuitable and not calculated to produce the maximum good results.

The loans are of course intended to relieve the poorer sections of the ryots from the oppressive burden of indebtedness by providing them with cheap money repayable in easy instalments over a long term of years. The Special Officers are to enquire into the applications and satisfy themselves that the applications could be redeemed from all prior indebtedness with the loans which they are empowered to sanction under the Act. It is also assumed that the creditors would be willing to accept immediately in cash an amount which is less than what their claims would be according to the letter of the law. Owing to the economic depression, creditors are finding it so hard to realise interest or principal from their debtors that in fact many of them are willing to accept much less than their legal claim. In the settlement of claims the Special Officers are instructed that 'the amount fixed in respect of each creditor shall be appreciably less than what the creditor may, according to the letter of the law, be entitled to and shall in no case exceed the amount of the original principal, together with interest at 6 per cent per annum or twice the amount of the original principal, whichever is less.' If any creditor refuses to accept the amount so fixed by the Special Officer, the application will be rejected. The creditors will then have to go to a court of law and obtain what they can get without the benefit of this enactment.

Other important rules lay down that the maximum amount of the loan shall be Rs. 2,000, that no one whose landed property or occupancy right is worth more than Rs. 3,000 shall be eligible for a loan, that the repayment shall be in annual instalments not beyond 25 years and that the land offered as security shall be at least twice the amount of the loan. Where the security offered by the applicant

is less in value than twice the amount of the proposed loan, collateral security from friends or relations who may be willing to offer it should be taken to the required extent.

In my opinion, these conditions have to be modified, if the purpose of the amendment of the Agricultural Loans Act is to be fulfilled by a large number of ryots availing themselves of its provisions. The fixing of the maximum of the loan at Rs. 2,000 may be conceded to be fair as it will include all the poorer ryots. But the restriction that the value of the property owned by the applicant should not exceed Rs. 3,000 is very unsuitable. The present average value of wet lands in the delta areas is about Rs. 800 per acre; so that a ryot with even 4 acres of land will often be excluded. A ryot with 4 acres of land will not be able to pay more than Rs. 35 to Rs. 40 in annual instalment after meeting the *kist* and his family expenses. The annual instalment on a loan of Rs. 500 at 5½ per cent interest—the interest now fixed by Government—spread over 25 years, will come to about Rs. 37. If the Government intend that indebtedness of deserving ryots up to Rs. 2,000 should be relieved, they should raise the property limit of Rs. 3,000 to Rs. 10,000. Mr. Sathianadhan has suggested in his report the maximum of the loan to be Rs. 500. The Government wish to be more liberal; but with the property restriction of Rs. 3,000 introduced, Mr. Sathianadhan's recommendation would be the more advantageous one for the ryot. Amendment of the rule in this respect is most urgent.

The Government have fixed 5½ per cent as the rate of interest. This seems to be quite unnecessarily high. The Government are able to get at present any amount of money at 3 per cent interest. An additional one per cent should be enough for the working expenses. The loans ought, therefore, to be made available at 4 per cent interest. The period allowed for repayment of the loans also requires to be raised from 25 to 40 years at least. In other countries land mortgage loans are given for even longer periods than 40 years. If the payment of instalment should be regular and easy, a longer period than 25 years is necessary. Perhaps it will be said that land mortgage banks in our province are not giving loans for a longer period. But that is a weakness of our land mortgage credit and attempts are being made to rectify it. Besides, the Agricultural Loans Act is intended to benefit the poorer class of people whose repaying capacity is less than in the case of the average borrower from land mortgage banks. Therefore, the period in his case should be longer.

It is necessary that the rules should be liberalised in these respects and I believe I am voicing the opinion of other co-operators who are themselves ryots and know the difficulties and requirements of ryots.

Conferences.

THE COORG CO-OPERATIVE CONFERENCE.

The eighth Coorg Provincial Co-operative Conference was held at Mercara on the 22nd December last. Mr. S. Venkatakrishnayya, President of the Mysore Provincial Co-operative Apex Bank opened it and Mr. M. G. Mehkri, Registrar of Co-operative Societies, Mysore, presided over it.

Mr. Venkatakrishnayya observed that though the percentage of overdues in Coorg which was 59 per cent was unsatisfactory, it was not worse than in many other provinces. He was glad to note that in order to increase the earning power of the members subsidiary occupations were being promoted. He commended certain types of non-credit societies which had been developed in Coorg, *viz.*, the Luntana Eradication societies and the Anti-Malarial societies to the emulation of other provinces. He advised the Central Bank to further lower its interest on lendings as the highest interest it paid on its borrowings was 4½. He noted with pleasure that in Coorg finance and supervision had been linked up and a Supervision Board of the Central Board was looking after the work of the 13 supervising unions satisfactorily. Another activity of the Central Bank which he commended was the business of co-operative insurance which it was doing as an agent for the South India Co-operative Insurance Society. Regarding the proposal to establish a Land Mortgage Bank for Coorg, Mr. Venkatakrishnayya was of the opinion that it would be more economical to open a land mortgage section in the Central Bank than to start a separate organisation which may not have enough business and human material to work satisfactorily, and such a section would also be a natural development of the Debt Conciliation Board which the Bank had already established.

Mr. Mehkri observed that if the co-operative movement had not yielded in India the good results that were expected of it, it was due to the mistaken desire for expansion in the early days when societies were started without ascertaining whether the area was suitable and the kind of men required to manage a society were available or not. Even the implications of unlimited liability were not properly explained and in many cases all that a prospective member knew was that he could borrow from the new institution by paying a nominal sum towards the share capital. This naturally attracted only those whose credit stood low. Then there was illiteracy and the lack of training for panchayatdars and the paid staff—official and unofficial. Mr. Mehkri considered that for the rise of overdues, "mismanagement, want of scrutiny regarding the repaying capacity of the borrower, local influences, non-application strictly of rules and, above all, want of business habits in the people"

as more potent causes than the economic depression and the fall in prices. Regarding the Land Mortgage Bank proposal, though Mr. Melkri was less definite than Mr. Venkatakrishnayya he was also not in favour of a separate institution being started. He congratulated Coorg on the successful working of its grain banks, which had failed elsewhere, and was glad that the Government of the province had come forward to grant liberal loans for the construction of granaries. He concluded with an appeal to young men to join the co-operative movement in a missionary spirit and to serve their country through it.

THE EIGHTH MALABAR DISTRICT CO-OPERATIVE CONFERENCE.

The eighth Malabar District Co-operative Conference was held at Palaghat in the last week of December. It was opened by Sir M. Krishnan Nair and presided over by Mr. A. Sivarama Menon. Among those present were influential zamindars of Malabar and the Registrar of Co-operative Societies of Travancore State. Mr. S. V. Venkateswara Iyer (Lecturer, Victoria College) welcomed the delegates. In doing so he said that small holders could secure the economies of large scale farming only by adopting co-operative methods. A crying need of the district was a co-operative storage of grain with provision for credit to the cultivator till the grain could be sold to the best advantage. He was of opinion that chit funds (kuries) should be conducted by societies and encouraged by them.

Sir M. Krishnan Nair speaking in Malayalam said that he had great faith in the co-operative movement. Except for a few weavers' societies there was no cottage industry worth the name in Malabar. He said further that according to Mr. Sathianadhan's Report the agricultural indebtedness of Malabar was nearly 8 crores and it is imperative that steps should be taken to relieve this great indebtedness by organising land mortgage banks and other means.

Mr. Sivarama Menon observed that the progress of co-operation in Malabar did not show any marked contrast with what it was in other districts and that the working of the central bank was on the whole very satisfactory. In his opinion the chief stumbling block to the real and rapid progress of co-operative societies was the burden of old debts and no attempt to push forward the movement in disregard of this circumstance could bear fruit. Another difficulty was the prevalence of unemployment. "In our country the number of people who go without even a single meal a day is so large that the neglect of the problem of unemployment is beset with grave consequences. We must realise that there is a limit to human suffering." The two problems on which Indian reformers should concentrate, he said, were poverty and unemployment of the masses.

Co-operation in the Legislative Council.

1st November 1935.

Sale of lands in North Arcot for arrears due to the Co-operative Societies.

*376Q.—Mr. M. B. Rangaswami Reddi: Will the Hon. the Minister for Public Works be pleased to state—

(a) the number of land sales held during the past three years for arrears of dues to co-operative societies in the North Arcot district talukwar;

(b) the extent of lands that have been taken possession of by the department and others separately; and

(c) the land assessment paid for such lands by the co-operative department alone?

A. (a)

Name of Taluk.	Number of sales held during past three years.
Arkonam	45
Arni	27
Chengam	16
Cheygar	60
Gudiyattam	46
Polur	54
Tiruppattur	30
Tiruvannamalai	50
Vellore	48
Wallajah	35
Wandiwash	80

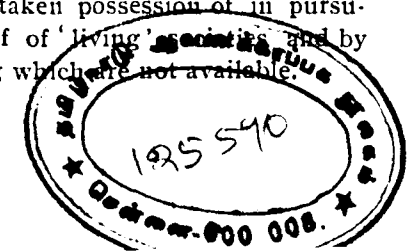
The above figures exclude land sales held by 'living' societies through civil courts, particulars of which are not available.

(b) No lands have been taken possession of by the department. The extent of lands taken possession of by others is given below:—

	Acs.
(i) by liquidators of co-operative societies	139'75
(ii) by the central bank	112.20
(iii) by (living) societies	468'17
(iv) by others	395'31

Total ... 1,115'43

The above figures exclude the extent taken possession of in pursuance of sales held by civil courts on behalf of 'living' societies and by the Revenue department, details regarding which are not available.



(c) Does not arise in view of the answer to the first part clause (b).

Mr. V. M. Ramaswami Mudaliar:—"May I know what the co-operative societies propose to do with the acres of land which they have taken possession of?"

The Hon. Mr. P. T. Rajan:—"Cultivate them, if possible."

Mr. P. V. Krishnayya Choudari:—"Will the Government suggest to the co-operative banks not to proceed with the auctioning of lands in view of the economic depression from which the people are suffering?"

The Hon. Mr. P. T. Rajan:—"I suppose societies must collect their dues".

4th November 1935.

Instruction of panchayatdars and supervisors of co-operative societies in the knowledge of co-operation.

* 427 Q.—Mr. K. A. Nachiyappa Gounder: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether there are any proposals for spreading knowledge of co-operation by holding classes for instruction to the panchayatdars and supervisors of co-operative societies in each district or selected indistricts;

(b) if so, what they are;

(c) how much the Government propose to spend on this scheme; and

(d) whether any grant is got or anticipated from the Government of India for the purpose and, if so, how much, and how long it is likely to continue?

A.—A scheme for the improved training of supervisors and panchayatdars has been received from the Registrar of Co-operative Societies in connection with a general scheme of co-operative training and education proposed to be given to the staff of the department and of non-official institutions and to panchayatdars and members of co-operative societies, with the aid of a grant from the Government of India. The whole scheme is under the consideration of Government. It is not yet possible to furnish the other particulars asked for.

Mr. G. R. Premayya:—"The question asks whether any grant is anticipated from the Government of India and if so, how much; I don't find any answer to that in the answer on the paper; it simply says that a scheme has been received from the Registrar for the improved training of supervisors, etc., with the aid of a grant from the Government of India. It does not say how much grant has been given?"

The Hon. Mr. P. T. Rajan:—"The Government of India propose to give us a grant of Rs. 3,59,000."

Rao Sahib V. I. Muniswami Pillai:—"Is the scheme to be tried throughout the Presidency or in selected places? Are they going to have centres of training in different places, or only in one or two districts?"

The Hon. Mr. P. T. Rajan:—"The whole scheme is under consideration. At this stage I cannot say whether it is going to be limited to a few centres or spread out throughout the province."

11th November 1935.

Functions of the Registrar and the Joint Registrar of Co-operative Societies respectively.

* 525 Q.—Mr. M. B. Rangaswami Reddi: Will the Hon. the Minister for Public Works be pleased to state the functions of the Registrar and the Joint Registrar of Co-operative Societies respectively?

A.—The Registrar controls the whole department. The Joint Registrar assists the Registrar in all or any of his functions and, at present, is in charge of liquidation, arbitration, execution and non-credit societies. There is no definite divisions of functions.

Publication of the balance sheets of Co-operative Societies in the Gazette.

* 526 Q.—Mr. A. B. Shetty: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether in the earlier stages of the co-operative movement the balance sheets of societies were being published in the Gazette;

(b) whether this practice has been discontinued, and if so, for what reasons; and

(c) whether the desirability of insisting upon societies, at least the bigger ones, to publish their balance sheets either in the Gazette or on the notice board of the society's office in the interests of members and depositors has at any time been considered by the Government?

A.—(a) Yes.

(b) Yes, for the reason that the movement, having since grown considerably, did not need that kind of propaganda.

(c) The Government do not consider that any useful purpose will be served by publishing balance sheets of societies in the Gazette. The other mode of publication suggested will, however, be considered.

Mr. K. A. Nachiyappa Gounder:—"The answer to clause (a) is in the affirmative. May I know, Sir, whether the publication was made free of cost or at the cost of the societies?"

The Hon. Mr. P. T. Rajan :—" I have no information. I presume it was done free of cost."

Mr. K. A. Nachiyappa Gounder :—May I ask the Hon. Minister, Sir, whether it is not better for the popularity of these societies that the public should be made aware of their working with facts and figures?"

The Hon. Mr. P. T. Rajan :—" If the societies want it, publication will be made, provided they pay the cost."

Working of the Co-operative Unions.

* 527 Q.—Mr. A. B. Shetty : Will the Hon. the Minister for Public Works be pleased to state—

(a) how many unions are functioning well ;

(b) in how many unions the collection of principal to demand was 50 per cent or more during the last three years ; and

(c) in how many unions societies cleared off interest to the banks by 30th June during the last three years ?

A.—(a) It is difficult to give any definite number. Approximately one-third of the unions (of which there are just over 300) may be said to be working well.

(b)—

Year	Number of Unions.
1932-33	60
1933-34	62
1934-35	59

(c)—

Year	Number of Unions.
1932-33	82
1933-34	90
1934-35	74

Decrease in the transactions of Co-operative Banks and Societies.

* 528 Q.—Mr. A. B. Shetty : Will the Hon. the Minister for Public Works be pleased to state—

(a) whether there has been a fall in the amounts of loans given by co-operative banks to societies and by societies to members, and if so, by what per cent during the last six years ;

(b) whether banks have idle money which they are obliged to invest at small rates of interest ; and

(c) whether there is any proposal to fix the maximum rates of interest on loans given by banks to societies and by societies to members ?

A—(a) The following statement gives the information :—

Year.	Loans advanced by	
	Central banks to societies.	Societies (Agricultural and non-agricultural to members.
	Rs. (in lakhs)	Rs. (in lakhs)
1929-30	297'71	476'29
1930-31	203'90	369'05
1931-32	141'60	286'98
1932-33	73'92	297'23
1933-34	67'33	315'01
1934-35	87'10	365'32

In the case of loans advanced by central banks to societies, the figures relating to the years 1929-30 to 1931-32 represent both loan transactions and transactions in the overdraft accounts granted by the banks to societies, and the figures for the subsequent years represent loan transactions only. No separate figures for regular loan transactions are available for the years 1929-30 to 1931-32 and the percentage of fall in the year 1934-35 as compared with the year 1929-30 cannot therefore be worked out on an uniform basis. The percentage of fall in the loans given by societies (agricultural and non-agricultural) to members during the last six years is 23'3.

(b) No.

(c) The attention of the Hon. Member is invited to the answer to clause (b) of question No. 259 given at the meeting of the Legislative Council held on 29th October 1935. No maximum rates of interest have been prescribed in respect of fresh loans advanced by central banks and societies. The rates on new loans do not, however, exceed the maximum for old loans. The maximum rates suggested in respect of all outstanding loans are given below :—

Central banks	6½ per cent per annum.
Societies	7½ do.

Mr. P. V. Krishnappa Choudari :—" May I ask the Hon. Minister whether the Government are prepared to advice the central banks to reduce the rate of interest ? "

The Hon. Mr. P. T. Rajan :—" The rates have been reduced to the extent it is possible."

Mr. P. V. Krishnappa Choudari :—" Will the Hon. Minister permit the local bodies to deposit their monies as before ?"

The Hon. Mr. P. T. Rajan :—" That is a matter for the local boards concerned to decide."

Diwan Bahadur C. S. Ratnasabhapati Mudaliyar:—" May I know if the central banks advancing loans to the other banks are charging the maximum rate of interest?"

The Hon. Mr. P. T. Rajan:—" I have no information."

Mr. K. A. Nachiyappa Gounder:—" May I ask, Sir, whether the restrictions placed on the local bodies in the matter of placing their monies in the district banks as deposits are not conducive to the interests of these banks and if so, whether the Hon. Minister will reintroduce the old system?"

The Hon. Mr. P. T. Rajan:—" I do not think the restriction affects the bank's interests adversely; but there is no objection to local bodies investing their funds elsewhere."

Mr. K. A. Nachiyappa Gounder:—" Will the Hon. Minister see Sir, that the existing restrictions are taken away in the interests of the banks?"

The Hon. Mr. P. T. Rajan:—" If by taking deposits from the local bodies the central banks do not stand to lose, there can be no objection."

Mr. P. V. Krishnayya Choudari:—" May I ask the Hon. Minister whether there is not a Government Order which says that the local bodies should not deposit more than a particular amount in the central banks?"

The Hon. Mr. P. T. Rajan:—" I am aware of it."

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Recent Utterances.

The following is the message of His Highness the Maharaja of Baroda to his people on the occasion of his Diamond Jubilee which was celebrated for a week from 1st January 1936.

One crore for rural uplift.

On this occasion when my people all over the State are celebrating the Diamond Jubilee of my accession, I desire to announce that I have decided, in commemoration of this happy event, to set apart a fund of one crore of rupees to be called the Diamond Jubilee Trust, the income of which will be devoted to improving the conditions of life of the rural population, especially those of the poor and of the depressed classes supplementing the amounts which will be progressively devoted to such purposes in the regular budgets of the State.

As you well know, for over 55 years, I have laboured assiduously in the cause of rural development. Indeed, no cause has been dearer to my heart. My ideal is to improve village life—all sides of it. I wish to develop in my people a keen desire for a higher standard of living—a "will to live better"—and a capacity for self-help and self-reliance. I earnestly desire to make village life interesting and framing a career the rewards in which will satisfy the most enterprising among the villagers. You all know the main lines in the policy I have followed, but I may state them as simply as I can.

Compulsory Mass Education.

First, there is compulsory mass education. This indeed is at the root of all progress. Introduced first in Amreli, in 1893, education has been compulsory for boys and girls in the State for many years. To-day we have in the State over 6,500 teachers engaged in imparting literacy to the people. Efforts are made to give a "rural bias" to primary education, the object being to stop the 'drift' to towns. It is also my aim that the teacher should take his legitimate share in the life of the village. With this in view, the training college gives instruction in the elements of village problems.

There is further a network of village libraries to supply the people with knowledge of the kind needed by them and to prevent the evil of lapse into illiteracy.

Village Panchayats.

Secondly, one of my earliest measures was the setting up of village panchayats. Every village in the State is under a panchayat. This has

separate resources of its own, and its function is to improve village life. The funds of village panchayats should be judiciously employed on works of permanent utility.

I have always insisted that prant panchayats should bear in mind prominently the needs of the rural areas. I shall refer here only to the programme.

(i) for feeder roads, (ii) for wells, and (iii) sub-artesian borings which are being carried out by these bodies at considerable cost.

Thirdly, I have set up technical departments dealing with the economic problems facing the agriculturists.

(a) The Agriculture department teaches what crops to grow, how to select seeds, how to treat plant diseases etc, (b) The care of cattle is the business of the Veterinary department, (c) The co-operative movement finds capital on reasonable terms to agriculturists and assists them in buying what they need and selling their crops. (d) The Industries department teaches industries suitable to agriculturists for their spare hours and for the months in which farming is not possible. (e) Then, there is the public health department which tackles questions connected with rural sanitation, pure water-supply and allied services.

Social Legislation.

Lastly, I should refer to the legislation passed for the abolition of harmful social customs like (i) early marriages which offend against nature and biological laws, (ii) caste tyranny, and (iii) untouchability which is against laws of social justice.

Of untouchability, it is difficult to speak with restraint. It is repugnant to our common humanity that those who should be regarded as our brothers and sisters are branded with this unnatural stigma. In my eyes and in the eyes of my Government, there is no difference between man and man. Moral decay is the inevitable fate of those higher classes who deprive millions of their fellow creatures of all self-respect and all hope of betterment.

Now, I am far from claiming that all these measures have had their full effect and have produced all the results I desire. The ideal I have placed before myself is a high one and I remind myself that the inertia of centuries is not easily overcome and that the superstitions of ages, are not removed in a decade.

Object of the Fund.

I desire now to give a further stimulus to the movement I began 55 years ago. It is with this object that I am constituting this special fund. From the income of this, grants will be made for useful schemes like extensions of gamthans to relieve overcrowding, village water-supplies, communications educative work of all kinds, etc. Special preference will

be given (i) to the poorer areas which probably have been neglected in the past and (ii) to the need of backward communities like the Raniparaj, the Antyajas, the Thakardas, the Rabaries, etc. As I have already said this will be over and above the usual State expenditure, which I trust will increase with the expansion of our revenues. If circumstances change and if Government think it necessary hereafter, this fund will be utilised for other beneficial objects.

It is my earnest hope that by this action of mine, the happiness of my people may be increased and they may be led to a higher and better manner of living. Should even a part of this ambition be realised. I shall feel myself amply rewarded for a lifetime dedicated to the well-being of my subjects.

In conclusion, I wish to tell you one thing. If you understand correctly the great laws of truth and apply them rationally to the practical life, you are sure to be more happy. I send my loving greetings to all my people and pray that they may be blessed with long life, happiness and prosperity."

The Erode Co-operative House Mortgage Bank, Limited. (Formerly The Erode Co-operative Building Society, Ltd.) (Estd. 1924.)

The place for safe investment of Long Term Funds—
Secured by First Class First Mortgage outstandings and
Assets of the Bank—of special advantage and convenience
to Government officials and employees.

Fixed Deposits for 10 years at 5½ % per annum required.
Interest payable half-yearly.

Particulars from the Secretary,

E. S. GANAPATI AIYAR, B.A., B.L.,
President.

News and Notes.

We regret very much that an error should have occurred on page 375, para 3 of 'News and Notes' of the last month's issue. In the place of '*Tinnevely*' it should be '*Trichinopoly*'.

His Excellency Lord Brabourne, Governor of Bombay, opened on the 15th January the Bombay Provincial Co-operative Land Mortgage Bank of which the veteran co-operator, Sir Lallubhai Samaldas, has agreed to be the Chairman.

On the recommendation of the Registrar of Co-operative Societies, the Government of Madras have approved the appointment of honorary lady organizers of co-operative societies in Malabar and South Kanara districts and the Finance Committee has sanctioned the expenditure for travelling allowance temporarily for a period of one year.

As part of a five year plan of agricultural development, an experiment is started by the Agricultural Department of Travancore at Chenganachery under a special officer. Poultry farms, bee-hives and vegetable plantations are being started and instruction is provided for those who wish to learn these and allied subjects.

His Highness the Maharaja of Cochin performed the opening ceremony of the Cochin Land Mortgage Bank on the 14th January last. He hoped that even those who were heavily indebted would by voluntary settlement and conciliation be able to avail themselves of the facilities afforded by the Bank. Like the Madras Government the State has guaranteed the principal and interest of the debentures of this Bank.

At the end of October last 1,335 societies were under liquidation in this province and they were in charge of 60 Inspectors. In his monthly review the Joint Registrar observes that cash collections have fallen further during the month, but hopes they would improve in the next month. "The amount written off is very large in North Arcot and Chingleput districts this month also. Assets may be written off only after exhausting all possible means of effecting collections."

The Mysore Co-operative Propagandist Institute has invited the societies in the State to join the Reception Committee formed to welcome and look after the delegates to the conference of co-operative institutes and provincial banks which will take place at Bangalore on the 11th and 12th of April this year. In supporting the invitation, the

Registrar points out that the conference affords a rare opportunity to local co-operators to meet distinguished co-operators from outside and to take part in the discussion of important subjects.

Mr. Giriappa, Joint Registrar of Co-operative Societies, presiding over the opening ceremony of the Washermanpet Gajendrarada Adidravida Co-operative Society Library at Madras, stressed the need for the organization of libraries by co-operative societies to impart the knowledge of co-operative principles to the masses. If a year before the registration of a co-operative society in a locality a library should be started, containing books on co-operation, said Mr. Giriappa, many of the difficulties with which the co-operative movement is faced would be avoided.

Babu Rajendra Prasad, the President of the Indian National Congress, in declaring the Village Industries Exhibition open at Bombay in December last, emphasised the necessity of subsidiary occupations for the agriculturists. Agriculture could not provide work for all throughout the year and therefore they had to be unemployed for nearly six months in the absence of any supplementary industry which could be well established without much capital and could be carried on if village industries enabled the villager to utilise his idle hours.

The newly started Vuyyur Co-operative Sugar Factory in Kistna District is one of the biggest sugar factories in India. The Madras Provincial Co-operative Bank, which has already advanced nearly Rs. 15 lakhs to it for machinery etc., has agreed to advance a further sum of Rs. 5 lakhs and also to give it an overdraft of Rs. 1 lakh. The factory is capable of crushing 850 to 1,200 tons of cane per day. From the 6th of January this year it has begun actual work. It has notified the sugarcane growers of the district that it will pay a price of Rs. 10 per ton for cane, with transport charges calculated at one anna and half an anna per ton per mile for transport by road and canal respectively.

Miss B. M. Tweedle, who is in charge of the Village Industries Centre at Ikkadu near Tiruvellore in Chingleput District delivered recently a University Extension lecture at Mysore on 'Development of Rural Industries.' She said that twelve years ago when she started the work there were only 2 workers but now there are 256. No large capital was employed in the enterprise. The institution is now receiving grants from the Government of India and the Local Government. During the last two years several schools have been opened round the centre and a weavers' co-operative society has been started which is able to find a market for the cloth woven by its members.

A conference of sugarcane cultivators of Hospet Taluk took place at Hospet on the 24th December last under the chairmanship of Mr. Hosmani Siddappa, M.L.A., and protested strongly against the withdrawal of the notification issued by the Madras Government on 25-10-1935 fixing a minimum price for sugarcane. The notification was withdrawn on the recommendation of a committee which met on 6-12-1935 and which was of opinion that it was premature to fix the price, and that such fixing of the price would lead to friction between cane growers and factory owners. Mr. A. Ranganatha Mudaliar, though connected with the sugar factory at Hospet, supported the resolution of the conference.

According to Miss Muriel Lister, who was Mahatma Gandhi's hostess in London, and who is now in India after spending eight months in China, an amazing transformation is taking place in that country by the earnest work of its educated young men, who have given up desires for easy and luxurious ways of life and are throwing in their lot with their impoverished peasants. Almost everywhere she found that rural reconstruction centres had been started and co-operative societies were being formed. As an example she mentioned a village where within the last twelve months by the adoption of co-operative methods three schools, a dispensary, a library and a farmer's store had been opened. Will our educated young men follow in the footsteps of their Chinese brethren?

In the last co-operative year the South Canara Central Co-operative Bank took vigorous steps to put on better security such of the loans as were not properly secured. With a view to come into closer touch with the village societies and discuss questions connected with their better working, meetings of the Supervision Committee were held at different centres and they proved very useful. There was a substantial decrease in the borrowings of the Bank owing to the reduced rates of interest. It issued loans amounting to Rs. 2,67,871 to its members and collected from them Rs. 1,86,463. The percentage of balance to demand works out to 22.5 and 8.46 under principal and interest respectively. The Bank earned a net profit of Rs. 3,225-12-0 for the year exclusive of Rs. 4,000 carried to the Bad Debts Reserve.

The Directors of the Madura-Ramnad District Co-operative Bank report that in the last co-operative year the collections from the societies were very encouraging in spite of the present depression and they add that it would have been even better if the Thevaram Cardamom Bank, one of its largest customers, had paid its overdue interest of Rs. 17,223-3-0. During the year loans amounting to Rs. 5,86,304 were disbursed and Rs. 5,38,992 were collected. The percentage of balance to demand under principal and interest was 63.7 and 32.3 respectively. The investments

of the Bank at the beginning of the last co-operative year stood at Rs. 9,00,000 but owing to the restrictions imposed on it in the matter of receiving deposits it paid off those already received on due dates, as a consequence of which the figure stood at Rs. 5,00,000 at the end of the year. The Bank also realised a profit of Rs. 16,562-8-0 on the sale of G. P. notes. Under the rectification scheme the Federation examined in detail loans of 96 societies. As the Federation is now liquidated, the Bank has taken over its functions. The Bank earned during the last co-operative year a net profit of Rs. 23,916-3-0, exclusive of Rs. 20,870-15-0 set apart to the Bad Debts Reserve.

List of Societies Registered in December 1935.

S. No.	Name.	District.
1	The Life Insurance Policy Holders' Co-op. Building Society.	Madras City.
2	The Palaghat Government Training School Co-op. Stores.	Malabar.
3	The Pedana Weavers' Co-op. Purchase and Sale Society.	Kistna.
4	The Kondiparru Sree Malleswara Co-op. Society, Pamarru.	"
5	The Mailpatti Sugarcane Growers' Co-op. Society, Ltd.	North Arcot.
6	The Coimbatore Sugarcane Growers Co-op. Society, Ltd.	Coimbatore.
7	The Nilgiris District Potato Growers Co-op. Loan and Sale Society, Ootacamund.	Nilgiris.
8	Rayarpalayam Co-op. Society, Viraganur P. O.	Salem.
9	The Karunthattangudi Fishermen Co-op. Better Living Society.	Tanjore.
10	Nellepally Co-op. Credit Society	... Nellore.
11	Nayudupet Local Fund Employees' Co-op. Credit Society.	"
12	Buchireddipalem Local Fund Employees' Co-op. Credit Society.	"
13	Tirupundla Co-op. Credit Society	... "
14	Gilakapadu Co-op. Credit Society	... "
15	Uppoor Sugarcane Growers' Co-op. Society, Ltd.	South Canara.
16	Bhadragiri Sugarcane Growers' Co-op. Society	...

List of Societies cancelled in December 1935.

Name of the Society.	District.	Date of Cancellation
Nattrampalli Ramakrishna C. S.	... North Arcot	... 2-12-35.
Manakarai C. S.	... Tinnevely	... "
Vadakku Valliyoor C. S.	... "	... "
Georgepet C. S.	... North Arcot	... "
Siruthondamadevi C. S.	... South Arcot	... "
Kakkaveri Adi Draveda C. S.	... Salem	... "
Melathattaparai C. S.	... Tinnevely	... "
Araikulam C. S.	... "	... "
Nattrampalli Vivekananda C. S.	... North Arcot	... "
Lakshmipuram C. S.	... Tinnevely	... "
Aska Local Co-op. Union	... Ganjam	... 3-12-35.
Ramalingapuram C. S.	... Tinnevely	... "
Sarve C. S.	... South Kanara	... 5-12-35.
Buguda Local Co-op. Union	... Ganjam	... 6-12-35.
Jandrapet Adi Andhra Tenants C. S.	... Guntur	... "
Jambulingapuram C. S.	... Tinnevely	... "
Kopperapalem C. S.	... Guntur	... "
Kumaramangalam F. L. C. S.	... South Arcot	... "
Danapuram C. S.	... Bellary	... 7-12-35.
Singanapudi Sree Seetaramanjena C. S.	... Kistna	... 11-12-35.
Tirupurantakapuramkottai C. S.	... Chingleput	... "
Kadivedu C. S.	... "	... "
Sembur C. S.	... "	... "
Valudalambedu C. S.	... "	... "
Mannur C. S.	... "	... "
Melamilidanallur C. S.	... Tinnevely	... "
Valaiyapatti C. C. S.	... Trichinopoly	... "
Nandyal Loan and Sale Society, Ltd.	... Kurnool	... 12-12-35.
Virupapuram C. S.	... Bellary	... "
Allamputhur C. S.	... South Arcot	... "
Rajabhupalapatnam C. S.	... East Godavari	... 13-12-35.
Elimpet Tenants C. S.	... Guntur	... "
Lakkinayakkanpettai C. S.	... South Arcot	... "
Salavathi C. S.	... "	... 14-12-35.
Vadathorasalur C. S.	... "	... "
Vizianagaram Co-op. Stores Ltd.	... Vizagapatam	... "
Kontharayamkulam C. S.	... Ramnad	... 19-12-35.
Pedapati C. S.	... East Godavari	... 20-12-35.
Konthanari Coir Workers C. S. Ltd.	... Malabar	... 24-12-35.

Peripatetic Institute's Examination.

The results of the examination held by the Registrar of Co-operative Societies, Madras, at the conclusion of the peripatetic classes at Tanjore are published below :—

Register No.	Name.	Register No.	Name.
I CLASS.			
11	1 R. Lakshmana Rao	23	3 K. Ramamoorthi
5	2 V. Ganesan	9	4 K. Kuppanna Rao
II CLASS.			
1	1 T. Arunachalam	19	11 M. Rajagopala Naidu
2	2 M. Dakshinamoorthi	20	12 S. Rajagopalan
4	3 G. S. Ganapathi	21	13 M. Ramachandran
6	4 V. Guruswami	24	14 V. R. Ramanathan
7	5 P. C. John	26	15 N. S. Ramaswami
8	6 A. Kalyanasudaram	28	16 A. Sivaprakasam
10	7 V. Krishnaswami	29	17 A. Subramanian
12	8 N. Maharajan	33	18 K. Thangavelu
16	9 T. Narayanamoorthi	34	19 M. Thillainayagam
17	10 T. M. Natarajan	37	20 T. R. Venkatraman
PRIVATE.			
40	21 M. Kulandavelu	42	22 M. Ranganathan
Serial No.	Register numbers of the candidates who failed in the examination.	Subjects in which they failed.	
1	3	C, B & A.	
2	13	A.	
3	14	K.	
4	15	B & A.	
5	18	C.	
6	22	B.	
7	25	B.	
8	24	C, A & K.	
9	30	T. D.	
10	31	C, B, A & K.	
11	32	B.	
12	35	C, B & K.	
13	36	C & B.	
14	38	C, B & A.	
15	39	C & K.	
16	41	C.	
17	43	C.	

Note :—

C. denotes Co-operation
B. " Banking
A. " Auditing

K. denotes Book-keeping
T. D. " Total deficiency.

Registrar's Circulars.

D. Dis. B. 7268/35.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES
Madras, Dated 19th December 1935.

T. AUSTIN ESQ., I.C.S.,
Registrar of Co-operative Societies.

Sub: Audit reports and financial statements—Publication of—
instructions—issued.

CIRCULAR.

Rule VII (2) of the Rules framed under the Co-operative Societies Act VI of 1932 Madras requires co-operative societies to publish the Audit Certificate and the prescribed statements as directed by the Registrar.

2. The Registrar hereby prescribes the following methods for publication of the Audit Certificate and statements.

(a) The audit reports, summary of defects and audit certificates shall be read in general body meetings of societies.

(b) The audit certificates shall be posted on the notice boards of societies so as to be open to inspection by all.

3. The central banks are requested to see that the supervisors get general body meetings of societies convened as soon as audit certificates have been issued by the Deputy Registrars and these reports read there. In order to give sufficient publication in the above manner the supervisors should be asked to certify that general meetings have been held and that audit certificates have been read at such meetings.

(By order)

K. A. PADMANABHAN,
Manager.
24-12-'35.

R. Dis. B.1-3182/35.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 20th December 1935.

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

CIRCULAR.

Sub :—Land Mortgage Banks—appropriation of payments—method prescribed.

The Central Land Mortgage Bank has amended its by-law 40 prescribing the method of appropriation of repayments made by primary land mortgage banks. The bank has adopted the existing procedure in

THE MADRAS JOURNAL OF CO-OPERATION

building societies in the matter of repayment of Government loans. It is necessary that the primary land mortgage banks should adopt the same procedure for appropriation of repayments made by their members. They are requested, therefore to amend their by-laws in the following terms.

1. The following may be introduced as a new bylaw No. 48-A.

"A member who has taken a loan from the bank shall repay the amount together with the interest due thereon either by equated instalments or at his option in annual instalments together with interest due on the amounts outstanding from time to time. After exercising his option a member shall not ordinarily be allowed to change his method of repayment. Nothing, however, shall prevent or debar a member from repaying at any time a larger sum than the annual instalment or from discharging the whole loan in a single payment.

Whichever method of repayment is adopted, repayments other than the payment made on the due date of the prescribed annual instalment may be classed as follows:—

i. *Payment on the due date of a sum in excess of the amount due.* Such excess payment should at once be credited in reduction of principal but no postponement of any future instalment will be allowed on this account nor the amount of subsequent instalments reduced.

ii. *Payment before the due date.* Any sum paid before the due date shall first be credited towards the interest which has accrued upto the date of payment and the balance, if any shall be credited towards principal, the member being required to pay on the due date the balance of interest due for the year and also the balance of principal, if any, due for the year. If the amount paid before the due date is in excess of the annual payment, the number of future instalments should be correspondingly reduced but no postponement of such instalment will be allowed nor the amount of subsequent instalments reduced."

2. The first two sentences of model by-law 49 may be deleted.

3. The words "fallen due" after the words "secondly to interest" in model by-law 52 may also be deleted.

(By Order)

K. A. PADMANABHAN,
Manager.

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Extracts. RURAL RECONSTRUCTION.

BY MR. F. L. BRAYNE, M.C., I.C.S.

Commissioner of Rural Reconstruction, Punjab.

The problem of rural reconstruction has always been important, but the calamitous fall in prices and the general depression into which the Indian countryside, like the rest of the world, has sunk, has made it doubly urgent. There are three things to be done (1) to make up our minds what we wish to do in the village and what we wish the village to look like when we have done it, (2) to spread the knowledge of what must be done to every man, woman and child in every village, and (3) to devise means of carrying out our programme and of ensuring continuity for anything that is done.

The making up of the programme is fairly easy. We want the village to be healthy and the people to have sufficient, and properly cooked, food to eat, enough money to buy their simple necessities and enough culture to enable them to make good use of their leisure. The mainspring of health is cleanliness and fortunately the cleanliness of the village brings with it the proper conservation of the manure supplies, and that means better crops. Ventilation and vaccination are quite simple, and in most Punjab villages the control of mosquitos is also fairly simple. For every mosquito bred in marshes which require elaborate drainage schemes to clear up, nine others are probably bred in small holes and pits round the village which the villagers could perfectly well fill up without any cost to themselves or to Government. The general health and well-being of the family and the provision of a well-cooked and well-balanced diet demand the education of the woman and that is the biggest item of our whole programme. In fact the old Gurgaon slogan of a clean village and an educated housewife still holds good and always will hold good, as the centre of the home life is the woman and once she really knows what should be done, she will either do it herself or see to its being done, and will not allow her children to suffer for the ignorance or laziness of her menfolk or for any other remediable cause.

The outturn of the fields could probably be increased by anything up to fifty per cent by the application of hard work and brains and whatever capital is available, and this and the cleaning of the village are what the men must do. Rural industries must be developed, but the biggest industry is farming. Better seed, more and better ploughing, more weeding, better kinds of crops, better methods of cultivation, such as the sowing of cotton in lines, watbandi, the more careful use of canal water, the obtaining and keeping of better bulls, the checking of cattle disease by the segregation of sick and newly bought cattle, and above all the

proper conservation of manure are things within the reach of every cultivator, if he will set to work in combination with his fellows to achieve them, and these simple things will make a world of difference to his well-being. There is still quite a lot of unnecessary expenditure going on, whether it is on ornaments, social ceremonies, quarrelling, litigation or drink, and all these things must be severely discouraged. It is useless trying to increase a man's income while he is still throwing his money away, and so the teaching of thrift and wise expenditure is even more important than better farming and cottage industries. Better farming without thrift is like pouring water into a sieve.

When his village is clean, his house properly ventilated, mosquitos kept under control, his family properly vaccinated, his land farmed in the best manner possible, his wife educated and taught the domestic arts and sciences, so that she can keep her family healthy and comfortable, and when all leisure is spent in healthy recreation or profitable occupation, and all waste and unproductive expenditure are reduced to the minimum, the villagers will have done a great deal towards the reconstruction of rural India.

The young men must have organised games to occupy their spare time and to keep them out of mischief. Cattle stealing, litigation, fighting and quarrelling must give way to good rough games which cost nothing and bring the added blessing of good health. The dullness of village life must be countered by the entertainments which the school can organise and which the Rural Community Councils and other such bodies can develop. Game's clubs, women's institutes, magic lantern and cinema shows, sports, meetings, exhibitions and wireless broadcasting are all easily possible. When there is an authority in the village to develop its amenities and provide for its necessities and there are live organisations in the district to assist and co-ordinate and inspire all activities for the good of the countryside, there is no reason why the Indian village should be any more dull or unhealthy than the villages of any other country.

Violent crime is the bane of the Punjab. Teach the people to busy themselves in improving farm, home and village, develop games and amenities, improve health and comfort, provide agencies for the settlement of squabbles and disputes, consolidate the holdings of land, bind the people together in co-operative societies and panchayats, above all educate the women so that they may be able to make their homes worth living in and to teach their children discipline and self-control, and violent crime will cease to be the big feature it is now of Punjab life.

Knowledge is the mainspring of action and therefore we must spread the knowledge of our programme to every man, woman and child in the village. This can be done through the school, but the schools must also be assisted by the other arts of the propagandist, such as village newspapers, wireless broadcasting, travelling shows, competitions, exhibitions, and so on. As before said, the education of the woman is vital to any programme of rural reconstruction. She is responsible for the upbringing of the children, the spending of the family budget, and the making of the clothes, the cooking of the food and all the important

EXTRACTS

things of village life. Unless therefore she is trained to do her share of the work and to take her place in the counsels of the village, rural reconstruction will hang fire.

This work cannot be done from outside the village and to obtain the carrying out of our programme and to secure permanence and continuity for any work which is done, a resident agency is required, and there seem to be five possible agencies in the village. The first is the educated housewife who, as we have before explained, is the centre of home life. The betterment of her children and family is an instinct with her. Train her therefore and she will be our constant ally. Neglect her and no work will be permanent.

Our second agency must be the country squire, the rural magnate, and the large land-holder. He must be persuaded to live in his village, and having educated himself and his wife and children, to carry out the work of rural reconstruction, and see to it that his village is made worth living in. If he is allowed to run away to the towns he will not care whether his village festers in squalor, or is the happy home of health peasants. If he is compelled to live in it he himself and his educated wife will see to it that the village becomes a pleasant place to live in.

Our third agent is the village school which naturally must teach the whole of our programme and should of course contain both a Boy Scout Troop and a Junior Red Cross group, and in time become the centre and pivot of all village life and activity.

Our fourth agent is the co-operative society. Co-operative societies can be of any kind suited to the carrying out of the rural reconstruction programme in each particular village. Better living societies, thrift societies and cattle improvement societies are all common forms and there is no useful activity of rural reconstruction for which a co-operative society cannot be formed.

There is finally the village panchayat, which, it is hoped, it may be possible to develop as the machinery for the administration of the village and for the carrying out of the whole programme of rural reconstruction. Properly supervised and given statutory powers to raise and spend money for the administration of the village, it might in time provide for all its necessities and amenities, clean it, ventilate it, provide playing fields and the many for an occasional visit from the touring cinema of the Rural Community Council, see that the little boys and girls all go to school, and generally make the village worth living in.

Such is the programme and it is certainly neither expensive nor complicated. The main difficulty in carrying it out in every village in the province is to overcome the apathy and the ignorance of so many of the villagers, and to make them determine themselves to better their lot by their own efforts instead of sitting with folded hands, bewailing their lot and expecting some angel from heaven to put things right for them.

Here is work indeed for everybody who wishes well of this country. Let us join together to carry out the Rural Reconstruction Programme, first of all by our own personal efforts in our own homes, offices and departments and on our own farms and estates and then by losing no opportunity of teaching and helping people to do the same.

-- (B. & O. Co-operative Journal).

THE EIGHTH ALL-TRAVANCORE CO-OPERATIVE CONFERENCE

Trivandrum, 14th January, 1936.

PRESIDENTIAL ADDRESS

By

V. RAMADAS PANTULU

Comrades in Co-operative Service,

Believe me, I am not discharging a mere conventional duty in tendering my grateful thanks to the co-operators of Travancore for the unique honour they have done me by inviting me to preside over their Conference for a second time. I am, however, amidst you on this occasion under much more difficult conditions. In 1930, when I presided on the former occasion, we were on the threshold of an economic depression; we are now in the thick of it which has developed into one of unprecedented magnitude and whose end is not yet in sight. Our organisation has become more dilapidated, our problems more intractable and our search for solutions more discouraging. Nevertheless, I have responded to this call to duty in the belief that it is not co-operation but co-operators that are on their trial; that we still retain our faith in the Movement and are able to summon to our aid sincerity, earnestness and enthusiasm for the cause which is dear to us and loyalty to the principles and ideals of the Movement we profess to lead. Conferences like this will, I hope, make that faith a living and growing one. What is required is "not passive agreement, but conviction; not listless speculation but vision of the next steps to be gained which will buoy us to immerse ourselves in the happy tasks ready to hand."

THE LATE G. K. DEVADHAR

We are meeting in the gloom cast by the death of one of the oldest and most eminent leaders of the Co-operative Movement in India, Mr. G. K. Devadhar. He was one of the pioneers of the Movement in the Bombay Presidency. As a member of the Mysore and Madras Co-operative Committees and the Indian Central Banking Enquiry Committee, he rendered notable service to the Co-operative Movement. In his capacity as the representative of the Co-operative Movement in India on the Imperial Council of Agricultural Research, he had shown his great solicitude for the economic rehabilitation of the Indian agriculturist. His association with the Co-operative Movement in Travancore as the Chairman of the Travancore Co-operative Enquiry Committee, which published its valuable report last year, will be long remembered. It is a matter for deep regret to us, who are assembled here mainly to consider that report, that he is not alive to-day to know how greatly we appreciate his labours and the contribution he has made to advance the cause of Co-operation in this State. The most fitting homage we can pay to him is to cherish and practise the ideals of his life, which is a shining example of unstinted selfless devotion to social service.

CO-OPERATORS AND THE WAR

Meeting at a time when the political and economic peace of the world is gravely menaced and appalling destruction of life and property is going on in the name

of the "civilised mission, which awaits Italy in a vast and wild region of East Africa" to quote the words of Marquis Marconi, an assembly of co-operators like this cannot afford to be passive onlookers, without recording their emphatic condemnation of the naked political and economic imperialism that is the root cause of the Abyssinian conflict, which threatens not only to retard the economic recovery for which we are eagerly looking forward but also to plunge the world into another Great War. We, as co-operators, must give our full and unstinted moral support to the efforts that are being made to end the war and to secure collective security and universal peace. The Central Committee of the International Co-operative Alliance, which recently met at Prague, therefore, naturally gave forceful expression to the will of the co-operators to universal peace. The Alliance, which represents the National Co-operative Organisations of 40 countries, including India, declared:

- "1. Its unshakable conviction that the fundamental condition of the true progress of civilisation and international understanding is Peace, based upon the mutual confidence and respect of the people.
2. That the pursuit of this ideal is one of the main purposes of our system of economic co-operation.
3. That the aims of co-operation must be pursued without regard to frontiers, or limitations of colour, race or creed.
4. That, while the means of assuring world peace is inherent in our co-operative system, which is based on equitable association, it is necessary that in the present crisis co-operators should demonstrate their solidarity with the world organisation of the peoples in the maintenance of peace."

This Conference will do well to send a message to the International Co-operative Alliance expressing its full concurrence with these sentiments and aims of the World Co-operative Movement.

THE TRAVANCORE COMMITTEE REPORT

The appointment of the Devadhar Committee is an epoch-making event in the history of the Co-operative Movement of the State, which was inaugurated about 20 years ago and an enquiry into the working of which has been long overdue. The able and informing report of the Committee not only embodies results of a thorough investigation into the conditions of the Movement in Travancore, but also discusses the economic position of some types of agriculture and of industries in this State. It is indeed a sort of general treatise on Co-operation which gives up-to-date information on the Movement not only in Travancore but the rest of India with which comparisons are frequently made. The Committee has made nearly 300 recommendations which cover the entire ground of the reform of the Co-operative Movement. Among the main reforms recommended by the Committee are the conversion of the Trivandrum Central Bank into an apex bank for the State, the transfer of long term loans from primary societies and taluq banks to the land mortgage banks, the splitting up into smaller units of societies with over 200 members, the rigorous collection of supervision fund, extension of sales to non-members in the stores societies, the revival of the co-operative produce society with financial aid and the loan of officers by the State, the creation of a separate bank to deal with depressed class societies, the grant of agricultural loans by the State through the Central Bank and the rehabilitation of the Co-operative Insurance Society. A definite lead has been given on some matters of importance to the Movement, such as that no communal societies should be started hereafter, that expansion is as

important as consolidation of societies, that Co-operation should be introduced as a subject in high schools and that there should be a general reduction in the rate of interest on loans to members. I am, however, somewhat disappointed at the chapter on co-operative marketing, which is rather thin and meagre. On the subject of debt-redemption, I find less discussion of the state of affairs in Travancore than of legislation and its effects in other parts of India. The recommendations that the Central Bank should "conduct a detailed examination of loans in the primary societies" and that the Co-operative Department should "make an intensive survey of the economic conditions of cultivators" seem to me to be mere pious hopes. I am unable to understand how co-operative banks and insurance societies can be compelled to invest their reserve funds and premia respectively in long term debentures of land mortgage banks. The recommendations about the function of your Central Institute in regard to co-operative training and education are halting and unprogressive. It is obviously not possible for me to deal with all these matters in this address. Many of these will be coming up for discussion during our deliberations and I shall then have opportunities to express my own views on them. I must for the present confine myself to an examination of a few outstanding matters of general interest.

THE CO-OPERATIVE LAW—OFFICIAL CONTROL—GROWTH OF THE MOVEMENT

The Bill to consolidate and amend the law relating to Co-operative Societies in Travancore which was recently introduced into your legislature closely follows the draft prepared by your Enquiry Committee, as the Statement of Objects and Reasons attached to the Bill itself says. I am constrained to say that the draft of your Committee has given the go-by to many of the progressive principles and ideals of the India Act II of 1912. The local Acts of Madras, Bombay and other provinces of the post-reform period are far less progressive than the India Act of 1912; and it looks to me that in many respects your Bill is more retrograde than even these Provincial Acts. I append to this address a note on some of the features of your Bill, which, in my opinion, militate against the healthy growth of the Movement in your State. All these Acts profess to be measures to facilitate the formation of societies for the promotion of thrift and self-help among agriculturists, artisans and persons of limited means with common economic needs and so forth. Your Bill, copying Bombay from which the Chairman of your Committee came, added to the preamble a more ambitious aim, namely, bringing about better living, better business and better methods of production—the Irish formula. I feel that there is nothing in any of these Acts or your Bill to justify these claims. These aims and sentiments occur nowhere in the body of these measures, which are purely and patently efforts to provide for registration, audit and liquidation of co-operative societies of all kinds and to define the extent and nature of other forms of official control over them, partly by express enumeration of the Registrar's powers and partly by rule-making powers to be exercised by the executive. These powers of the Registrar are the same in regard to all the societies without any differentiation between the societies, whatever may be their nature and functions—be it an apex bank, a taluq bank, a primary society, a land mortgage bank, a propaganda institute, a training school, a production society, a consolidation society, a consumers' store or a better living society. The societies are essentially known by their numbers on the Registrar's roll, just as the companies in a prison or the units in a regiment are, for what matters for the purpose of the Co-operative Law is their subjection to common discipline and drill. In other words, the Co-operative Societies Acts in British India and the Indian States are drawn up with the Registrar as the centre of the picture and not the Society.

This idea naturally dominates all proposals for the curing of the defects in the working of the societies or reforming the Movement, and the annual reports on the working of co-operative societies in almost all the provinces, therefore, show a family likeness in this respect. Wherever the Registrar finds that the institutions failed to function properly, he asks for more powers to deal with them and for an increase of his staff to cope with his additional work, resulting from such enlarged control.

If on the other hand our Co-operative Law has been framed on the basis that Co-operation is a movement of the people and not merely a department of the administration, one should have expected to find in these annual reports on the working of the Movement helpful recommendations for further encouragement and promotion of non-official initiation and enterprise and for strengthening the various kinds of co-operative institutions in diverse ways. The policy of spoon-feeding and more and more departmental control which is the main plank of the official programme will not in the least help the Movement. It will make it weaker and more sick. Your Enquiry Committee quoting Mr. Harold Butler of the International Labour Office say that "free institutions are not incompatible with strong executive action," and add as their own gloss to that statement that powers of control yielded to the Government are not only not inconsistent with the spirit of democracy, but create greater confidence and a feeling of safety in the public mind. Frankly speaking, I am unable to follow this philosophy or logic as applied to the Co-operative Movement. No one objects to the statutory powers of registration, audit and liquidation of the Registrar. But beyond that all powers of departmental interference with and control over co-operative institutions are in my opinion not in the least degree conducive to the healthy growth of the Movement and that co-operation as a factor in the reconstruction of our rural and urban economy can make no real progress so long as it is thus administered and controlled. If co-operation is to occupy its legitimate place in our nation-building activities, the co-operative law of the country has to be entirely rewritten from an angle of vision and a standpoint radically different from that on which it now rests.

CO-OPERATIVE FINANCE—CREDIT ORGANISATION

CENTRALISATION OF FINANCIAL POLICIES.

Co-operative Finance in Travancore, as elsewhere, is somewhat out of focus. Appreciably large proportions of the working capital raised by the co-operative banks are being invested outside the Co-operative Movement, while for the satisfaction of the major portion of their credit needs, the members of the co-operative societies are resorting to credit agencies outside the Movement. Your Banking Enquiry Committee estimated in 1930 that your credit societies supplied no more than 8.5 per cent. of the total credit needs of the rural population. This percentage is perhaps less to-day. The Devadhar Committee said that at the end of 1108 (1932) about Rs. 8 lakhs out of the total working capital of Rs. 20 lakhs of your central bank was idle. It is said that about 50 per cent. of your societies did not borrow and that of the 670 societies affiliated to your central bank, only some 30 took loans from it in 1108 (1932). The Committee sum up the position thus: "At present though the reservoir (central bank) is full of money and the fields (members of societies) are parching and crying for finance, there is something clogging the channels (societies) which prevents the flow of the money." To me it appears that it is not entirely a case of the channels being clogged. The reservoir, the channels and the fields may all be in good repair but if the levels are not properly adjusted, there will be no flow.

Again, as regards the method of ensuring the due irrigation of the fields in future, I feel that mere structural realignments, by making your taluq banks federations of primaries and your apex or central bank a federation of the taluq banks, may not establish the necessary flow, without centralised regulation and functional readjustments. What I have never been able to understand in the co-operative credit organisation in India is the claim for autonomy by its several parts and resistance to centralisation of financial policies and programmes. No irrigation system can ever work if the men severally in charge of the reservoir, the channels and the fields commanded by them refuse to submit themselves to centralised regulation and claim the right to act independently of each other. That is precisely what is happening in the co-operative financial system to-day. There are many non-official co-operators who maintain that autonomy of the several institutions is the very breath of the Movement and the idea of a drive from the centre is opposed to the spirit of democracy which is the main attribute of co-operation. I feel that this notion is fundamentally wrong. In all federal systems the powers which the centre enjoys are those which the federating units voluntarily cede and which they can take back if misused and the arrangement is one which is broadbased on true and genuine ultimate democratic control. So, I unhesitatingly urge that in the scheme of reorganisation of your credit institutions, your apex bank, taluq banks and primaries must be made to function as integral parts of a single credit machinery and that the powers of regulation of all financial policies and programmes should be centralised in the apex bank. This is an essential reform which no Provincial Bank in British India has yet attempted. Why not Travancore give a lead to the rest of India in this matter?

ADEQUATE AND PROMPT FINANCE, THE NEED OF THE MOVEMENT.

In every system of irrigation, the requirements of the fields to be irrigated obviously constitute the principal factor to be kept in view; the construction of the reservoir and the channels has naturally to be planned in relation to the nature and extent of those requirements. The fields (which in the simile used in your Committee's report represent the members of the societies) are said to be parched and crying for finance. I understand the Committee to mean by "finance" cheap, and productive credit, for usurious and unhealthy outside credit in whose coils our members are daily enmeshed, is available in abundance. Who is responsible for this state of affairs? Have we in planning the construction of our monetary reservoir and the channels through which the money has to flow, kept in view all the requirements of the fields (the members)? I think not. We cannot say that our finance has been either sufficient or prompt so as to help our members to turn away from the grabbing mahajan. Nor has the co-operative bank been much more humane in the long run than the exacting moneylender. Co-operative banks cannot claim to be efficient and fruitful sources of credit supply, unless and until they procure timely and adequate loans for their members for purchase of means of production, making improvements to their lands, holding up their produce for a favourable market and allied purposes. There is nothing new in this suggestion; but powers of organisation, sympathy and determination are needed to carry it out.

URBAN BANKS.

Your Committee has drawn pointed attention to the fact that compared with the Urban Banks of other States and provinces, those in Travancore are very much weaker in transactions, finance, wider outlook and service and say that there is need for special propaganda and organisation in towns of industrial and commercial

importance and to take steps to encourage banking habit and cheque system among the urban population. The importance of this form of credit to develop your subsidiary occupations and small scale cottage industries cannot be exaggerated and I hope an earnest effort will be made to develop your urban banking.

STATE LAND MORTGAGE BANK VS. CENTRAL CO-OPERATIVE LAND MORTGAGE BANK—
IS MADRAS SYSTEM SUITABLE?

The recommendations of your Enquiry Committee on the subject of land mortgage banks are elaborate and far-reaching. In effect, after recommending the adoption by your State of the Madras system, they proceed to say that after a dozen primary land mortgage banks are organised a central land mortgage bank on the Madras model should be organised to take over the business of your existing State Land Mortgage Bank and that a new State Land Mortgage Bank should be organised to grant loans exceeding Rs. 10,000 to individuals or agricultural corporations. I am of opinion that these recommendations require further examination. The Madras system has many difficult and peculiar features about it and I have found that many other provinces and States are unable to adopt it. A more thorough investigation into the conditions obtaining in your State will, therefore, be necessary before you decide to copy Madras. In the ryotwari parts asset of our land mortgage system. The zamindari areas which roughly cover about a third of the province are found not quite so suitable for the introduction of the land mortgage banking system. The Provincial Government has guaranteed in full the principal and interest of the land mortgage debentures and the extent of such guarantee has already reached nearly the limit of Rupees one crore, approved by the Legislature, and will soon have to be further increased very substantially—to several crores, if the system is not to break down half way and is vesting the mortgage banks with summary powers of recovery of debts and sale of the mortgaged properties without resorting to courts, so as to ensure the fluidity and ready marketability of the debentures. To ensure the steady flow of cheap money and to eliminate the possibility of putting competing issues on the market, debenture-issue is concentrated in the central institution. In order to attain these ends, we have consciously sacrificed many distinctive features of rural co-operative banking; put a ban on our primary land mortgage banks from collecting surplus rural wealth; and the bulk of our long term capital is derived from capitalist sources which command large resources, namely, urban investors and commercial or quasi public concerns. These arrangements do not materially differ from a State-aided land mortgage banking system, which is more commercial than co-operative. What attitude the Provincial Legislature and the Provincial Executive will take in future in regard to further increase of the limit of guarantee and the continuance of free services of departmental staff, it is difficult to say. When the guarantee limit was recently extended from Rs. 50 lakhs to Rs. 100 lakhs, it was not done without some opposition from certain quarters within the legislature and outside it. The Finance Department is already putting forward its claims to be reimbursed out of the profits of the Central Land Mortgage Bank the cost of the services now given free. These and many other considerations have to be carefully weighed before you and your Government decide to instal the Madras system. Some of the Provincial Banking Enquiry Committees, like the Bihar and Orissa Committee, who approached the problem with an insight into all these aspects of it, favoured the formation of land mortgage banks by the Provincial

Governments, with capital initially supplied by the Governments. With this view, the Indian Central Banking Enquiry Committee expressed their general concurrence (vide page 179 of the Report). I shall indicate a little later the type of State-aided agricultural credit bank which in my opinion will suit Travancore better than the type recommended by your Committee.

THE BANKING SYSTEM OF THE COUNTRY AND THE CO-OPERATIVE
BANKS IN INDIAN STATES

The Reserve Bank Act contains some provisions for the purchase, sale or re-discount by the Reserve Bank of certain kinds of paper drawn or issued for financing seasonal agricultural operations or marketing of crops and bearing the signature of a Provincial Co-operative Bank, or promissory notes of Provincial Co-operative Banks supported by documents of title to goods. The Act also contemplates the setting up in future of a special Agricultural Credit Department of the Reserve Bank. But the Co-operative Banks of Indian States are excluded from the scope of the Act. As the Reserve Bank Act now stands, the only way in which the Reserve Bank can help an Indian State financially is by the Central Board of the Bank recommending to the Governor-General that the securities, the principal of and interest on which are fully guaranteed by the State, are eligible for purchase and sale by the Reserve Bank. This is not enough to help the Co-operative Movement, for it may not always be possible for a State to raise funds in that manner to finance agricultural industry. So, the All-India Associations of the Provincial Co-operative Banks and Institutes urged on the Government of India and the Select Committees of the Central Legislature which dealt with the Bills of 1927-28 and 1933-34 the necessity to bring the co-operative credit organisations in Indian States also within the scope of the Act, but in vain. There has not been apparently sufficient evidence before the Government of India of a desire either on the part of the Indian States or of the co-operators in the States for the linking up of their co-operative banking system with the Reserve Bank. So, if there is to be any change in the Act in this respect, the demand for it must come primarily from the States concerned.

I am not very sanguine about the prospects of the co-operative banks in the Indian States being linked financially with the rest of India through an Agricultural Credit Department of the Reserve Bank. Moreover, the prospects of the establishment of an Agricultural Credit Department of the Reserve Bank which is likely to benefit agricultural industry and co-operation are very gloomy, even in regard to British India. The report of Mr. M. L. Darling, I.C.S., the special officer, appointed by the Government of India to make enquiries into and report on the subject has not been made available so far to the public or even to the Provincial Co-operative Banks. There is a general impression that the report is disappointing and not helpful to the interests concerned. The least that co-operators may legitimately expect the Government of India to do is not to come to any final decisions on that report until the Provincial Co-operative Banks have had an opportunity to express their views on Mr. Darling's recommendations and the action proposed to be taken on them.

In view of the difficulties of linking the co-operative banking organisations of Indian States with the banking system of British India and its crown, the Reserve Bank, I think the larger Indian States will do well to establish their own State Banks to help agricultural industry somewhat on the lines of the Agricultural Credit Bank of Sweden which is a joint organisation for the co-operative agricul-

tural banks. According to a Swedish Royal Decree of 1930, the functions of that bank are "to borrow sums of money and to lend to the central banks (corresponding to your taluq banks) which utilise them for their activities, this apart from sums which may fall into them from their own deposits;.....in addition the bank acts as promoter of agricultural banks and in general to develop the movement." In 1933 all the audit of agricultural banks, central as well as local, has been centralised in a special section established for the purpose at the agricultural credit bank; this section has also advisory functions and supervises the work of the co-operative banks, central and local. This system will, in my opinion, suit better the requirements of the agriculturists of Indian States, which stand isolated from the Banking system of the country as a whole, than the establishment of Central Co-operative Land Mortgage Banks on the Madras model.

NON-CREDIT CO-OPERATION

It is well known that co-operative enterprises other than credit are put in official reports into two broad groups—agricultural non-credit and non-agricultural non-credit—according as to whether they have an intimate connection or not with the main occupation of the people—agriculture. This is not a scientific or logical classification, for there are enterprises which partake of the character of both. The most important among those of the first category with which your Committee has dealt are "Production, Purchase and Sale" societies. The Committee has rightly drawn attention to the great importance of the cocoanut industry in your State and to the part which the co-operative movement can play in organising both the *copra* and *coir* industries at the stage of their *production* and *marketing*. In view of the vital position which this industry occupies in this State, I have no doubt that your Government will give their favourable consideration to the recommendation of your Committee in regard to State-aid in the shape of appointment of special staff and liberal financial aid. Of the non-agricultural non-credit societies (i) weavers' societies, (ii) distributive societies and (iii) the Co-operative Insurance Society have received special treatment at the hands of your Committee. I am in general agreement with your Committee's recommendations in respect of the former two. But in regard to your Co-operative Insurance Society, I am not satisfied with the solution suggested by your Committee and I propose to deal with the subject at some length, having regard to the growing importance of co-operative insurance in various parts of India and its great potentialities as a factor for promoting thrift and improving the economic condition of our members.

CO-OPERATIVE INSURANCE.

As in the case of the provinces of Bengal, Bombay and Madras, co-operators in some of the Indian States like Travancore, Hyderabad and Indore are also interesting themselves in Co-operative Insurance and the problem is now really one of all-India concern, for the area of operation of some of these co-operative insurance societies extends over the whole of India. While, however, in British India the Government has confined its activities to schemes of life assurance of certain classes of their employees, the Governments of some of the Indian States are throwing open their insurance schemes to the general public, as in Mysore and Travancore for instance. State enterprise in such cases is bound to come into conflict with and eventually suppress the co-operative enterprise. The State which has its organised public services can run their insurance business with little additional expenditure on securing business. The argument that is sometimes advanced,

namely, that there is no reason why co-operative insurance societies operating in a State should not, if well managed, flourish in competition with State insurance, equally well with the joint stock concerns, operating in the same area, is to my mind, based on a fundamental misconception. These joint stock concerns, with a wide field of operation and with the aid of the huge resources at their disposal are able to set up efficient organisation for securing business in competition with the State and do not depend for such organisation merely on the income which they derive from that particular local area. A Co-operative Insurance Society, whose operations are confined to a single state, can never build up a similar organisation or spend as much as commercial concerns with an all-India field to operate, can do for securing business.

Two questions arise in connection with schemes of Co-operative Insurance in Indian States: one is whether there is scope for the State as well as Co-operative organisations to engage themselves in the general business of life assurance; and the other is whether it is desirable or expedient to have local co-operative insurance societies for the different Indian States. The first question is really part of the larger controversial problem whether intervention of public authorities in insurance business is necessary or justified. International co-operative opinion, as expressed by the Insurance Committee of the International Co-operative Alliance, is that while social insurance (sickness, accidents of labour, unemployment and pensions) may be practised by the public authorities, there is no necessity or justification for the intervention of the State in the field of commercial insurance (life, fire, accident, theft, etc.). The reason is this. In social insurance there is generally compulsion; it applies to the whole community; its risks are covered not only by the payments made by the beneficiaries but also, as a general rule, by the contributions of the employers and the public authorities. So, the management of such business is a legitimate function of the State. In regard to commercial insurance, the State must stand out, except perhaps to a very limited extent to benefit certain branches of its public services. Is this field then to be left to the joint stock concerns? We, as co-operators, cannot of course accept that position. We maintain, and rightly too, that Insurance on co-operative basis has a claim to displace the joint stock ventures.

The guiding principles of co-operative insurance are (a) depriving capital of its controlling voice and making the voice of the policyholder the decisive factor; (b) low and limited rate of interest on capital, the volume of which will be restricted to the minimum necessary; (c) low cost of the policy to be assured; (d) the establishment of a reserve fund; (e) the distribution of the surplus amongst the assured persons or to works of social character; and (f) the investment of the funds for the benefit of the community, that is to say, making them available for the use of the classes from whom they are derived. To the extent that joint stock concerns adopt these principles, they approach the co-operative ideal and emulate the co-operative spirit and principles. We welcome it, for our purpose is to co-operativise the insurance world and to make every insurance concern a public service organisation, which is animated by social and economic aims which promote national prosperity.

I envisage the future of co-operative insurance in India somewhat as follows. Regional co-operative insurance societies may be started in the British Indian provinces and in the larger Indian States, provided their areas of operations are fairly large and are likely to yield sufficient business. Such localised enterprise may have some initial advantages. Business relations may be established between these regional societies inter se by re-insurance and other methods of business contact

on a reciprocal or other suitable basis. In course of time these small regional insurance societies will, however, attain a stage when they will find that further development would be difficult, for obvious reasons. So, ultimately the regional co-operative insurance organisations must be amalgamated into one or more large co-operative insurance societies with operations over the whole of India, the federating units functioning as branches of the central organisation. Arrangements may, however, be made for the utilisation of the funds of each of such branches for the benefit of the community in its area; and indeed the Central Society may, if necessary, supplement the resources of the smaller branches from the central reservoir.

Your Enquiry Committee which was strongly in favour of rehabilitating your Co-operative Insurance Society, suggested that your Government should confine its business in the public branch to policies of over Rs. 1,000 and leave the smaller business of Rs. 1,000 and below to your Society, and also recommended that financial help should be given to your Society by way of an overdraft and a contribution towards cost of running the Society. I do not know what has happened since then; but assuming that these recommendations are accepted, they do not help you much. My experience of Co-operative Insurance in Madras has convinced me that we cannot depend, for our development on the voluntary help of co-operative institutions. The business is too exacting to be done by honorary workers. Such of the co-operators, either connected with co-operative institutions or are in the service of the department, as are business-minded, have in many instances, vested interests in commercial insurance concerns, and will naturally not give up business which pays and which they have in hand for the love of co-operation. They may, in some cases, even use their position and influence in the Co-operative Movement or in the official sphere in favour of the enterprise to which they are attached. So, a co-operative insurance society must rely primarily on the strength of its own organisation. While we may and ought to eschew unhealthy competitive methods and flashy and expensive advertisement in quest of big business so as to reduce the cost to the assured we must have effective and efficient services of our own to withstand competition and make headway. This cannot be achieved if even within the confines of your state, you are restricted to small scale business as recommended by your Committee. So, the correct solution of the problem, to my mind, is that the Government of the Indian States should confine their insurance schemes to certain classes of their own employees as the Government of India does and leave the rest of the field to co-operative insurance concerns.

INSPECTION, SUPERVISION AND AUDIT

Following the main line of thought of the Townsend Committee on the subject, the Devadhar Committee make inspection not merely the right but also the duty of the financing banks, supervision the function of the supervising unions and recommend that audit which is the function of the Registrar should be made to conform more closely to the statutory requirements. It is on the whole desirable to distinguish between these functions though they overlap in actual practice, specially in a primary society. In the absence of a better solution we may accept this arrangement for the present. I say so notwithstanding my experience of the work of the unions in Madras, which on the whole cannot be said to be a success. If your Unions are to work satisfactorily three things are necessary—adequate supervision fund, competent and honest supervisors and vigilance and personal interest on the part of the members of the committees of the unions. You must establish close and healthy relations between your central co-operative institute

and the unions and the former must give helpful guidance to the latter. I am glad to find that your Enquiry Committee have recommended that no audit fee should be levied from the unlimited liability societies and the smaller limited liability societies. Even in the case of those urban banks and non-credit societies which are liable to pay an audit fee, I hope your Government will take a generous attitude for most of them are badly hit by the economic depression and the general decadent condition of the movement.

CO-OPERATIVE EDUCATION AND TRAINING

The opinion recorded by your Enquiry Committee about the equipment of the staff of the department and the employees of the non-official agencies to discharge their duties is anything but complimentary. As regards the former the Committee say "We are constrained to observe that several among the members of the existing staff of the department have not been given efficient and adequate training to carry on satisfactorily the duties entrusted to them." They say that the members of the staff employed by some of the non-official agencies are ignorant of even the fundamentals of co-operation. It may be no consolation to you if I say that conditions in your neighbouring British province are not much better, but it will serve to show that Travancore is not behind the rest of India in this respect and in the effort to set right the position you may succeed sooner than we in Madras expect to do.

How shall we set about the task of educating our members and training our staff? I am convinced that the official agency is singularly unsuited to impart co-operative education and training. I beg to invite your attention to the opinion of leading co-operators in India on the subject which I have collected in the third issue of the *Indian Co-operative Review* for 1935. After a full discussion on the subject, the following resolution was passed by the All-India Co-operative Institutes' Association, at its Patna meeting held in September last:

"This Conference regrets to notice a tendency on the part of the Provincial Governments to officialise the agencies for the imparting of co-operative education and is emphatically of opinion that such a step will prove highly detrimental to the Movement. The Conference, therefore, urges on the Government of India and the Provincial Governments the need to arrange for co-operative education being imparted through non-official co-operative organisations and for making financial grants to these institutions for carrying out the programme of co-operative education."

In view of this accredited non-official opinion, whose weight and authority cannot be questioned, I am unable to agree with the recommendation of the Devadhar Committee that a Central Co-operative Training School should be started at Trivandrum under the control of official agency and that it should be in charge of an Assistant Registrar. It is somewhat unfortunate that your Enquiry Committee should have turned to Madras for inspiration in regard to the organisation of co-operative education, for the official outlook in regard to co-operative education in Madras is extremely conservative and out of date. In my opinion, the whole question of co-operative education and training in this State requires re-examination in the light of Indian non-official co-operative opinion. The functions of co-operative education and training should be entrusted to your Institute.

ECONOMIC PLANNING—RURAL REMEDIES

Economic planning is the slogan of the day. In your neighbouring British Province of Madras, there is at present a great deal of committee activity and

drafting effort to produce ten-year and five-year plans. Co-operators of Madras await with interest the publication of these plans, and I have no doubt that the co-operators of Travancore will also be eagerly watching the developments in Madras. Having regard to its topical interest, economic planning had naturally engaged the attention of your enquiry committee also. They say, "we are positive in the belief that unless some fresh avenues of economic development are explored and the mobilisation of human strength secured under a *definite and settled plan of action*, the Co-operative Movement, will not be able to render any substantial help to the poor ryots." They say that each village must be made self-sufficient and self-contained unit of administrative life with facilities for carrying on the rural reconstruction work; one thrift society, one better living society and one primary credit society must be organised in each village. These plans read well on paper. But I am somewhat sceptical about their practicability. I do not think that there is a real necessity for so many different institutions in each village to deal with the villager's life; nor is it easy to organise and conduct so many of them for the human material available in the villages for the purpose must be very limited. I am further of opinion that without a sound system of statutory village panchayat boards, the villages cannot be made self-contained units of administrative life and when efficient statutory panchayat boards are set up they can take over many functions of village organisation. The Government must leave at least two annas in the rupee of the land revenue for village organisation and administration by Statutory Panchayats.

AGRICULTURAL COLONISATION.

Your Committee recommends the establishment of colonisation societies in select areas. This agricultural colonisation, according to the Committee, would aim at the material, moral and intellectual betterment of the members. The ideas underlying the scheme are said to be intensive cultivation of land on a co-operative basis, collection and sale of articles on co-operative principles, conduct of self-contained industrial colony where the members are subjected to common discipline and the uplift of the depressed classes by admitting them as members of the colony on equal terms with the higher castes. Your Committee call this scheme, which is attempted by the Vasumathy Agricultural Society, a laudable but an ambitious one and advise the promoters to confine their attention to one item of work and strain every nerve to make it a success before they contemplate the extension of their activities to other items. There is certainly much that is attractive in this scheme. I am, however, doubtful whether items of rural reconstruction programmes can thus be isolated and tackled individually, for the life of the villager and its problems must be taken as a whole. A few days ago, I received a copy of an elaborate appeal issued by the Rural Reconstruction Association of Poona under the signature of a number of distinguished economists, legislators and businessmen embodying a scheme for the formation of "colonies for rural uplift and education." The authors of the scheme estimate the cost of establishing a colony of 50 families at Rs. 25,000 or Rs. 500 a family and propose to raise the requisite funds by issue of shares on which interest at 3 to 6 per cent. may be paid. The scheme is of special interest to co-operators, for the proposed colony which is conceived both as an educative venture and a self-sufficient unit, will be run entirely on a co-operative basis.

DEBT RELIEF.

The question of debt relief naturally occupies a very prominent place in all suggestions of rural remedies, for chronic indebtedness results in loss of agricul-

tural efficiency, and impedes agricultural progress. In your State, the question was examined not only by the Devadhar Committee but also by another special Committee appointed later. The most important of the recommendations of the latter Committee is the establishment of debt conciliation boards. There is bound to be considerable difference of opinion on the constitution and functions of these boards because a variety of interests are affected by their operations. Without attempting to examine the pros and cons of the question, I am content to say that unless a certain element of compulsion is introduced into these schemes, both in regard to bringing up the matters before the boards for decision and in regard to enforcement of awards given by the boards, liquidation of rural debt on an appreciably large scale cannot be effected by the working of these boards, though some fraction of it may be conciliated on voluntary basis and the scheme may be beneficial to that extent to some debtors. On the question whether these boards should work on rules which are elastic so as to leave scope for the exercise of discretion in each case by the board or on rigid rules which leave no such scope, I am in favour of the former solution, for a variety of equities enter into these decisions for all of which it is difficult to provide. In any case the ability of the debtor to pay must be an element for consideration and it cannot be ascertained on any mechanical basis.

It is now generally conceded that the problem of rural debt cannot be solved merely by creating agencies to reduce the volume of existing debt or to lighten the present burden on the debtors. The real solution of the problem can only be found in removing the main causes of indebtedness and in improving the economic strength and the income of the agriculturists by appropriate State action based on a progressive agrarian policy. In dealing with the problem of owners of Encumbered Estates, a former Governor of Madras said in the Legislative Council in the course of the debate on the Court of Wards Bill that the remedial measures fell under three heads, therapeutic, prophylactic and hygienic; in other words, it was not only necessary to treat the malady in its acute stage, but it was equally necessary, if there should be no relapse, to guard against the disease during convalescence and also to create a healthy atmosphere and environment in which the disease would not be normally contracted. The position in regard to the ordinary debtor in rural India is much the same. So, while we require measures of a transitory character to cure the malady of indebtedness in its present acute stage, we also want permanent measures to remove its causes and to prevent its recurrence as far as possible.

RURAL RECONSTRUCTION AND NATIONAL OUTLOOK.

There are so many schemes of rural reconstruction in the field—Indian and foreign—and it is difficult to make a choice. It is for your Government and for you to examine the several schemes and to evolve one that suits your local conditions best. It is now well recognised by all authorities that plans for rural reconstruction must generally include (a) Technical improvements in agriculture; (b) Spread of co-operative ideals; (c) Adult Education; (d) Reorganisation of Village Community Administration; (e) Re-establishment of Cottage Industries; and (f) Revision of the land tenure system.* It is gratifying to note that your Government is not only fully alive to the vital importance of the problem but has already taken definite action in regard to agricultural development in the State on a five-year plan. The Changanacheri experiment for opening poultry farms,

*Vide Indian Peasant—N. Gangulee.

apiaries and vegetable cultivation under expert supervision will, I hope, be successful so as to justify its extension to other localities.

To me it seems that the question of rural reconstruction is in its essence largely a problem of mental reconstruction of the people as well as the Governments concerned. All schemes of rural reconstruction will involve the process of bringing about a change in the standard of living and outlook on life among the masses rousing them from the depths of the placid, pathetic contentment with their present plight, to which they have now resigned themselves. This process naturally tends to create in the minds of the people a sense of dissatisfaction with the existing socio-economic order. No Government should, however, be afraid of the results of preaching to the peasant and the worker that discontent with conditions of life, which is necessary for their betterment. It must, on the other hand, welcome it and help to create the atmosphere necessary to develop a reliance and self-help and to foster an active desire for economic independence in its subjects. The State must look upon Co-operation and allied activities merely as parts of its modern paraphernalia and administrative adornment, must have a living faith in their potentialities as instruments at their disposal for the economic rehabilitation of its subjects. Unless there is a genuine sense of identity of political and economic interests between the people and the rulers, economic reorganisation of the masses, involving promotion of Swadeshi, development of village industries and creation of rural leadership, without which no programme of rural reconstruction will be fruitful, can be accomplished. When conditions for such joint efforts of the people and the Government at national reconstruction are forthcoming, the problem of finance, the creation of rural credit in our workers and allied problems will find an easy solution.

THE FUTURE OF CO-OPERATION IN TRAVANCORE

Travancore has some unique advantages among the Indian States. It has great fertility of resources, ample opportunities for work and rich prospects of development as an ex-Viceroy of India had put it; and in point of literacy your people are far ahead of all other provinces and States in India. Such advantages are, however, themselves prove a source of embarrassment instead of being helpful if we do not turn them to proper account:

"For if the pilot slumbers at the helm,
The very wind that wafts us towards the port
May dash us on the shovels."

If we co-operators are in earnest to avail ourselves of these advantages and make a real contribution to nation-building, we must bring moral equipment the aid of the physical and intellectual factors which are on our side. The moral equipment of a co-operator demands the will to put into practice the principles and ideals of co-operation, zeal for public work, integrity and sacrifice. If the conditions are forthcoming, there is no reason why the co-operative organisation which you may build up should not contribute to the social, political and economic advancement of this "land of enchantment and enlightenment."

VANDE MATARAM!

APPENDIX

NOTE ON THE TRAVANCORE CO-OPERATIVE SOCIETIES' BILL

CONSTITUTION OF SOCIETIES (SECTIONS 4 TO 7, 12 AND 16)

The provisions of the Bill relating to the constitution of societies should have been made more elastic and less restrictive, in the light of past experience. There is no particular reason why societies composed of majority of agriculturists should necessarily be of the unlimited liability type. It must be a matter of choice and not a statutory compulsion. Formation of new societies will be difficult under such compulsion. Liability, even of the limited type, can, if so desired, be augmented by provision for some reserve liability on shares or some other basis.

There is also no reason to insist on members of a rural society belonging to the same tribe, caste, class or occupation unless the Registrar otherwise directs.

There should have been a definition of a financing bank and a reference to its relations with the primaries which it finances. For instance, a financing bank should have been entrusted with powers of inspection similar to those given under section 40 of the Madras Act.

Express provisions should have been embodied regarding thrift and better-living societies and co-operative education and training.

Societies whose functions are supervisory, such as unions, should have been dealt with and their rights and duties specified.

Societies must have freedom to amend their by-laws to improve their constitution and working when necessary. So long as such amendments do not contravene the Statute or the rules thereunder, there is no necessity to vest in the Registrar the discretion not to register such amendments, as section 12 of the Bill seems to do.

Provisions of section 16 relating to division and amalgamation of societies are unworkable and cannot be availed of by the members. Facilities for formation of sound and stable rural and urban credit societies operating over groups of villages should be created on a better legal basis.

RESTRICTION ON LOANS, BORROWINGS AND TRANSACTIONS OF SOCIETIES (SECTIONS 35 TO 37)

The Bill places undue and unwarranted restrictions on the transaction of business by the credit institutions. For instance, I do not see why the sanction of the Government should be necessary to lend on the security of movable property other than agricultural produce (such as gold).

The general and undefined rule-making power to impose restrictions on business given by section 36 is too drastic and uncalled for. There must in any case be provision for rules made under sections 36 and 76 to be laid on the table of your legislature and for their modification by appropriate procedure.

RESERVE FUND (SECTION 39)

The change made in the existing law by the Bill is opposed to the best interests of the Movement. This change is inexplicable in the face of the Devadhar Committee's statement that "the existence of the reserve fund is above all one of the main sources of financial stability of the society." The Madras Act may be followed in this matter.

RESTRICTION ON DISTRIBUTION OF PROFIT (SECTION 40).

When the statutory obligations are fully met and the by-laws are duly complied with in regard to disposal of profits, there is no justification for the further sanction of the Registrar being required for the distribution of profits.

AUDIT, INSPECTION AND ENQUIRY (SECTIONS 22 AND 43 TO 46).

Audit, inspection and enquiry are distinct functions and are intended to serve different purposes. The merging of these powers in the Registrar, which may be necessary, cannot by itself justify the ignoring of the distinction between these functions in relation to the persons exercising them and the powers to be exercised when carrying them out. For instance, an audit inspector will not be a proper person to conduct an enquiry and to make an inspection as well.

Auditors of a co-operative society must be required to attach a certificate to the balance sheet of the society similar to that prescribed by the Indian Companies Act and made liable to the public for gross negligence or improper conduct in respect of the audit.

SUPERSESSION (SECTION 47).

This is an innovation introduced by the Madras and Mysore Acts and is unfortunately copied by your Bill. In the Madras Act, there is provision for the Registrar consulting the committee of the society concerned and the Bank which finances it before dismissing a committee. Even this formality is dispensed with in your Bill. This power of dismissal of committees and forcing on voluntary associations a nominee of the Registrar as manager is extremely undesirable and is liable to be abused and leads to subservience of committees to departmental men so as not to incur their displeasure. If this power is to be retained, it must be limited to primary societies and even then provision must be made for the previous concurrence of the financing banks which finances them.

SURCHARGE, OFFENCES AND PENALTIES (SECTIONS 54 AND 60 TO 64).

These provisions seem to me to be wholly out of place in a Co-operative Societies Act. The arm of the ordinary civil and criminal law is long enough to reach members of co-operative societies. Why our voluntary organisations which are mostly run by non-official and honorary workers should be subjected to such a degree of departmental interference in their internal management, I really cannot understand. The way in which these powers are being exercised is forcing some of the honorary workers to leave the Movement. With so many plenary powers and civil, criminal and police functions, the Registrar forfeits his claim to be looked upon as the friend, philosopher and guide of the Movement.

The Bill should provide for the constitution of an advisory board whom the Government and the Registrar shall consult from time to time.

There are several other modifications which are necessary to improve the Bill. They require detailed examination which cannot be attempted in this brief note which is confined to matters of principle.

V. RAMADAS PANTULU.

