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Editorial Notes.

Acting Governor's Speech.

The greater part of the speech made by H. E. Sir K. V. Reddi Naidu, Acting Governor, at the opening of the Legislative Council session on the 27th August, was devoted to a description of the steps taken and being taken by the different departments of Government for the amelioration of the ryot. He referred among other things to the hopes entertained of the Provincial and District Economic Councils, to the Government of India's special grant of Rs. 15 lakhs for rural uplift, the extension of the operation of the Agricultural Loans Act, the sanction for the organisation of fourteen new land mortgage banks, the scheme for giving training in agriculture to 150 educated young men, and to the organisation of the Provincial Marketing Society. He also announced that the Rules to be framed under the Debt Conciliation Act were nearly ready and hoped that the Act would be put into operation shortly; and that the scheme for the education of Departmental staff and members of societies in co-operation, for which the Government of India gave a special grant of Rs. 3 lakhs, was also approved and ready to be put into force. Government have taken so much time over these two matters that we confess to a feeling of relief on reading the statement. If the space allotted to topics in a speech is in some measure an indication of their importance, as it undoubtedly is, it is clear that the amelioration of the agriculturist through the Co-operative and Agricultural Departments is engaging the attention of the Government to a great extent. And that is as it should be.

The Madras Milk Supply Union.

On the 19th of August, the Hon. Mr. P. T. Rajan, Development Minister, was pleased to visit the Iyanavaram cattle-yard of the Madras Milk Supply Union and receive an address of welcome from its Directors. Dewan Bahadur K. Deivasikamani Mudaliar, President of the Union, read on the occasion a very interesting account (published elsewhere in this number) of its origin and work, and of the difficulties it has met and overcome, and also stated its present and future needs. Started in 1927, it worked at considerable loss during the first five years; thereafter its affairs are getting better year by year. It has not only cleared with interest the loan of Rs. 15,000 taken from Government in 1928-29 for two lorries but has also paid so far a sum of Rs. 6,375 towards the assessed damage of Rs. 10,000 to Government, payable on account of the Union's failure to supply milk to its Hospitals according to contract —which failure was due to a strike engineered by its enemies. At the same time it has also brought down the cost of milk to Government from annas 3-11 pies to annas 2-7 pies per pint. In 1935-36 it received from its 11 constituent member societies more than 410,000 measures of milk and paid for it Rs. 1,32,718. It realised by its sale Rs. 1,64,045 and a net profit of Rs. 6,121 out of which Rs. 4,142 was paid to the milk-suppliers as bonus at the rate of 6 pies per rupee of milk supplied. Within the last few months, the daily sales of milk have risen from about 1050 measures to about 1550 measures. The demand is constantly expanding, but the supply, in spite of the best efforts of the Union, is unable to keep pace with it. Co-operators of this province feel proud that the Union is now working so satisfactorily. Mr. Deivasikhamani Mudaliar, who as Joint Registrar fostered it through all its vicissitudes, took up the Presidentship of the Union on retirement and proposes to devote himself entirely to its management and development. On this decision we congratulate him and the Union.

In their address to the Development Minister the Directors of the Union requested the help of Government in respect of three schemes which they are anxious to push forward at present. They

are (1) the erection of a pasteurisation plant, (2) the providing of pasture lands for dry cattle and (3) the opening of a ghee department. The pasteurisation plant is an urgent necessity not only for the health of the consumers but also for the convenience of the producers and for the expansion of the business of the Union. The milk of the Union is so well appreciated that the demand for it is almost unlimited. But the supply cannot be very much increased, because the villager, though he fully appreciates the handsome price which the Union pays for his milk, is unwilling to take his cows and buffaloes to the milking place at about 2 A.M. and arrange for their milking, as he is required to do at present. If a pasteurisation plant is installed there will be no need to draw the milk at such an inconvenient hour and many new societies of milkmen could be organised. "Our dream is" said Mr. Mudaliar "that milk should be delivered in sealed bottles at houses in the City and also sold in bunks all over the City throughout the day just as aerated-waters." There is no co-operator but will wish that this dream be soon realised—and it can be realised by the installation of the pasteurisation plant. All that the Union wants for this is a loan from Government at a favourable rate of interest. This was almost promised by the Minister, and we hope the pasteurisation plant will be a reality ere long.

It is unfortunately the practice of many milkmen in the City to sell away their cows—often very good cows—when they get dry and a good many of them find their way to the slaughter house. This is as much an outrage to Hindu sentiment as it is an economic waste. The provision of pasture lands for dry cattle is therefore a public object for which the Union is perfectly justified in asking the Government's special help. We may take it that the help will be forthcoming readily, especially in view of the campaign for cattle improvement which His Excellency the Viceroy has started. Ghee is to the Indian what butter is to the European. The benefit to the ryot from a ghee department being opened by the Milk Supply Union will be similar to the benefit derived by the Irish or Danish peasant from the starting of creameries. The Union proposes to utilise the existing credit societies for organising the production of ghee. We earnestly hope that all these three schemes will soon materialise and the help asked for from Government in the shape of loan and subsidy will be readily forthcoming, as the Union has proved itself worthy of every confidence.

Handloom Weavers' Provincial Society.

From the report of the Madras Handloom Weavers' Provincial Co-operative Society for the year 1935-36, it is gathered that the items of work attempted by it during its first year of existence were the formation of production societies, the supply of yarn to them from mills and helping them in the sale of their finished products. When it started work there were in this province 39 societies of weavers of which all but 2 were credit societies of weavers. Of these, 30 were converted into production societies and 13 new ones were organised, so that the number of societies affiliated to the Provincial Society at the end of the year was 43. The share capital contributed by these was 2,700 while that contributed by 47 individuals and 8 firms was Rs. 13,700. It arranged with 5 mills for the supply of yarn to 19 societies, guaranteeing the payment of its value. Though the sanctioned supply was for over Rs. 29,000 what was actually availed of by the societies was only of the value of Rs. 12,000 odd. Finished products of the value of Rs. 5,937 were received from the societies of which those worth Rs. 3,260 were sold and the balance was held in stock. Very near the end of the co-operative year, the Society opened an emporium in Madras and is making arrangements for the opening of sale depots at Bezwada, Madura and Calicut. It has also resolved to get a calendering and finishing plant. To supply Madras handkerchiefs and lungis to the foreign market three new societies are being formed. The members of societies are too poor to wait for their wages till the cloths made by them are sold. At present the Provincial Society is unable for want of working capital to make advances on goods for the payment of wages. There is no prospect of the share capital increasing to any appreciable extent in the near future. On the other hand, the bulk of the subsidy given by the Government of India, for the years 1934-35 and 1935-36, amounting to Rs. 83,000 has been unspent. The Society has therefore requested the Government to make Rs. 40,000 out of their subsidy available for being used as working capital. It is inevitable that in the beginning the Society should grope its way and learn things by experience. It has the sympathy of Government undoubtedly, but it needs in a much greater degree than it has yet received the sympathy and support of the public who are requested to prefer handloom goods as far as possible and to take shares in the Society.

Reconstruction of Societies in Burma.

We commend the very interesting and informing article of Mr. U Tin Gyi, Registrar of Co-operative Societies, Burma, on the reconstruction of co-operative societies there, published in this issue, to the earnest attention of the official and non-official co-operators of this province. Our problems are more or less the same as those of Burma, the difference being only in degree. Therefore the solution which Burma is trying to find for its difficulties is bound to be immense practical interest to us. Mr. Gyi has shown that liquidations, which became necessary in Burma on a large scale, have only resulted in a large extent of land getting into the hands of the liquidators, there being no purchasers at auctions; that the possession of these lands has become a great worry to the Co-operative Department and is leaving it little time for attending to societies which have not been liquidated; that liquidation work has ceased to be profitable, the little cash collected being consumed by the expenses; and that the officers of the Co-operative Department have come to be looked upon as public enemies instead of as friends and guides of the people. In this state of things there is little prospect of even a part of the Government loan of Rs. 23½ lakhs, advanced to the Provincial Bank in liquidation, being recovered. The remedy that is being applied during the last 8 or 10 months, in the interests of the ryots as well as of Government, is to give back the lands to their original owners at their present value, to bring down the debts due by members to the societies by writing off 50 to 80 per cent of them, to recover the conciliated amount in 10 or 15 equated instalments fixed after a careful examination of each member's repaying capacity, and to recover these instalments by taking charge of the harvest, disposing of it to the best advantage and returning to the member the surplus proceeds. These are the main features of the Reconstruction Scheme, the object of which is as much to revive the co-operative movement and restore people's faith in it as to dispose of in the best manner the lands which have got into the hands of the liquidators. It appears to be a very sensible scheme. We are told it has been received favourably by everyone. It ought to work well because it is based on equity and generosity. It is worth considering whether a similar scheme cannot be adopted by our province in areas where societies had to purchase their indebted members' lands.

An important point to note is that the members' dues to societies have been generously and courageously reduced by 50 to 80 per cent.

In the first place all overdue interest has been written oft. Then irrecoverable amounts have been written off against the reserve fund and the paid up share capital of the societies. Thus a very liberal conciliation of debts has been a part of the reconstruction scheme. We are afraid that despite the circulars issued by the Registrar, the societies in our province have been very unwilling to conciliate and reduce the amounts due to them by the members and also to reduce the rates of interest. So long as this illiberal attitude continues, it will be impossible to create any enthusiasm for the society and for the co-operative movement itself. We hope the Department and the financing banks will make a point of changing this attitude of societies.

Mr. Gyi's observations on unlimited liability are as applicable to our province as to Burma. He says,

> "However much the theory of unlimited liability may have been extolled in the countries of the West, it has proved but a frail support in time of need amongst the co-operators of Burma. Amongst a poor peasantry, unlimited liability can have little meaning unless the members are all thoroughly honest. Take away this factor and no one will deny that the security of a band of beggers can have little or no practical value . . . . Cases are not uncommon of members who took good care to transfer all their property moveable and immoveable to others, often fictitiously, when they thought that a liquidation was inevitable . . . . Thus unlimited liability in practice meant nothing."

Unlimited liability has apparently been allowed to remain as hitherto even in the new model by-laws, on the ground that it is enjoined by the Co-operative Societies Act. But as we pointed some time ago, the section contains a proviso which empowers the Local Government to direct otherwise. With the support of this proviso, Mr. Gyi could certainly approach the Government of Burma to pass an order making unlimited liability optional and not compulsory in the case of agricultural credit societies.

Adversity has taught Burma the wisdom of requiring societies to invest their reserve funds outside and refrain from using them in their own business. In this province we have been observing this rule for many years, but in some provinces it is not so. It is to be hoped that they will benefit by the experience of Burma.

The C. P. Governor visits a Rural Centre.

With a due appreciation of the importance of rural welfare work, His Excellency Mr. E. Raghavendra Rao, Acting Governor of

the Central Provinces, found time in the midst of multifarious engagements to visit Shendurjana, a village in Amraoti District, and lay the foundation stone of a rural infant welfare centre there on the 23rd of July last. At Shendurjana and at Bhambora four miles from there, the Servants of India Society has started a rural reconstruction Centre which is in charge of Mr. N. A. Dravid, one of the three members with whom the late Mr. G. K. Gokhale began the Servants of India Society 31 years ago. Mr. Dravid started this centre in February 1934, taking up his residence at Bhambora, where he soon organised a primary school, a co-operative society, an agricultural demonstration farm and a small poultry farm. He has pursuaded the villagers to carry all their manure to a protected place outside the village and heap it there, and to dig covered soak-pits for each house for receiving waste water. Several bore-hole latrines have also been constructed and a sweeper appointed to clean them and to teach Indian people how to use them. The Amraoti District Branch of the Indian Red Cross Society, which wanted to start as an experiment a rural health centre, accepted Mr. Dravid's offer of co-operation and stationed at Shendurjana a rural medical officer for propaganda and medical relief and a lady health visitor for maternity welfare. The experiment proving very satisfactory, the Red Cross Society resolved to make the centre permanent and construct a suitable building for it. It was to lay the foundation stone of this building that H. E. Mr. Raghavendra Rao went to Shendurjana.

In a happily conceived welcome speech Mr. Dravid explained the nature of the work that was being done at the centre and expressed his gratitude for the co-operation he was receiving from the headmen of the two villages and for the confidence the people had reposed in him. He stated further that the Servants of India Society had supplemented the work of the Red Cross by starting a dispensary and also a small maternity home where the Health Visitor gave practical instruction to the Village Dais whom she was training in modern methods of midwifery. He hopes in the near future to start a birth control clinic, which will perhaps be the first of its kind to be started for the benefit of the rural population in India. It is interesting to know that the villagers with whom he has discussed this matter are quite in favour of it. Mr. Dravid said he felt very happy in the village doing this work, and added: "Your Excellency is not only a successful politician but an able administrator as well. But if ever you feel tired of the dust and turmoil and the storm and the stress of the life of politician, I have no hesitation in recommending to Your Excellency the kind of work that is being attempted here." Mr. Dravid said this in all earnestness and after a varied experience of public life of more than 35 years.

In a felicitous speech H.E. Mr. Raghavendra Rao expressed his pleasure at being able to visit the centre and see Mr. Dravid's substantial work. "The great thing in rural uplift" His Excellency said, is to create in the villagers the initiative and spirit of self-help which will enable them to carry the work unaided by outside stimulus. He then paid a tribute to the zeal of the Viceroy for improving the cattle of India, and followed it up by announcing the presentation of three Hissar stud bulls to the rural reconstruction centre without their maintenance cost falling upon it——one by himself, one by Mrs. Trivedi, wife of the Commissioner, and the third by a local agriculturist. There being about 150 cows in the village, these three bulls will fully meet the needs of the village, and one may expect to see a striking improvement in its cattle in a few years. It is to be hoped that the fine example set by Mr. Dravid of devoting one's evening of life to rural work will be followed by others when they retire from Government service or active professional practice.

Problems of Urban Banks.

Our Acting Registrar of Co-operative Societies, Mr. M. Giriappa, conferred informally on the 23rd August at his office with the representatives of selected urban banks and some other prominent co-operators and ascertained their views on some problems affecting the urban banks. Mr. Giriappa is to be congratulated on calling these conferences. As they are small and informal, no time is lost in formal speeches and points are stated clearly and briefly. Without recourse to voting, the prevailing opinion of those present is easily gathered. This is the third conference of this kind called by Mr. Giriappa after he became Acting Registrar. We hope this method will be resorted to by other Registrars as often as possible, so that there may be an exchange of views between the official and the non-official co-operators.

Size of Societies.

The topics that were discussed on the 23rd August were grouped for convenience under five heads: constitution, administration, finance, audit and miscellaneous. Under constitution there was considerable discussion on the question, "Is it desirable to have more than one urban bank in the same urban area? If so, what steps should be taken to prevent it from becoming unwieldly?" Though the old view that urban banks should be small so that there may be mutual knowledge among members was not unrepresented, the prevailing opinion, however, was in favour of there being only one society in an urban area, except in large cities like Madras, Madura etc., where more societies than one might be needed. It was felt that unless the

banks were reasonably large they would not be able to attract deposits in sufficient volume, nor employ competent staff. It was agreed that where the number of members exceeded 500 they should be divided into convenient wards, that the members of wards should elect a certain number of representatives, and that they should elect the directors. Branches may be started for business convenience, but the power of granting loans should remain undivided in the directors, although the recommendations of ward representatives should be asked for. In this way the banks should be prevented from becoming unwieldy. It was pointed out that this kind of constitution, in which instead of the members as such their representatives elected directors, was now widely prevalent in western countries, particularly among store societies, in which the membership sometimes reached hundreds of thousands.

Agreed opinions on other matters relating to constitution that were expressed by the conference were that in urban areas it was not desirable that any society should be organised on an unlimited liability basis; that the most suitable period for the election of directors was three years; that it was not desirable to pay remuneration to directors other than sitting fees; and that it was desirable to provide for the separate and adequate representation of urban banks on the directorates and the executive committees of central banks, as in the case of individual share-holders. On the question whether a special share qualification should be prescribed for candidates to the office of directors, opinion was divided; that in favour of such special qualification being somewhat in the majority. But there was no support for the imposition of a deposit qualification or for the representation of depositors as such on the directorates of the urban banks.

Paid Secretaries.

Under the head of administration the first question that was discussed was whether it was not desirable that urban banks should have paid secretaries. The Acting Registrar explained that where defalcations had occurred the Courts generally took a lenient view on the ground that the secretaries were honorary officers. It was pointed out by a representative that one advantage of having a paid secretary would be that he would not be a director, and that would make the control of the society by the directors easier and more effective. After discussion it was generally agreed that every bank should have a paid secretary or manager attending the office regularly during its business hours and authorised to issue valid receipts for all payments. It was also agreed that beyond a certain amount the cash of a bank should be kept under double-locks, the keys being with different responsible officers; that security should be taken, if possible from all members of the staff and certainly from those holding the more responsible posts, that at least part of this security should be in cash and that provident fund amounts should not be accepted as security; and that in case of fresh appointments trained men should be preferred and existing untrained members of staff should be given facilities for getting trained.

Loans on Jewels.

Very useful and interesting was the discussion of matters connected with finance. It was agreed that loans may be issued to members on the security of Government securities, life insurance policies and on the pledge of produce, the latter up to a limit of Rs.500. The desirability of issuing loans on the pledge of jewels was fully discussed. Though the difficulty of arranging for their proper valuation and custody was duly recognised, opinion was in favour of issuing loans on the pledge of gold and silver ornaments only and not on those of precious stones, and that to the extent of 75 to 80 per cent of the value on gold and 60 per cent on silver ornaments. It was further agreed that the rate of interest on these loans may be made more favourable than on other loans and that it was desirable to insure the pledged jewels. The conference was in favour of cash credit being given to deserving members on personal security or the security of property. It was also agreed that in case arrear instalments were paid closed loans might be reopened and the same concession extended also to decreed loans. To the question whether it was desirable to issue loans to non-members on the security of their deposits, the answer of the conference was in the affirmative, as it took the view that such loans were not really loans but the return of portions of the deposits on certain terms. Should members of staff be allowed to join the banks and borrow therefrom? It was agreed that it was not desirable to issue loans to them in spite of the fact that recoveries could be made from their salaries, and that they should be advised to form their own staff societies for the purpose of meeting their legitimate needs. If loans were disallowed, it was believed that members of staff would not be eager to join the banks as members and therefore no prohibition of membership was necessary.

Financing Non credit Societies.

On the question whether it was desirable that urban banks should be permitted to receive security deposits of contractors of Local Boards and Government Departments, the opinion of the conference was that the receipt of such deposits may be permitted by the Registrar in special cases. Should urban banks be permitted to admit as their members non-credit societies working in their areas of operation and advance loans to them? It was pointed out on the one hand that the foreign experts on the Central Banking Inquiry Committee had left a note strongly recommending the financing of such non-credit societies by urban banks, and on the other hand that central banks had burnt their fingers in such loans and would welcome the function being taken over by urban banks. After discussion it was agreed that the permission may be given, leaving it to the discretion of the urban banks, concerned whether to admit as

member or not any particular non-credit society working within its area of operations.

Rates of Interest.

Very interesting was the discussion on what should be the rates of interest on borrowings and lendings. It was observed that representatives of urban banks were generally less in favour of reducing these rates than the others present at the meeting. At present the highest rate of interest which urban banks are premitted to offer is ½ per cent less than the lending rate of central banks. Many well-managed urban banks, however, offer on their deposits very nearly the same rates of interest as do central banks; but the tendency of others is to keep these rates as near the maximum as possible, so that the flow of deposits may be strong and continuous. The result is the presence of large surpluses in the urban banks, which are passed on to central banks at a distinct loss to the urban banks. Another result of these surpluses is the tendency to issue loans with less care than would be the case otherwise. It was suggested that the remedy lay in reducing the rates of interest on deposits and also in refusing deposits altogether when there were considerable surpluses. The familiar argument that once deposits are refused they will go elsewhere and do not come back when wanted by the urban banks, was of course put forward. But the experience of the Provincial, central and well-managed urban banks has proved that is not the case. On the other hand, the prestige of a bank is found to be in the inverse ratio of its interest rates. A suggestion was made that instead of the maximum rate of interest on the deposits of urban banks being based on the lending rate of the central bank, it should be based on its borrowing rate; that is to say, the rates of interest on deposits in urban banks may be ½ per cent higher than the rates on deposits in central banks. This suggestion however, did not appear to commend itself to the representatives of urban banks.

Margin.

What was a reasonable margin and what should be the lending rate? A suggestion was made that the margin for a central bank over the lending rate of the Provincial Bank may be one per cent and that of an urban bank over the lending rate of a central bank may be another one per cent; but the representatives of urban banks considered these margins quite insufficient. They were, however, not opposed to these margins being fixed at 1½ per cent in each case. That is to say, if the lending rate of the Provincial Bank be 3¾ per cent, that of the central bank need not be higher than 5 per cent and that of the urban bank may then be 6¼ per cent or 6½ per cent. It was agreed that the entire question of rates of interest from top to bottom should be throughly examined with a view to make the borrowing rate for the member of the primary society as low as possible.

The desirability of abolishing penal interest altogether was then considered. The representatives of urban banks were unanimous in rejecting the proposal, on the ground that it was wrong not to distinguish a good number from a bad one. The penal interest need not however be heavy or a tempting source of profit to the society. So it was agreed that it may be fixed at one per cent or thereabouts.

Audit Fees.

The greatest feeling was manifested in the discussion of the scale of audit fees—the present scale being held by all the non-officials present to be uncouscionably high. The Registrar explained that the income from these fees was intended and just sufficed to meet the expenses of the audit of the bigger limited liability societies and that the Government was not making any profit from these fees, as was wrongly believed in some quarters. He had considered the question of reducing the audit staff but had not found it possible. He was examining some alternative scales of levy with a view to put them before the Government. The non-officials expressed their belief that under the present "monopoly" system of audit, the out-turn of work was poor and that in the nature of things it was not possible for the Deputy Registrars to know if the auditors were taking things too easy or wasting time. The Government audit was at any rate far more costly than private audit by qualified professional auditors was. It was suggested that an auditor may be allotted to 3 or 4 urban banks and the cost of his salary divided among them. It was also suggested that the Government may employ, on a temporary or permanent basis, some auditors certified by the Government of India for the audit of central banks and of the bigger urban banks; or appoint a panel of auditors from among whom the central banks and urban banks may select their auditors and settle with them the fees to be paid. It was admitted that the appointment of auditors should be with the Registrar and not left to the general bodies of societies. It was felt that at any rate the present audit fees may well be reduced by 35 per cent. The Registrar was requested to give his earnest consideration to all these various suggestions, which he promised to do.

Among a few matters included under the head miscellaneous one of some importance related to the extent and purpose of cash credit. It was agreed that cash credit should be given to societies by central banks only for the maintenance of fluid resource and that it may generally extend up to 90 per cent of the reserve fund invested by the society in the central bank, although really it was a matter to be decided by the central banks on the merits of each case.

We believe the views on which agreement was expressed at the conference represent faithfully the views of non-official co-operators in this province. We welcome a discussion in these pages of the more important of them by our readers—such as those on the size of societies, the rates of interest, audit fees etc.

Co-operation and Socialism

BY MR. V. RAMADAS PANTULU.

The study of the relations between Co-operation and Socialism falls into two well marked periods, the pre-Marxian and post-Marxian, which roughly correspond with the first half and the second half of the 19th century, or to be more accurate, the period before 1848 and that after 1848. Many eminent Social Reformers appeared in Europe in the latter part of the 18th century and in the early part of the 19th century whose aim was to remove social mal-adjustments and to allay the growing restiveness among the masses, which were mainly the production of the Industrial Revolution. They perceived great social evil in the "impoverishment of the poor and the exploitation of the worker." The interest of co-operators in the activities of those social reformers lies in the fact that many of those reformers were in a real sense also the original promoters of a movement which in later times became firmly established as a new and independent doctrine, namely, *Co-operation*. The names of Charless Fourier among the French Socialist Reformers and of Robert Owen among the British Social Reformers, to mention only two out of a distinguished group, are familiar to every co-operator. Their doctrines which were generally described as Socialism had much in common with Co-operation. Co-operation like the pre-Marxian Socialism believed in the need for changing the existing social order and the prevailing notion of rights in the property by abolishing profit on capital. Again, neither of those Movements demanded "the expropriation of the possessing classes or of capital already acquired." There had, however, been from the very beginnings of these Movements some points of difference between them. For instance, co-operators, unlike the pre-Marxian Socialists, had never any utopian programme for "integral reconstruction of society" but merely relied upon the programme to indefinitely expand the membership of their societies so as to ultimately comprise practically the entire body of consumers. This they believed would result in the evolution of a new social order and the transfer of means of production from the hands of the capitalist to those of associated consumers, leading to a more rational and equitable system of production and distribution. Co-operators' method of dealing with capital was thus described by Charles Gide: "What it wants is to create fresh capital in sufficient amounts to be able to dispense with having recourse to older capital, so that the latter may waste away unused in the hands of those who possess it. But this result it looks to attain solely by virtue of superiority of co-operative system and without any act of forcible expropriation." Again, while the pre-Marxian Socialists dealt with man mainly as a producer, Co-operation had all along thought of man as a consumer whose interests were those of the community itself. But these and other differences between co-operators and the Socialists of the pre-Marxian period did not however attract much attention, while the points of agreement between them led many to associate, if not identify, Co-operation with Socialism in those days. As Karl Walter graphically puts it in his introduction to "Co-operation and Charles Gide", "its (co-operation's) roots and branches in early growth became intertwined with those of Socialism and were cultivated with a vague hope that somehow the two would grow together in fabian unity."

There appeared also about the middle of the 19th century other Social Movements which assumed the name of Socialism and among whose leaders were men who not only identified themselves with Co-operation but made notable contributions to it and who to-day are considered to belong to the group of its original promoters. The names of Thomas Hughes (author of "Tom Brown's School Days") and E. Vansittart Neale, two of the distinguished later-day Christian Socialists in England, are very familiar to co-operators. Their work, "Foundations: A study in the ethics and economics of Co-operative Movement" is read still with interest. The efforts of the Christian Socialists were an answer to the aspersions cast upon the Church "of persistently neglecting its duty towards God's poor and her unwillingness or incapacity to consider the claims of the working classes with a view to ameliorate their social conditions." The Christian Socialists, with Frederick Maurice for their leader and Charles Kingsley for their spokesman, were a great force in the Social Movements of their day. It is true that the main plank of Christian Socialists was Religion in which they held lay "the binding force which alone is able to prevent the threatened disintegration of modern society" which suffered from a diversity of interests resulting in conflict of classes. According to them "the regenerative influence of the spirit of Christian equality was a new force or form of social crystallization." But they were not mere religious theorists. While they held that moral renovation was the *sine qua non* for material improvement, they realised the necessity for immediate social

reforms, based on principles of equality and love, taught by Christianity, and recognised that those principles were best suited to produce "that adhesiveness which the various forms of co-operative union in ***Mutualism*** and ***Collectivism*** aimed at but could not attain from want of sufficient motive force." According to a well known writer on Christian Socialism, the method proposed by them for transforming the social order was "of association and implied the gradual and peaceful conversion of competitive into co-operative industry. The organisation of labour on co-operative principles was an essential element of Christian Socialism." (*Christian Socialism* by Kaufmann, p. 25). The Christian Socialists, like the associational Socialists of the pre-Marxian days, found in the Co-operative Movement an instrument to protect the workers, if not the masses, from exploitation by the capitalist system.

This brief statement of the relations between co-operation and the Socialist Movements of the pre-Marxian period is sufficient to show that Co-operation was considered to be an integral part of their programme by the Socialists of the various schools of that time. Co-operation has retained and will continue to retain the best features of those Movements. The elimination of forcible expropriation without indemnity is a feature of the pre-Marxian Socialism which Co-operation retained and will retain. To Christian Socialism Co-operation owes a great deal on its moral and spiritual side—ideals of Peace, Truth, Love, Unity, Equality, Self-help, Self-reliance, Sacrifice and Service. It does not mean that there were no differences between the Christian Socialist and the Co-operative Movements in Britain. Vansittart Neale and his followers had planned to organise an International, excluding the British Co-operative Union from the scheme. The British Wholesale Society did not accept the Christian Socialist plan of co-operative production in which the employees were to have some control over manufacturing plant, that is to say, the plan of the self-governing workshop; the British Wholesale's plan of productive enterprise was "based on ownership and control by the consumers." But such differences were less important than the points of agreement.

Students of the History of England are familiar with other mass movements which appeared at about the same period as the Christian Socialism. Some of those Movements advocated violent revolution. The notorious corn laws, which created great discontent among the people, gave rise, for instance, to Chartism, that is, demonstrations in favour of people's charter and repeal of corn laws; and these uprisings threatened to eclipse Movements like Consumers' Co-operation and Christian Socialism, which aimed at economic revolution by peaceful and evolutionary methods. But with the repeal of corn laws Chartism died. No doubt with the subsidence of Chartism, the school of Christian Socialists also practically disappeared. But the spirit of Christian Socialism seems to animate even to-day certain sections of the Christian Church. The July (1936) issue of the "Consumers' Co-operation" (the official journal of the Co-operative League of the U. S. A.) editorially commenting on the resolutions passed by the General Conference of the Methodist Church recently held at Columbus, says that the Conference insisted upon "not only the right but the duty of the Church to speak and not be silent in the presence of hunger, injustice and exploitation" and declared that "the kingdom of God cannot be built upon the foundations of economic injustice." But when it came to specific proposals for building the new foundations, there was not the manifestation of the same faith in the principles of Co-operative Brotherhood which inspired the leaders of the Christian Socialist Movement of the 19th century. There were three different groups among the Methodists who took up three distinct positions: (1) a planned Social economy; (2) a readjustment of the present economic order, and (3) Consumers' and Producers' Co-operation. The last group fared rather badly at the hands of the Bishops who attended the Conference. The Editor of the "Consumers' Co-operation" says that the Bishops of the Methodist Church, like the Judges of the Supreme Court of the United States who were appointed for life, failed to be responsive to the current thinking of the delegates to the General Conference.

With the emergence of Marx and Engels into prominence, the economic theory of Socialism underwent a revolutionary change and the whole Movement of Socialism was put on a definitely political footing. The publication of the communist manifesto just before the revolution of 1848 marked the dividing line between the new Socialism and old Socialism. Since then, the points of divergence between the Marxian doctrine and Co-operation are definitely more pronounced than the points of contact. The original aims of Socialism and Co-operation however remain unaltered. Both aim at the "removal of national frontiers and class distinctions since unity and peace are to the advantage of the consumers in every

country." So far as the Socialisation of the means of production is concerned also, the co-operators virtually aimed at the same result as Socialism, namely, the abolition of the capitalist surplus value, though their methods were different. Gide therefore pertinently asked: "All these millions of capital invested in co-operative stores, do you say they belong to private organisation and not to the State or municipalities? What does it matter? They are no longer under the capitalist system. The surplus value taken from the worker is restored to him, not indeed as worker but as a consumer."*

Now, coming to points of divergence which are many and irreconcilable, the doctrine of class war definitely divides Marxian Socialism from Co-operation. It does not mean that Co-operators are blind to the existence of class conflict. But they do not believe that it is necessary to accentuate it by associating themselves with the workers as workers. They regard man as consumer and seek to replace class war by "unity and mutual aid in the co-operative system." Co-operators thus claim a wider range for the application of their solution—an extension of it to class relations. Marxian Socialism is a conscious class movement of workers based on the grievance that the surplus value created by labour was absorbed by capital. Again, there is also a fundamental difference between their methods, for Socialism's is definitely political while that of Co-operation is purely economic.

The most outstanding divergence between Socialism and Co-operation goes, however, deeper down than methods, for while the former stands for the State, the latter stands for the individual. Charles Gide who is one of the greatest authorites on modern co-operative philosophy, says: "Co-operation is really individualistic, for it implies the steady, increasing activity of individual effort, with a goal in sight and moving towards it with a stubborn will." This characteristic feature of Co-operation is perhaps best expressed by the well known American writer, Albert Sonnichsen. He says, "Co-operation would base all social authority on the individual, the local group, and would delegate this authority to central bodies only through federation for special purposes. It abhors centralisation and centralises only such institutions as have outgrown local conditions. It makes for efficiency certainly, but does not make efficiency an aim above social happiness. For it is based on the

*Gide's Lecture on Co-operative Programme—2nd Edition, pp. 69-70. Co-operation & Charles Gide, p. 60.

happiness of the free will of the individual. It desires to include no one it cannot benefit. It rejects the theory that what is good for nine is good for ten. It has no passion for logical completeness; it has no desire to become so universal that every individual shall be included in its system. Within co-operation there is no impulse to extend the authority of one group over another much less to extend any authority to outside elements." The State is an outside element to Co-operation. To express this difference in the fewest number of words, Socialism wants an *expanding State*, while Co-operation wants a *fading State*. Co-operation is "economic anarchism rationalised."

These divergences being fundamental, a section of Marxian Socialists definitely began to condemn Co-operation as a Bourgeois Weapon, although it did secure to workmen some advantages. But there were always some Socialists among co-operators and some co-operators among Socialists. Co-operative societies in some parts of Europe, notably in parts of France and Belgium, had strong socialist leanings. To them the outstanding features of Co-operation like the abolition of profit on capital, organisation of production with a view to supply wants and not to make profits and the transfer of control of industries or means of production from capitalist hands to those of consumers, had a strong socialist significance. So this type of societies enlisted members for socialist organisations and trade unions, collected funds for election contests of Socialist parties and supplied bread to workers when they were on strike and rendered other form of social assistance. Co-operators who were not strongly pro-socialist did not relish the idea of co-operative societies thus playing second fiddle to socialist organisations or functioning as milch-cows to Socialism or being tools in the hands of Socialists and Syndicatists. There was a definite demand from them for the emergence of Co-operation as an independent and separate Movement from Socialism with its distinctive methods and objects. The struggle between these two schools of co-operators went on for about two decades, specially in France where the conflicts between the workmen societies and middle-class societies was fierce between 1895 and 1912. The school of independence for co-operation ultimately triumphed in many European countries, specially England, Switzerland and Germany. The controversy happily ended by Socialists and Co-operators recognising the value of the mutual assistance which the respective movements can render each other while maintaining their independence. The

International *Socialist* Congress held at Copenhagen in 1910 passed the following resolution:

"The working class in its struggle against capitalism has a vital interest in seeing that workers' unions, co-operative societies and the socialist party, while pressing their individual identity, shall be united by a relationship which becomes increasingly close day by day."

The following reservation was also made:

"Seeing that *co-operation standing by itself would not be capable of achieving the end aimed at by Socialism*, that is to say, the control of government for the collective use of instruments of production, this Congress, while warning the workers against those who claim that the co-operative movement in itself is all that is required, declares that *the working class has the most vital interest in using the co-operative method as a weapon of class warfare*."*

The declaration embodied in the main resolution of the *Socialist* Congress of Copenhagen was virtually repeated by the Congress of the International *Co-operative* Alliance which met soon after at Hamburgh. These declarations of the Socialist and Co-operative Congresses were followed by efforts to evolve common programmes of work on all matters on which there was contact and dissolving such of the co-operative organisations which were working at cross purposes or which proved obstructive to the carrying out of these declarations. Co-operative societies with capitalistic tendencies of which there were many varieties, continued to be in disfavour with Socialists. Notions of thrift and desire for dividend on purchases were looked upon by Socialists as evidence of thirst for individual gain—amassing of capital by the worker by means of saving—a notion opposed to Socialist ideology. Socialists failed to see in thrift and saving effected by dividend on purchases means for the liberation of the working masses, which was the co-operators' ideal. So, the pro-socialist co-operative societies gave no interest on even co-operative capital and were generally class associations that admitted only workmen or wage earners as members, for they held that their cause would be weakened by admitting the very classes whom they were out to fight. Again, these pro-socialist co-operative organisations admit productive enterprises in Co-operation as mere appendages of consumers' societies—as mere workshops—and not as independent

* *Vide* "Consumers' Co-operative Societies" by Charles Gide, pp. 222-23.

associations. These societies utilised their common good fund not only for co-operative education and propaganda but for purposes like sick benefit for unemployed, old age pensions, medical and legal advise, relief of strikers, subsidising election campaigns. The nature of the social services of this type of co-operative societies can be seen from an enumeration of a few of those services which the well known Belgium Society, Vooruit of Ghent, rendered to its members who had been its loyal customers over a prescribed period. It provided (1) free bread (six loaves weekly) in case of sickness for six weeks; (2) free medical services and medicine in case of illness during six months, on condition that the medicines were purchased from the Vooruit pharmacies; (3) superannuation pension at 60 year age and after 20 year membership; (4) gift of loaves with cakes and groceries at every birth; (5) favourable interest on savings bank accounts; (6) an indemnity of 7 sh. 6 d. in case of death given to nearest relative; (7) technical instruction and subsidy to musical societies, theatres, gymnasiums, travelling etc.

During my visit to Belgium in the autumn of 1934, I had occasion to study the working of a very interesting co-operative institution at Brussels—a successful co-operative Insurance Society, which bore the name of Social Provision (*La Prevoyance Sociale*). It was mainly a working class institution. It maintained in its beautiful premises some free social services: for example, it conducted free medical examination of urine and blood pressure to any one who might call at their clinic.

But the most predominent type of co-operative societies in Europe (except U. S. S. R.) have more pronounced elements of Co-operation as contrasted with Socialism. They accept the doctrine of Socialisation of means of production but under the control of associated consumers. They do not subscribe to be theory that the working classes are the only people who are exploited by capitalism. They hold that all consumers are so exploited. Therefore co-operative Socialisation of means of production aimed at benefitting all consumers. This school of Co-operation as already stated does not advocate expropriation without indemnity but aims at rendering old capital valueless by purely economic methods and building up new capital on a co-operative system in which private profit is eliminated or replaced by social profit so to say, and production and distribution are carried on to supply wants and not to make individual gain.

Socialisation of Land, however, presents a more difficult problem The theory of creation of new capital cannot be applied to Land, for more Land cannot be created and the extent of cultivable land available is limited. So, Socialisation of Land must necessarily involve Socialisation of Land already owned by others. It was for this reason that some co-operators conceded that agrarian Socialism unlike Industrial Socialism cannot be affected by Co-operation. Indeed the British Co-operative Congress held at Lancaster in 1916 (during the Great War)—a gathering which was by no means socialist in its methods or aims—passed the following resolution: "This Congress urges that as the Government has assumed control of industries, it will also take over the control of land with a view to promoting of all its resources in the fundamental interests of the Nation." This must however be taken as a war-time extraordinary remedy to husband all available resources of food supply and raw materials which Land can yield. Co-operators believe that property in Land can be gradually transferred into collective property of co-operative producers' organisations which will come more and more under the control of consumers' societies and will thus tend to get socialised like industrial production societies which are controlled by consumers' societies. Sonnichsen whom I have already quoted says: "The small farmer of the present is in actual fact nothing more than the master craftsman of a century ago. To the extent that labor-saving machinery may be applied to agriculture on a big scale, as in the production of the grain crops or potatoes, cotton, fruits, etc. we may look for an extensive development of consumers' co-operative agriculture. The reaper, the harvester and the tractor are the logical tools of a collective body." These ideals as regards Socialisation of Land on a co-operative basis have not, however, made much headway except in the U.S.S.R. In fact well organised agricultural producers' co-operative societies are trying to exploit one another on the one side and the consumers on the other. Agricultural co-operative associations which aim at securing high prices for their members' produce are sometimes hostile to consumers' associations which aim at making those products available to consumers at cheap prices.

The Great Russian communalist experiment has upset some of the old notions of orthodox co-operators in regard to the possibility of organising man as a producer on a co-operative basis. Sydney and Beatrice Webb, for instance, referring to their own opinion expressed in some of their earlier works, on the question whether co-operative production is a desirable and practicable alternative to organisation of industry under capitalist or wage system, say in their new book on "Soviet Communism", "incidentally it may be said that the present writers replied (the question) in the negative, at any rate within the frame work of the capitalist system. Hence we have been all the more interested to discover that within the framework of Soviet Communism, associations of owner-producers of one or other kind have within the past decade, became actually the predominent type in the Agriculture of U.S.S.R., whilst they have apparently demonstrated their advantages in various branches of manufacturing industry." (*Vide* p. 220 of Soviet Communism).

To understand the precise position and functions of co-operative organisations in the frame work of Soviet Communism, an acquaintance with the general outline of that frame work will be necessary. For that, the reader must necessarily be referred to one or other of the recent accounts of Soviet Communism as it will be impossible to attempt it here in however brief a manner. In between the hierarchy of the Soviets (political organisations of the citizen) from those of the village up to the All Union Congress of Soviets of the U. S. S. R. at the one end and the unique companionship order called the Communist Party at the other end, there are the imposing pyramidal structures of Man as a Producer and Man as a Consumer in the huge edifice of Soviet Communism. Stalin in explaining the function of the several parts of the federal constitution after referring to the Soviets and trade unions says, "Thirdly, we have co-operatives of all kinds with their multiple ramification............The Co-operatives play a specially important part after the consolidation of the dictatorship of the proletariat, during the period of widespread construction. They form a link between proletarian vanguard and the peasant masses, whereby the latter can be induced to share the work of Socialist construction." The organisations which are of special interest to co-operators are the Associations of owner-producers and the consumers' societies. Among the Associations of owner-producers, the self-governing workshop and the collective farm are the most important type. The Webbs describe their main features thus: "In this type the members are not recipients of salary or wage; indeed, not employed, under any contract of service at all. They are individually or jointly, owners or part owners not only of the instruments of production but also of the products of their labour." At the beginning of 1932, the

number of definitely organised co-operative societies of industrial owner producers (incops) was estimated at 20,000 with 30,000 workshops, having a total membership of 2,350,000 men and women, with an aggregate gross production of commodities valued at about four and a half thousand million roubles. Another estimate puts it at 6,230 millions roubles. (*Vide* Soviet Communism Vol. 1. pp. 224). Turning to Agricultural Associations of owner producers—collective farms (kolkoshi)—their number at the beginning of 1933 was 225,000 involving an actually cultivated area of over 85 million hectors (a hector is equal to 2·5 acres). The total number of households engaged in their cultivation was between 14 and 15 millions which meant a population of 70 millions at 5 people for a household. On an average each collective farm gave occupation for 65 or 70 households and the average cultivated area of a collective farm was over 400 hectors (1000 acres)-(*Vide* Soviet Communism p. 248). The figures for consumers' stores are even more impressive. The aggregate membership of consumers' co-operative societies in the U.S.S.R. in 1934 was about 75 millions enrolled in 45,000 local or primary societies which now extend to every part of the country. The majority of the members are in 41,000 small village societies which have branches in the adjoining hamlets. On an average, a village society has three branches. Only 4,000 societies out of the 45,000 are in cities and only a small number of them are votational societies or "closed co-operatives" as they are called, intended for men and women employed in a particular trade or factory. But these 4,000 city stores have 40,000 branches. The federal constituion of the consumers' stores is briefly this. The small village stores with their branches are united in 2,555 rayon (district) unions. These district unions along with the 4,000 city societies and their branches are united in 32 provincial unions. From the councils of these 32 provincial unions are drawn the representatives who constitute the Central Union—the famous Centrosoyus. Speaking of this Central Organisation, the Webbs say: "The business of Centrosoyus, combining as it does the functions of the English Co-operative Union with those of the English and Scottish Co-operative Wholesale Societies, and acting for a co-operative membership ten times as numerous as that of the United Kingdom or Germany, dispersed over an area many more times as extensive—is almost unimaginably gigantic and complex." (*Vide* Soviet Communism, Vol. I. p. 314).

Thus, Socialism and Co-operation have once more got inextricably intertwined in the U. S. S. R. in the latest phase of Socialism

Reconstruction of Co-operative Societies in Burma.*

BY U TIN GYI, A.T.M.,

Registrar of Co-operative Societies, Burma.

Some of you will no doubt remember that three years ago, Mr. R. K. Harper, one of the predecessors of my present post, delivered an address before your Society on the subject of the "Undeveloped aspects of Co-operation in Burma." In this paper Mr. Harper dealt firstly with the factors which had brought the Co-operative Movement in the Province to its present predicament, and secondly with suggestions for avoiding a repetition of the mistakes committed in the past. I have therefore chosen for the theme of this address a subject which appears to me a fitting sequel to Mr. Harper's paper, the reconstruction of co-operative societies in Burma on lines which will, it is hoped, enable the Co-operative Department to fulfil its avowed object of establishing a sound system of agricultural credit in the country.

You are already aware of the set-back Co-operation has received in Burma, of the downfall of the many societies which had sprung up in great numbers within the first ten years of the beginning of the Movement and of the numerous liquidations which followed afterwards. I propose to deal within the short time at my disposal only with the last part of these happenings. The reconstruction movement is a bold attempt at clearing the wreckage as quickly as possible and saving from the debris the good elements in them for the raising of a new structure on firmer foundations, one that will, it is hoped, overcome the many pitfalls of the past. The history of the Co-operative Movement in Burma from the year 1928 onwards affords dismal reading, for it is nothing but a record of liquidations, attachments and sales of the properties of the members and of the intolerable burden of debt which could not be discharged despite the fact that the members had willingly or unwillingly given up all their possessions. The easy financial comfort which the members enjoyed by loans from the District and Provincial Co-operative Banks prior to the liquidations formed a striking contrast to the conditions which soon followed.

*A paper read by U Tin Gyi, A.T.M., Registrar of Co-operative Societies Burma, at the Annual General Meeting of the Burma Economic Society on 23-7-36.

Dispossession of Lands.

The inevitable result of the liquidation process was the dispossession of all the members' lands through the application of the unlimited liability principle by which every member was held liable for the entire debt of the society to the Co-operative Bank. It became the unpleasant duty of Co-operative officers in their role of liquidators to investigate into all possible sources of recovery, and it was even said that the agents of the liquidators were for ever spying on the members and were ready to pounce on any assets that came to their notice. The Departmental officers soon realised that though they were received before with open arms as the friends, guides and benefactors of the people, they were now treated everywhere with suspicion and even as public enemies. But for the tact displayed by them, the relations of the Department with the societies might have been more strained than it is at present. The condition of things in fact soon developed into a running sore. It created a feeling of uncertainty and of intense irritation amongst the villagers. Government therefore considered it advisable to bring this state of affairs to an end as quickly as possible and has therefore approved of the principle of reconstruction, which aims at clearing the liquidation mess in a manner which will appease the feelings of the members after the sore trials they had undergone in being deprived of all their possessions consisting of surplus cattle, carts, houses, gardens, paddy and "ya" lands. At the same time it is an attempt to save some of the more deserving societies and to put them on their feet again.

It must not be forgotten that the living societies, which had practically ceased to function ever since the trade depression started, were equally in need of this reconstruction treatment. They were all suffering from the same complaint of overdues and overfinancing and a quick cure had to be found to arrest the growth of the cancer which was slowly but surely eating its way into the vitals of the Co-operative Movement in Burma I shall therefore try my best to explain to you how it is proposed to apply this treatment to the moribund societies of Burma.

The Present Position.

The present position of the Co-operative Movement may be briefly summarised thus. There are 2,037 societies still living, of which 1,387 are agricultural credit societies with unlimited liability. The number of societies under liquidation is 1,890, of which 1,749 belong to the rural credit type. These 2,037 societies are all that survive of the 6,163 societies registered under the Act since the beginning of the Movement. The bulk of the liquidations was in Upper Burma where 1,559 societies were still in liquidation against 596 societies classed as living. The financial position of the living societies up to the end of June 1935 was as follows. The working capital of Rs. 80.86 lakhs was made up of share capital Rs. 14.71 lakhs, deposits from members and non-members Rs. 2.96 lakhs, loans from societies Rs. 0.82 lakhs, loans from Provincial and District Central Banks Rs. 21.05 lakhs and Reserve Fund Rs. 41.32 lakhs. The loans due by the members amounted to Rs. 58.85 lakhs of which Rs. 54.47 lakhs were already overdue. The sum of Rs. 6.81 lakhs only was repaid during the past year 1934-35, but a considerable portion of it consisted of book adjustments and values of land surrendered by members in satisfaction of their outstanding loans.

With regard to societies undergoing liquidation, their liabilities amounted to Rs. 68.05 lakhs and of this the insignificant sum of Rs. 3.23 lakhs was discharged during the year 1934-35. Here again the recoveries included the value of land which had been bought in by liquidators at auction sales. These figures show that the position of the living societies was hardly better than that of those already put into liquidation. Though termed living, the majority of them had ceased to carry out their usual functions ever since the collapse of the District and Provincial Co-operative Banks in Upper Burma and the stoppage of all credit from similar banks in Lower Burma. Some societies made no further collections of outstanding loans from the members if no Bank loans existed, while the majority which owed money to the Co-operative Banks were making feeble attempts to discharge their loans by small annual collections. These collections were gradually diminishing each year, and it was clear that the financial anaemia from which the living societies suffered owing to the stoppage of credit from district and other co-operative institutions, must soon lead to their final extinction, were no remedial measures applied to stem the tide of slow disintegration that was taking place.

In Upper Burma.

The position of liquidated societies in Upper Burma was in a worse plight because the work of liquidators had ceased to be fruitful of results. Though the members had given up all their land, its

sales did not bring in any money, because no one had cash in hand to bid when the Township Officer conducted the auction sales. The result was that the liquidator of the society was invariably the only buyer and was forced to take the land himself at a small price in satisfaction of the outstanding loans. Up to the end of June 1935, the area of land which had passed into the hands of the liquidators amounted to 70,334 acres having an estimated value of Rs. 12.19 lakhs. Of this large area, the societies affiliated to the Burma Provincial Bank in liquidation contributed no less than 41,588 acres.

In Upper Burma the collapse of the societies came with the fall of the Burma Provincial Co-operative Bank. At one time it dealt with 2,300 societies in 22 districts and had a sufficiently imposing balance sheet. But it had probably never been a sound institution and could not possibly have supervised carefully the issue of its loans to the societies scattered in many districts including some from Lower Burma. It is unnecessary for me to enter into the causes of the failure of this bank as the Calvert Committee on Co-operation has examined them at length and has already recorded its findings in the Report submitted to Government. This Committee found in 1928 that the Bank was clearly insolvent. Of the Rs. 89 lakhs deposits received from outsiders, it was found that only 38 per cent were covered by securities. Government therefore came to its aid and made a grant of Rs. 34.60 lakhs before it went into liquidation. After its winding up, a further sum of Rs. 23½ lakhs was issued as a loan in order that its obligations to depositors may be fully met. The entire amount of the deposits has therefore been paid off and Government is the sole creditor of the Bank. To cover this Government loan of Rs. 23½ lakhs, the only tangible assets which seem to exist consist mainly of the 41,588 acres which are now in the hands of the official liquidators of societies. The great problem therefore was how best to get rid of the large area of land and at the same time to recover a reasonable portion of the loan which the Burma Provincial Bank owes to Government.

The Reconstruction Scheme.

The main features of the scheme are the speedy disposal of the accumulated land to members of societies who could afford to purchase them by yearly equated instalments of payment spread over a period of 10 to 15 years, the reduction of old debts by setting them off against shares, deposits and reserves of the society and the revival of the working of these societies under a new set of by-laws known as the model by-laws of a co-operative credit and marketing society. Thrift will receive greater encouragement than it ever did before and for the first time in the history of the Movement in Burma, co-operative marketing will be linked with credit and all repayments of loans will in future be made mostly in kind.

The scheme has been put into operation only in Upper Burma for the present as it was felt that until some experience was gained, it would be unsafe to launch it in Lower Burma where the conditions of the societies are dissimilar and may require a different treatment. In Upper Burma most of the societies are indebted to the Burma Provincial Bank in liquidation and despite the recoveries made by liquidators during the past 7 or 8 years, the total indebtedness of the societies to this Bank still remains at the very high figure of Rs. 52.39 lakhs, and the societies in liquidation contribute to this figure the sum of Rs. 43.53 lakhs. As I have already stated above, the recoveries from all liquidated societies amounted only to Rs. 3.23 lakhs during the past year and it is clear that not much more might be expected. With a large area of over 41,588 acres of land on their hands, the liquidators have practically come to the end of their efforts, for whatever small sum is now recovered in cash is swallowed up in liquidation expenses and liquidation work has ceased to be of any profit. On the other hand the possession of these large areas of land has been a considerable source of trouble and worry and an increase of work. The renting out of scattered holdings all over the district and the subsequent collection of the rent are no light tasks, and the increase of work in this connection has had an untoward result—the considerable neglect of the living societies whose operations were clearly going from bad to worse.

Vexed Problem.

The vexed problem of administrating these lands efficiently was one which needed early attention and a way out of the difficulty was found by giving back the land to the original owners on the instalment plan by which its current market value will be recovered in small repayments spread over a period of 10 to 15 years. The total recoveries which might be expected must therefore depend largely on the value of the land now in the hands of the liquidators. If paddy prices continue to remain at the present low level, probably not more than Rs. 10 to Rs. 15 lakhs will be recovered. It might

appear paradoxical to say that these lands which at present are unsaleable, should be disposed of to the original owners or their heirs on the instalment plan. It should be noted that the liquidators have not succeeded in getting the best lands in the village, but despite the poor fertility, the owners, especially in Upper Burma, have a strong attachment to the land which they and their forefathers tilled in the past and the experience of the past 7 or 8 months has shown that this view is correct because there was no difficulty whatever in getting rid of the land in this way. The original owners have shown much eagerness to obtain repossession of their lands and the scheme has everywhere been favourably received. It has been introduced at an opportune time, for the people had become worn out by the continual anxiety of mind caused by attachments and sales of their property. They were only too glad to find some means of escape by which they would be enabled to repay their debts in driblets, over a long term of years. That this attitude of mind existed may be seen from the fact that wherever the scheme was introduced, no difficulty was experienced in making members who had still some property left, to surrender the same to the liquidator on the promise that they will be allowed to regain possession of their property on the rent purchase instalment plan which will be described later at some length. The number of recalcitrant members has so far been very small and only against a few has the liquidator taken up action under the Revenue Law.

Two Objects.

It would appear from the above that the main idea was to convert the value of this area of over 41,588 acres into long term loans which would be used for the repayment of part of the Government loan of Rs. 23¼ lakhs, but this is not entirely true. The two objects underlying this system of recovery are, first, to counteract the demoralising effects of a wholesale setting off of loans of members and second, to revive the working of the societies on new lines on the basis of the new by-laws of a co-operative credit and marketing society. The members must be shown that though it was possible to write off a considerable portion of their outstanding debts to the society, they must at least pay the current market value of the lands they wish to obtain possession.

In practice the loans due by members are written off at percentages varying from 50 to 80. Except for small amounts treated as long term loans, the repayments now fixed are based on the present market value of the land. The financially unsound, that is, those with little or no repaying capacity are expelled from the society and if necessary, new members having sufficient repaying capacity are drafted in so as to enable all the lands in the society to be disposed of on the rent purchase plan. In almost all cases the overdue interest of members is entirely written off, as the Burma Provincial Bank in liquidation has arrived at the conclusion that the overdue interest of societies is now irrecoverable. This sum will amount to about Rs. 33 lakhs. The balance of the outstanding loans of members which are considered irrecoverable are then written off against share subscriptions, deposits and the reserve fund of the society which in most societies has accumulated to a considerable sum. An attempt is made to arrive at the true repaying capacity of each member by conducting an elaborate inquiry into his income and expenditure for the past year somewhat on the lines of a cost of living inquiry in a settlement party. The reconstruction movement is therefore a debt conciliation process by which the member's financial position is so adjusted that he will be in a position to repay his debts by annual instalments spread over a long period and at the same time it is a process of elimination of the financially unsound whose continued stay in the society would be a source of weakness and trouble to all concerned. The scheme in sifting the good from the bad during the process of cleaning up, will achieve its principal object of resuscitating the movement on altogether new lines which will be explained below. The weak societies which cannot survive the acid test of reconstruction, must of course be wound up and disregistered, but those that have been reconstructed will acquire a fresh lease of life and Co-operation will be given another chance to help those who need its aid most.

The Rent-Purchase plan.

The manner in which the societies will repay the value of the lands is an important consideration. The liquidators will transfer the lands to the Provincial Bank which will in turn transfer them to Government. The idea of giving the lands outright to the societies and to treat them as under mortgage was abandoned because there was a considerable risk of a sale or a second mortgage to another party and it was felt that Government in the role of landlord had a better hold on the land than as a mortgagee. Two rent-purchase agreements were therefore drawn up—one between the society and Government and the other between the society and the members.

Under this form of agreement, the member undertakes to work the allotted piece of land on a specified rent per annum for a fixed number of years, and if no defaults have occurred during this period of time, he has under a clause in the agreement the option of buying the land for the sum of one rupee. The rent fixed is of course the equated repayment of the principal amount which is the market price of the land plus a small interest of 3¾ per cent to cover the working expenses of the society. Government has been good enough to forgo not only the large amount of interest overdue but has also promised not to charge any interest on the rent purchase loans payable to Government in settlement of its loan of Rs. 23¼ lakhs. The number of years and the amount of this instalment are arrived at by calculating his repaying capacity on a prescribed form and in no case more than 15 instalments are allowed. The land revenue on the land is payable by the member in addition to the instalment fixed. If the member dies before completing the payments, his next of kin has the right to continue payment and obtain complete possession of the land at the end of the fixed period. If defaults occur, the member forfeits all previous payments and is liable to be evicted in favour of another member who agrees to work on the same terms as the previous tenant. The object of selling the land at the price of one rupee at the termination of the allotted number of years is to dissociate from the jungle Burman's mind the idea of purchase price from the instalments he pays in every year. If treated as rent and nothing else, he will understand that he cannot ask for the return of his previous payments should he default. Unless these measures are adopted, members are liable to default on the flimsiest pretexts and extensions might be asked for whenever the rainfall does not come up to their expectations. Care is however taken in fixing the instalments to allow for bad seasons and they are always lower than the sums arrived at as repaying capacity. An agreement with similar provisions is also drawn between the society and Government. As care is taken during the reconstruction process to leave a sufficient margin (about 20 per cent) between the amount due to Government by the society and that due by the members to the society, there should be no defaults as any deficit due to a member not paying in his dues will be made up by recoveries from the other members.

New By-laws.

The new model by-laws are an adaptation of the Raiffeisen and Luzzatti types and are the outcome of conditions peculiar to Burma.

They are based more or less on the results reported by the Committee on Co-operation presided over by Mr. Calvert in 1928-29 and aim at overcoming the inherent weaknesses of the old societies by measures designed to avoid the mistakes of the past.

Hasty organization, expansion without consolidation, inadequate supervision, defective audit, lack of care in lending, inattention to repaying capacity, tenderness in collection, excessive reliance on honorary work and the blunder of using short term deposits for long term loans—have all contributed to the downfall of the societies, and the new by-laws are an attempt to overcome these difficulties by a greater attention to the business aspect of the problems which usually confronted the old Luzzatti type of societies in this country. The new by-laws are known as the model by-laws of a co-operative credit and marketing society and as its name indicates, its object is to combine marketing operations with the credit side of the society's activities. Sale societies for paddy, groundnut and other produce have been formed in the past but all have proved failures owing to the disloyalty of the members. In the provinces of India, such societies have also failed owing to the same cause, the desertion of members by the offer of trifling concessions by rival interests. In spite of the by-laws framed by them, these societies have not dared to enforce loyalty on pain of fine or expulsion. But in other countries outside India, co-operative marketing has made tremendous strides and has done much to improve the condition of members of co-operative organizations. Encouraged by the excellent results achieved elsewhere, a modest attempt is therefore made to introduce co-operative marketing on a small scale in Burma. The Indian Central Banking Inquiry Committee's report says, "The question of organised marketing is of greater national importance than that of rural credits. To supply the credit requirements of the ryot is important but not so much as it is to cure the diseases from which the indebtedness arises. One of these is the low average production. Production can never be stimulated until the ryot can secure a free and sure flow of his surplus produce to the world's market." It is therefore very desirable that the Burman cultivator should realise the benefits to be derived from co-operative marketing; but from the failures of the past it has been learnt that without an obligation on the part of members to sell their surplus produce through the society, it is next to impossible to enforce compliance. Until he has learnt the benefits of combined sales, it is essential that this obligation

should be imposed upon him, and how this will be done is explained below. This is the first attempt at linking co-operative credit with sales, for hitherto it had been an axiom of the co-operative movement in Burma that each society should have but one object only in view. Co-operative marketing must make slow but sure progress for it cannot be forced upon the people. It must be born of a real consciousness of its benefit to cultivation in securing better prices for the produce of the country.

The First Step.

The first step in the process is to impose a condition in the issue of loans that the repayment of both principal and interest must be made only in kind immediately after harvest. The crop will be collected and sold by the Committee in two or three lots during the selling season and the amounts due by the member either as borrower or surety will then be deducted from the sale proceeds. The surplus, if any, will next be returned to the member concerned. There are four objects in view in making the members repay their debts in kind. The first is to secure the prompt repayment of the loans. It has been found that if the crop is allowed to be sold on the threshing floor, the member usually satisfies his outside creditors first and disburses his debt to the society last. This will now be prevented by making the member sign a marketing agreement bond as a precedent to the issue of a loan to him and the debt to the society will therefore become the first charge on his harvest. The second object is to enable the member to obtain a better price on his crops. The society can well afford to wait for a rise in prices, if necessary, because the member has already brought in a quantity of paddy or other crop more than sufficient to meet his debts to the society. As the member gets back the surplus after the discharge of his dues he cannot but realize that the marketing of his crops through the agency of the society at prices higher than what he would ordinarily have obtained by sales on the threshing floor, is to his distinct advantage; and once he has appreciated the true significance of combined sales, it is anticipated that he will not hesitate to bring his entire crop to the society for sale. Only then will the societies become true marketing societies. The compulsion to sell a portion of the crop through the society, will for the present be placed on borrowers only; but this is merely the thin edge of the wedge which will eventually make every member sell his entire harvest through the agency of the society. In this way it is hoped to fulfil the third object, which is to impart the necessary education to the members on the value of co-operative marketing and to teach them the correct methods of organised sales. The fourth and last object is to overcome the present practice of fictitious repayments which had been widely prevalent ever since the societies were first formed in Burma. The repayment of a loan together with interest and then taking out perhaps a larger loan on the same day, was a method widely adopted in order to avoid the repayment of the principal amounts due. It taught members and secretaries of societies in particular that book adjustments of this nature were part of the system. Their skill in making such book adjustments was little short of marvellous. The present by-laws however make the members repay in kind and after a short interval, fresh loans are issued in cash for use during the ensuing cultivating season.

Reserve Fund.

At present this fund exists only on paper as it has been the practice to utilise the reserve fund in the business of the society. The result has been the locking away of this reserve in loans to members which have now become practically irrecoverable. The disastrous results of many of the liquidations in Upper Burma are in no small measure due to the absence of a real reserve fund. There is little doubt that the effects of the liquidations might have been minimised had a real reserve fund existed in a form easily realizable in the event of a society's dissolution. The people of Upper Burma have now fully learnt the dire effects of a liquidation. Little did they imagine when they took out the enormous loans they did from the Burma Provincial Co-operative Bank that one day they would be sold out lock, stock and barrel. The present by-laws therefore aim at robbing some of the terrors of unlimited liability by the creation of a reserve fund which must be kept intact in the Post Office Savings Bank or in gilt-edged securities. The system of using the reserve fund of a primary society as part of its working capital has been the subject of much controversy in the past. The wisdom of investing one's own money in the Post Office at a low rate of interest and then borrowing at a higher rate elsewhere in order to provide the necessary working capital, has been much questioned but the answer to this lies in the greater safety factor. The difference in the rates of interest represents the price paid for safety. This system has moreover received the approval of banking experts and is one well worth a trail in Burma.

Unlimited Liability.

Section 10 (*b*) of the Burma Co-operative Societies Act, 1927, requires that the liability of societies which deal with the financing of agriculturists shall be unlimited. The present by-laws have been framed to conform to this law but an attempt is made to provide safe-guards by insisting on the provision of sufficient security for all loans issued. However much the theory of unlimited liability may have been extolled in the countries of the West, it has proved but a frail support in time of need amongst the co-operative societies of Burma. Amongst a poor peasantry, unlimited liability can have little meaning unless the members are all thoroughly honest. Take away this factor and no one will deny that the security of a band of beggars can have little or no practical value. In Burma the education of co-operative societies was never seriously considered and the result has been either dishonesty or self-interest. Cases are not uncommon of members who took good care to transfer all their property, movable and immovable, to others, often fictitiously, when they thought that a liquidation was inevitable. The result of a liquidation generally meant nothing but the writing off either the whole or a large part of the loans due to the Bank or to outside depositors, since there was little property left worth attachment and sale. Relying on the theory of unlimited liability, the Banks have in the past lent money freely to primary societies and the members in turn obtained large loans without the necessity of mortgaging their property to the society. The result can be imagined. The members obtained more money to spend by mortgaging their property to outside moneylenders and when they defaulted in their repayments, there was little hope of recovery as their lands were generally mortgaged to others up to the hilt. Thus unlimited liability in practice meant nothing.

Dishonesty and Disloyalty.

Dishonesty and disloyalty have contributed largely to the failure of the unlimited liability system in Burma. Even in the countries of Europe unlimited liability societies have slowly given way to those of the limited liability type because of these traits in the human character. Human nature is the same everywhere and the Burman is by no means worse than his fellows in other parts of the world, but two traits in his character seem to be more pronounced and they have probably led to his undoing. One is his inherent dislike to do any act which involves unpleasantness to others and the other is his unbusiness-like methods in putting things off without much thought of the morrow. This reluctance to do the right thing or to say the right word, merely because of the unpleasantness it might create, has been a stumbling block in the path of progress amongst the Burmese, and an attempt is made in the new by-laws to remove this feeling, called "anade" from the deliberations of all society meetings by the introduction of the secret ballot by which every member is provided with two marbles, one black and one white, and he is asked to exercise his judgment without fear or frown from any other member in the society. We must remember that silence has not always meant consent in meetings amongst the Burmese.

The new by-laws also aim at making the Burman cultivator more business-like in his methods of work. Some of the provisions may appear to the outsider much more stringent than they should be, but they have been framed with the sole idea of making the member follow the straight and narrow path in his dealings with the society. They leave him no loophole for evasion of his duties, because supervision will be stricter than ever before. Too much official control is admittedly undesirable in democratic institutions like co-operative societies, but at the present stage it is a necessary evil and is absolutely essential under the existing conditions of the co-operative movement in Burma.

Thrift.

There are many features of interest in the new model by-laws, but it would take too long to recapitulate them here. I may briefly state that thrift will be actively encouraged by making each member keep a savings box in his home for saving small sums from time to time. The key of the boxes will of course be kept by the chairman of the society. Provision is made for cattle insurance by making the member subscribe annually a small sum of money for each head of plough cattle, so that this saving may be utilised in insuring his cattle in a cattle insurance society or for use in the replacement of cattle, should he prefer not to adopt the former kind of protection. The Luzzatti system of share payments of ten rupees a year has given place to share subscriptions of one rupee per share, no limitation being placed on the amount which a member may subscribe each year. In the Luzzatti type, the shares are of the value of one hundred rupees each, payable in annual instalments of ten rupees

returnable every tenth year, whereafter a further series of instalments must begin. It was found that this payment of ten rupees a year did not represent the real savings of the member, because it was the prevailing practice to deduct the share payment from the amount borrowed during the year. Such fictitious savings went on every year for ten years and in the eleventh year the member had his share subscriptions returned to him, not in cash of course, but by book adjustment which reduced his outstanding loan by the sum of one hundred rupees. It will thus be seen that the share subscription was fictitious from the beginning to the end and members placed little value on their share capital. As a means of encouraging thrift, it had little educative value. The proposed by-laws aim at building up a substantial sum of share capital so that in time the society may eventually be self-sufficing in the matter of its requirements for the issue of crop loans to members. In the Luzzatti type the share capital could never assume large proportions for the simple reason that the entire amount was returned to members every eleventh year and a fresh beginning had then to be made.

Foundation Stones.

These are the foundation stones which are proposed to be laid for the raising of a new structure on the ruins of the old. An earnest attempt has been made to profit by the lessons of the past and it is sincerely hoped that the new societies after the reconstruction period will be in a better position to overcome the defects pointed out by the Calvert Committee on Co-operation in Burma. How much of the objects aimed at in the reconstruction movement, will eventually be achieved is a matter Time alone can show. In the interests of the Co-operative Movement in particular and of the people in general, I pray that the diseases for which remedies have now been suggested, will respond to the treatment. For co-operation, though not claimed as a panacea for all the ills of chronic indebtedness in India, is still a most potent factor in solving the economic problems of the country. Many enlightened men have declared that co-operation is the *best* hope of rural India, and Mr. Darling, one of the recognised authorities on co-operation in India, whom I had the honour of meeting last year, went even further and said that co-operation is the *only* hope of India, especially in the field of rural credit. Co-operation in Burma has undoubtedly received a set back but my faith in the Movement remains unshaken in spite of the reverses of the past. For the fault lies not with co-operation but with co-operators—not with the principle itself but with the men who work it. If co-operation has failed, it has failed through lack of real co-operative spirit in our societies. In other words, the co-operative societies that fail have not been sufficiently co-operative. To the educated people of Burma, I would make an earnest appeal for their help and interest in the Co-operative Movement. Officials can only show the way but non-officials can do much to educate the masses and by precept and example become leaders to guide the Movement on true co-operative principles. For co-operation if rightly guided and properly worked can still achieve wonders by replacing uncontrolled and wasteful credit and by preventing the steady growth of indebtedness amongst the poor cultivators.

Before closing I would like to make it clear that all that I have said above is merely the outcome of my own convictions and the statements I have made, except in so far as they relate to the acceptance of Government of the principles of the reconstruction movement, do not imply that they have received the approval of the Government.

Village Guidance in the New Era*

By Mr. N. Lakshmana Mudaliar,

Manager, The Tamil Nadu Co-operative Federation, Coimbatore.

In the new era, it is not possible to enthuse over the rural reconstruction movement and yet keep away from living contact with the villager. From precept and practice, Sir Patrick Goddes has given us a synoptic vision of "life abundant" in city and village. In his illuminating book, *Cities In Evolution* he has observed that, all over the world, the educated classes have a tendency to specialise away from the life and labour of the villagers. As chairman of the Royal Commission on Agriculture in India, Lord Linlithgow made a similar remark while examining Dr. Radha Kamal Mukerji as one of the witnesses. (Evidence Volume for the United Provinces). This valuable generalisation is worked out in great detail in a subsequent book on *Principles of Rural-Urban Sociology* (Sorokin and Zimmerman, New York, 1929).

Lack of Leadership.

The above generalisation is of special importance to us in India. The Linlithgow Report on Agriculture in India says on page 500 that the cultivator lacks leadership. Why? "No one corresponding to the squire, the doctor and the parson is to be found in an Indian village. The educated man is not willing to live his life in a village except in a few rare cases where ideals of social service overcome the absence of social amenities." (Para 422).

Role of the Agricultural Graduate.

The old type of village school master is fast disappearing in India; and now-a-days we hear a great deal about the school children lapsing into illiteracy soon after leaving the schools. Mr. F. L. Brayne, I.C.S., of Gurgaon fame trained some young matriculates as village guides, but the villagers in the Punjab got no guidance from them. Mr. M. L. Darling, I.C.S., has borne personal testimony to this fact in his book: *Rusticus Leqitur* or "The Old Light and the New in the Punjab Villages". (Oxford University Press, 1930). I have had opportunities of watching the activities of the Agricultural Demonstrators for some years past. From this experience I submit that the agricultural graduates are among the best alternative sources of leadership in Rural India. Some of them are already absorbed in Government Service; and the remaining others must seek fresh

* This paper was read at the Agricultural Conference held at Coimbatore in July last.

avenues of work in the vast untrodden field of village guidance. During the itinerary of the Agricultural Commission, the Unemployment Committee, presided over by Sir George Paddison, was enquiring into the problem of unemployment among the educated classes. That was a decade ago. In my written evidence to that Committee I suggested that trained educated men should be enabled by the State to settle down on land and lead the way in practical profitable farming. (Evidence Vol. II, pp. 311-313). By temperament and training, the agricultural graduates of India are best fitted to succeed in winning the confidence of the villager, if and when they are provided with adequate facilities.

The State in the New Era.

The State and Society in British India are now planning to carry on village welfare work on a nation-wide scale. The Indian States are about to actively participate in this work. The four-fold elements of success in village guidance are: (1) Training for comprehensive Rural Work (2) co-ordination of the activities of the nation-building departments, (3) finance and (4) permanence or continuity of policy and work.

Please let me explain. An agricultural graduate has enough knowledge and experience in laboratory and the field. When he settles down in a village, he will be face to face with the many and varied problems of Rural India. This will get him into touch with experienced non-official workers in the Co-operative Movement and the Panchayats. He will then realise the need for co-ordinating the activities of the nation-building departments, in the light of local conditions. By improved methods of Co-operative Marketing of agricultural produce he will be able to put more money into the hands of his neighbours and teach them how to use that money to their best advantage. In short, as long as he remains in a village, he will prove to be the friend, philosopher and guide whom Rural India now lacks.

The Central Driving Force

It is no longer possible to say, by way of excuse, that "the field is vast but the workers are few." The work of the agricultural graduates will not be like ploughing a lonely furrow. In the New Era he gets the required strength from "a strong central driving force that will encourage enthusiasm, develop public spirit and provide suitable material for active workers in their campaign in favour of the improvement of village life." Please note that this important recommendation of the Agricultural Commission is now a reality, and forms part of the unique work towards village improvement in India. History is now being made before our eyes. Let us now rejoice that our new King and the new Viceroy are as keen as ever to show us the way and to enable us to carry on systematic welfare work on fruitful lines.

The Madras Milk Supply Co-operative Union.*

BY DEWAN BAHADUR K. DEIVASIKHAMANI MUDALIYAR,
Retired Joint Registrar of Co-operative Societies.

The question of supplying pure and unadulterated milk to the citizens of Madras was engaging the attention of the prominent men in the city for a number of years. Various attempts were made to solve the problem but without success. A Company on the Joint Stock principle was formed but failed, probably because it was a proprietory concern and the method of work adopted was not conducive to the development of business. The Company tried to maintain its own animals and had to face the difficulty of looking after a very large number of them. There was also at that time no easy means of transporting milk in good condition from a distance.

It was felt that the problem could be solved only in one way, (at any rate I felt so) *viz.*, by starting a co-operative society of producers. The first attempt to organise milk supply co-operatively (in which I took some part) was made in the year 1912, but the attempt did not produce any tangible result although the enquiries then made were useful for later investigation. Attempts made in subsequent years also did not produce any result. In 1926, after I became Joint Registrar I made strenuous efforts to solve the problem. After studying the question once again carefully, particularly the failure of the Joint Stock Company, I came to the definite conclusion that the existing mode of supply should not be disturbed and that all that was required was to bring it under control to ensure the supply of pure and unadulterated milk. The supply was made in two ways. The milkmen in the city supplied milk by taking their animals from house to house and milking them in the presence of purchasers. The villagers round about Madras sold their milk through middlemen to restaurants, coffee hotels, clubs and hostels. I had long talks with the milkmen of Madras and found that they would not easily organise themselves into societies. I therefore, turned my attention to villages wherefrom milk was brought to Madras for sale. I found that the trade was in the hands of a large number of small men who exploited the villagers and who supplied not always good milk. The chief defect in this system was that the middlemen did not pay the milkmen regularly and sometimes absconded with the money.

I selected the Poonamallee area for organising societies. I succeeded after experiencing great difficulties to bring into existence a few societies.

* This Note was read and given to the Hon. Mr. P. T. Rajan, Development Minister, when he visited the Union on the 19th August 1936.

The men already engaged in the business and a few others joined these societies and they bought better and good animals with the financial help given by the Co-operative Central Bank at Conjeevaram. The enquiries made at the beginning showed that we could transport milk through the buses running on the roads. We thought we could sell milk to hotels and clubs. The sale to hotels, however, proved disappointing. We could not realise the sale proceeds in some cases. We found that we were in the hands of underlings, not the proprietors of the hotels. We had to give up selling to hotels, and were compelled to sell to the public through sale depots, though we had no facilities at the time for this purpose. To sell to the public it was necessary to bring the milk to Madras at about 5 A.M. To do this, two things were necessary: (1) We must have a conveyance of our own, (2) the suppliers should deliver their milk at 3 A. M. It was no easy task to get the delivery of the milk at 3 A. M. The members of the societies were too poor to raise any money with which to buy a motor van. We knocked at the door of the Madras Corporation but in vain. We then approached the Government and got from them an old lorry from the Agricultural College. When giving the lorry the Government felt the difficulty of entrusting it to any one single society. This led to the immediate formation of a Union of then existing societies, although the Union would have come in the ordinary course a little later for the purpose of joint sale of milk.

The Union was registered on 26th December 1927 with 10 co-operative societies. The lorry proved to be another handicap. As it was old we had to spend much money on it for repairs but inspite of it, it refused to work satisfactorily with the result that much loss was caused to the societies. We had to go in for a new lorry. We again approached the Government for a grant but were given a loan. By this time our losses increased to such an extent that we could not pay the cost of the milk purchased. The members of the milk societies could never forget the generosity of the four gentlemen of Madras who came forward with a deposit of Rs. 500 each for help at this juncture. These were Mr. P. Ramanathan, Advocate, Chintadripet, the late Rao Sahib P. Thiruvenkata Mudaliar, Dubash, Messrs. Volkart Brothers, Diwan Bahadur C. Arunachala Mudaliar, Zemindar of Chunampet and Mr. P. V. Nataraja Mudaliar, Municipal Councillor, Tondiarpet. But for the timely help of these gentlemen there was no doubt that the Union would have been closed. Although it was very doubtful at the time whether the deposits could ever be returned, I am glad to say that at the very first opportunity when it was thought that the Union could do so, all the deposits were paid back in full though without interest. The Government gave a loan of Rs. 15,000 to buy two lorries and milk vessels. It was therefore possible to organise a few more societies along the Madras-Nellore road.

There were 21 societies in the Union about this time. Two lorries were running, one on the Madras-Vellore road and the other on the Madras-Nellore road, transporting milk from villages. A society of poor men will always find it difficult to raise money then and there whenever wanted. The Union had to face this problem at every stage from its inception. It had no money even to pay rent for a decent house wherefrom the milk brought from the villages would be distributed and the surplus milk converted into by-products. Thanks for the timely and valuable assistance given by Mr. P. Ramanathan, the front portion of his house in Chintadripet was secured free of rent for some months till the Union was in a position to pay rent. I would be failing in duty if I do not express at this stage the gratitude of the milk supplying members of the Union for the very valuable and self-sacrificing services rendered to the Union by Mr. Khader Batcha Sahib of Kunnathur, the first president of the Union, the late Mr. Ratnavelu Mudaliar, retired Sub-Postmaster, Poonamallee, first Secretary, and Mr. M. Seshachari, Advocate, Poonamallee, a Director of the Union. These gentlemen did all the spade work, helped me in organising and working the societies and spent night after night in going about the villages and waking up people from sleep to milk the animals in time till people themselves became accustomed to do so.

In the year 1929-30 the Union had to undertake the supply of milk to some of the State hospitals, even though it was not fully equipped for the purpose at the time. It was necessary to organise the milkmen in the City for this purpose. Four societies were registered and the contract for the supply of milk to four State hospitals was secured for them. The milkmen were making the supply regularly and satisfactorily for about six months in that year after which their disloyalty, fomented by outside agencies, began to be felt. There was the threat of a strike on the part of the milkmen in September of that year, but this was overcome by timely action. The outside agencies, however, did not give up their efforts to bring about the strike and they did succeed in their attempt. One fine morning in November the men stopped the supply. Undaunted and risking violence, the men engaged in reviving the supply succeeded in inducing the milkmen to supply again. This was after a lapse of a few days in the case of one hospital and a month or so in the case of others. The Union had to pay, however, damages to Government for this failure of supply to the extent of a little over Rs. 10,000 although the Union had been the means of bringing down the Government purchase price of milk from 3 annas 11 pies to 2 annas 7 pies a pint. The strike was found later to be a blessing in disguise. It created a strong bond of Union among the reunited milkmen and their loyalty to the Union in subsequent years was found to be on a very firm basis. The men realised the advantages of a co-operative society which placed in their hands an appreciable sumof money much more than what they could have got from the private contractors. There was incessant demand on the part of the milkmen in other areas that the Union should take up the contracts relating to the remaining hospitals. It may not be out of place if I state that but for the great help rendered in connection with the strike by Mr. Narasimhalu Chetty of the Mental Hospital Co-operative Milk Supply Society and his friend Mr. Ramanjulu Nayudu it would not have been possible to revive the supply of milk to hospitals. They not only avoided the temptation offered to them to cease supply but helped the men who were left without cows to buy them from cattle dealers. I should also like to mention in this connection the generous help given by Diwan Bahadur C. Arunachala Mudaliar, Zamindar of Chunampet, in advancing a large sum of Rs. 6,000 to the milkmen who had absolutely no assets to offer as security for the loan. To the credit of the milkmen I must say that the whole of this loan was repaid within a short period out of the sale proceeds of milk supplied by them. You know, Sir, what difficulties there were in getting the contract of supply of milk to the State hospitals year after year. The milkmen will always remember your name with gratitude for the help you have given them year after year in this connection.

I may now briefly refer to the development made by the Union during the last 8 years. The total quantity of milk sold to the public of Madras did not in the first year exceed 17,408 measures. The following statement shows the quantity of milk purchased and sold year after year till the end of June 1936.

Year.	Quantity of milk purchased (measures.)	Quantity of milk sold. (measures.)	Quantity of milk converted into by-products (measures.)
1928—29	184,500	146,473	38,027
1929—30	320,028	290,871	29,157
1930—31	345,412	328,440	16,972
1931—32	214,985	200,994	13,991
1932—33	186,873	172,741	14,132
1933—34	241,909	220,492	21,417
1934—35	319,818	289,704	30,114
1935—36	410,399	381,461	28,938

There was a very rapid development in the current official year. The daily sales which amounted about 1,050 measures in March 1936 have come up now to 1,550 of which 500 measures only are sold to the hospitals. There are at present 36 sale depots scattered all over the city. We are unable to meet the demand. The supply does not keep pace with the growing demand, owing mainly to the reluctance of the people to join

our societies for the fear that we ask them to supply milk at an untimely hour. As I have already said the remedy lies in pasteurising milk. Pasteurisation will no doubt mean additional cost, but the additional cost can be easily met out of additional business. A small addition to the sale price of milk will not, I think, deter people from buying from us. Even if we do not increase the present sale price, it will still be worth while to pasteurise milk for the convenience it affords to the milkmen. We need not ask them to supply milk at dead of night and be in a hurry to dispose of it within two hours from the time of receipt. Owing to the fact that our depot sales have increased in recent months it will be a business proposition to pasteurise milk even if we do not increase the price on account of the additional cost. The members of affiliated societies are willing to forego a portion of their profits as it will give them the relief that they have been asking all these years.

As regards future development, mention has been made in the address which has been just read to you, Sir, of three new schemes. They are (1) pasteurisation, (2) pasture lands for dry animals and (3) the opening of a ghee department. As regards pasteurisation, I have already said that it is essential from the point of view of the producer. It is also essential from the point of view of the consumer. It will enable the Union to handle milk more satisfactorily from the hygienic point of view and sell it in sealed bottles. Our dream is that that milk should be delivered in sealed bottles at houses in the city and also sold in bunks all over the city throughout the day just as aerated-waters. I may tell you, Sir, that the past working of the Union shows that there is every likelihood of the loan asked for from the Government being repaid in full. The Union was able to pay the whole of the loan of Rs. 15,000 which it had borrowed from the Government for the purpose of buying lorries and also the damages claimed by Government. Assuming that the Union does not expand its business, even then the loan will be repaid out of profits on the present scale. It will only mean that our profits will be reduced by one half. As regards pasture lands, it is necessary in the interest of the country to prevent good animals from being sent to the slaughter house. For this reason alone the scheme deserves favourable consideration at the hands of the Government. In regard to ghee, it is a well known fact that the demand for ghee is more than the supply. This accounts for the large scale adulteration which prevails now. Obviously the remedy lies in increasing the supply. You know, Sir, that the ryot in the village is unable to make both ends meet and he requires a supplemental income. If he is asked to buy an animal to supply milk or cream to the Union, his economic position will certainly be bettered. If the existing credit societies will undertake this work it will not only put life into them (a large number of them are at present dormant) but also help the Central Banks to find an outlet for their money. We request you, Sir, to examine the scheme which has been sent up to Government with sympathy and sanction the required staff.

There remains only one more point which I should mention before I close, *viz.*, how we ensure the purity of our milk. All the members of each of the affiliated societies bring their animals to a central place in the village at the appointed hour. The milkers wash their hands in the prescribed manner and milk the animals in clean vessels under the close supervision of responsible men appointed for the purpose.

Among the later workers who have rendered valuable services to the Union the name of Mr. A. Balasundra Naicker should be mentioned. He prevented waste, developed business, and improved the system of account keeping.

Co-operation in Madras.

An Official Statement.

In the course of a *communique*, the Government of Madras state :

In addition to advice and help given by the Agricultural Department, assistance is rendered by the Co-operative Department, which through co-operative credit societies enables ryots to obtain credit for agricultural operations.

The Government grant certain special concessions to co-operative societies :—

(1) Co-operative societies are permitted to settle their disputes by arbitration instead of resorting to civil courts for the purpose. A special staff is provided for the execution of decisions or awards of arbitrators.

(2) Co-operative societies are exempt (1) from income-tax payable in respect of profits earned or dividends received by members, (2) from payment of the stamp duty with which instruments executed on behalf of such societies are chargeable and (3) from half the registration fees payable in respect of such instruments.

(3) Co-operative societies are authorised to send remittances through Government treasuries by means of remittance transfer receipts *at par*.

Co-operative credit societies not only provide funds on advantageous terms but also exercise a moderating influence on all money-lending transactions.

The Department also aims at developing the co-operative spirit among agriculturists in making purchases and in the disposal of produce. These special types of societies, in addition to helping the ryots in these ways, generally also encourage the development of certain other non-credit activities among the ryots. Some help to disseminate knowledge of the latest improvements in agriculture by demonstrating on a common farm the utility of scientific and improved methods of cultivation, distributing seeds, manures and agricultural implements to the ryots. The Government maintain a special staff of Inspectors for the supervision of non-credit societies and for the development of selected loan and sale societies in the Presidency.

They have also undertaken to grant loans to loan and sale societies for the construction of godowns or granaries, where the members' produce can be stored and sold in a favourable market. These loans have not been propular, however. The Groundnut Loan and Sale Society in South Arcot has rented warehouses in suitable centres and is now doing valuable work. A similar organisation exists in Coimbatore District in respect of cotton. It is the object of these societies to receive the produce of the cultivator and find a purchaser for the produce. The society gives the ryot credit for his produce at a standard weight, which saves him from being cheated in weighment. If the ryot wishes to withhold his produce in the hope of obtaining a higher price, the Agricultural or Co-operative officer in charge of the warehouse of the society allows him to stock his produce in the warehouse, and when necessary, accommodates him with a loan from the sale society on the security of the produce.

The Government have also been giving financial assistance to certain weavers' societies for the employment of staff for marketing their produce.

A provincial society called 'The Madras Handloom Weavers' Provincial Co-operative Society' has been started with the objects of organising the handloom industry on a commercial basis in the Madras Presidency and of expanding the market for handloom fabrics. The Government of India have allotted to this Presidency Rs. 26,500 for 1934-35 and Rs. 59,500 for 1935-36 for the the better organizing and improvement of the handloom industry. This amount will be utilised in subsidizing the Provincial Weavers' Society.

Building Societies and Insurance.

Their main object is to help middle class people with loans for the construction of houses with a view to relieving congestion in towns. The Government give long-term loans repayable in 20 years at a reasonable rate of interest—the present rate is 5 per cent. The following statement shows the amount of loans advanced during each of the years from 1930-31 onwards :—

Year	Amount of loan. Rs.
1930-31	3,96,416
1931-32	1,30,750
1932-33	95,506
1933-34	1,26,278
1934-35	2,07,137
1395-36	2,75,000 (R.E.)

The South India Co-operative Insurance Society was registered in 1932 with its headquarters at Madras. The object of the Society is to provide the benefits of insurance to the middle and the poorer class of people including agriculturists. The progress made by the Society since its inception is encouraging.

Land Mortgage Banks.

Another feature in the recent development of the co-operative movement in the Presidency is the provision of long-time credit through

lar mortgage banks. The grant of co-operative credit on mortgage of lar vas started in 1925 when the Government approved the organisation, as experimental measure, of land mortgage banks on a co-operative ba: in four selected localities in the Presidency. The primary object of banks was the relief of agricultural indebtedness by providing lon erm loans for the redemption of mortgages on agricultural lands anc :he discharge of prior debts not secured by mortgages. The im ivement of land and of methods of cultivation was also within their scope. These banks were to obtain money from share capital, deposits and debentures. It was found within two years of the establishment of these banks that the chief difficulty experienced by them was in selling debentures locally, in spite of assurances. The Government in October 1929, therefore sanctioned the establishment of a Central Mortgage Bank to float debentures on the assets transferred to it by the primary land mortgage banks and to finance the latter out of the proceeds of such debentures. According to the scheme, debentures are issued by the Bank up to 50 per cent of the value of the properties mortgaged to the Bank. A trustee, who is for the present the Registrar of Co-operative Societies, was appointed to see that the Bank fulfilled its obligations to the debenture holders. The Government have been helping the Bank from the beginning in various ways in order to see that the scheme of land mortgage bank credit inaugurated by them was a success. They have employed a special staff at their cost, for the inspection and appraisement of the mortgages tendered by the applicants. The banks have been slowly increasing in number every year and there are now 79 primary banks in this Presidency.

The Central Land Mortgage Bank may now be said to be firmly established. In 1934 an Act of great importance was laid on the Statute Book. Under this Act certain privileges are conferred on the Central Bank. The Government have guaranteed both the principal of and the interest on the debentures issued by the Central Land Mortgage Bank, in order to make them attractive to the public and these debentures have been classified as trustee securities under a recent amendment of the Indian Trust Act. The land mortgage banks are now totally exempted from payment of registration fees.

Audit.

Audit is a statutory duty and therefore the Government through the Registrar are under a legal responsibility to ensure that all societies of every description are audited each year either directly by their own officers or by independent competent auditors. For this purpose a staff of audit inspectors under the control of the Registrar is maintained by Government. There was a controversy in regard to the devolution of audit on non-official agencies and in 1933, the Government on a full examination of the matter considered that there was a strong body of opinion which took the conservative view in favour of the continuance of audit by Government agency and that therefore no extension of non-official audit should be permitted and that departmental audit should be the rule.

All agricultural credit societies receive free audit, while Central Banks and some of the big Urban Banks pay audit fees. After the decision referred to in the previous paragraph was arrived at, the question of the reduction in the scale of audit fees was considered and on the basis of the cost of the staff including leave and pensionary contribution, T. A. and contingencies and allowing a margin to cover any fall in receipts or increase in expenditure, the Government decided in December 1935 to reduce the fees by 12½ per cent, giving power also to the Registrar of Co-operative Societies to grant remission not exceeding another 2½ per cent at his discretion in deserving cases from the co-operative year 1935-36 onwards. The Registrar has been asked to examine the question of the transfer of the audit to private agencies and to submit a report after the reduced fees have been in operation for some time, if the reduced scale of fees is still considered too heavy a burden for the societies to bear.

Supervision.

In June 1934, the Registrar explained the then position in regard to the supervision of societies and suggested that supervision should be undertaken by Central Banks assisted by local Co-operative Unions, which should not have powers of appointment, punishment or discipline of supervisors and that officers of the Department should keep themselves in personal touch with the unions and stimulate them to exercise vigorous supervision. In March 1935, the Government accepted the suggestions of the Registrar.

The period covered by the recent quinquennium marks an important epoch in the movement. Policy of expansion has given place to one of introspection—a searching of the dark spots and elimination of centres of weakness. It cannot be said we have emerged from the stage of anxiety, but we may well take credit that we have not refrained from acknowledging the weakness and setting out boldly to prevent further deterioration.

The period is also conspicuous for its activity in the field of legislation. The Co-operative Societies Act of 1912, an Indian Act, has been replaced by a Provincial Act with many important amendments and alterations to suit our local needs. The Land Mortgage Bank Act is another piece of important legislation undertaken to place the land mortgage movement on a firm and solid foundation.

Special steps have been taken to stimulate and assist the non-credit activities, especially loan and sale societies.

In the matter of audit, we have made the Government audit the rule and have strengthened the audit staff and introduced the levy of audit fees.

The condition of weavers is being specially looked into and we have with the assistance of subvention from India promoted a Provincial Society which is now actively considering measures of relief to the handloom weavers.

Co-operation Abroad.

Ireland.

According to the latest report of the Irish Agricultural Organisation Society, which is for the year ending 31st March 1935, there were in the Irish Free State at the end of 1934, 467 co-operative societies, of which one was a federation, 239 were creameries, 106 agricultural, 29 miscellaneous and 92 credit societies. The 374 non-credit societies had a membership of 96,451 and a turnover of £ 6,645,172; while the 92 credit societies had a membership of 5,980 and a loan capital of £ 52,461. There was no paid up share capital in the credit societies. The net surpluses and deficits in the trading societies during the year were as follows :—

		Surplus £	Deficit £
Creameries	...	83,439	6,218
Agricultural societies	...	13,587	7,991
Miscellaneous societies	...	22,757	23,952

A comparatively large number of agricultural societies are said to have disappeared prior to 1933 on account of the losses incurred during the present depression. The function of these societies is chiefly to supply seeds, fertilisers and feeding stuffs. They are needed only in areas where the creameries are not working, as the latter also supply the agricultural requisites of their members in addition to receiving their cream for conversion into butter and its sale.

The credit societies are divided into two classes: 57 "Fluke" and 35 ordinary. The former are so called because they have received Government loans under what is known as the "Fluke" scheme. Of the 57 societies in this class, only 6 issued fresh loans during the year under report and the remaining 51 were "mainly concerned in the collection of the outstanding loans with a view to the repayment of the overdue State loans." The report further says, "Great difficulty is being experienced in the repayment of the outstanding State advances by the societies concerned—many of the borrowers pleading inability to meet their overdue obligations." Thus it will be seen that the problem of overdues is not peculiar to Indian credit societies. The profits and losses of the credit societies during the year were :

		Profit £. s. d.	Loss £. s. d.
"Fluke" Societies (57)	...	169 13 1	214 8 2
Ordinary Societies (35)	...	90 18 6	54 5 8

The state of the credit societies in Ireland does not seem to be very different from that of our societies.

Not included in the figures mentioned above were 157 turf societies which were organised during 1933 and 1934 by the I. A. O. S., with the object of 'enabling the owners of peat-bogs to find a market at a minimum price for all turf of approved quality and sold under approved conditions.' These societies were organised at the instance of the Industries Department, which met the organisation expenses. The rapid expansion of this type of society has led to the establishment of a separate body known as the Turf Development Board, Ltd., which has taken over the further organisation and supervision of these societies.

The income of the I. A. O. S. consists of affiliation fees and special subscriptions from societies, subscriptions from individuals and Government grant. The latter is a fixed grant of £ 6,000 plus £ 1 for each £ 1 received from societies in excess of £ 3,000 and 10 s. for every £ received from personal subscribers. The total income of I. A. O. S. in the year under report was £ 11,680. 3s. 11d. of which more than 60 per cent was Government grant, nearly 37 per cent contributions from affiliated societies and less than 3 per cent individual subscriptions. The society regrets that though it has constantly had before it the question of starting a co-operative journal for the benefit of its affiliated societies, it has not been able to do so for financial reasons.

V. V. S.

Baroda.

The Report of the Registrar of Co-operative Societies of Baroda for 1933-34 shows that owing to the abnormally low prices of agricultural produce, the financial condition of the agriculturists became very bad and that the Government had to request the co-operative banks and societies to lower their rates of interest and to do away with the clause for charging penal interest. In case of loans which were adequately secured, extentions for repayment were granted. During the year under report only a few societies were registered and attention was concentrated on the consolidation and rectification of bad societies. Only 43 societies were registered while the registration of 44 societies was cancelled. The total number of societies at the end of the year was 1146 as against 1147 in the preceding year. The membership of the societies rose from 43,488 to 45,760 i.e., the average membership per society rose from 37.9 to 40. Owing to the economic depression the banks followed the cautious policy of refunding matured deposits and refusing new ones, as they could not utilise their money in a profitable manner. In spite of it the working capital of the societies rose to 76.86 lakhs from Rs. 73.40 lakhs in the previous year. During the year loans to the extent of Rs. 21.26 lakhs were issued and loans to the extent of Rs. 19.80 lakhs were recovered. At the end of the year under report loans to the extent of Rs. 54.25 lakhs were due, of which Rs. 13.73 lakhs were overdue. The owned capital, i.e., share capital, deposits from members and reserve

funds was Rs. 38.29 lakhs which was 49.7 per cent of the working capital. These figures show that there is no cause for anxiety regarding the financial condition of the movement in spite of the overdues.

The report contains also an interesting analysis of the various societies according to the nature of the business transacted by each. At the end of the year there were 19 central institutions, 927 agricultural and 200 non-agricultural societies. These societies are spread over 724 villages and 37 towns. The Registrar says that the movement has spread to one-fourth of the villages in the State.

At the beginning of the year there was only one case of arbitration pending and during the year 168 new cases were added. Of these, 163 cases were disposed of, a balance of only 6 being left at the end of the year. The disposal of the suits was extraordinarily quick, but it was unfortunate the awards of arbitrators were not executed speedily by the officers of the Revenue Department and so they did not carry any effect. All the societies were audited during the year.

The Land Mortgage Bank of the State has just begun its operations. Shares to the extent of Rs. 1,11,800 have been subscribed and a sum of Rs. 41,140 has been paid up. The Government have guaranteed the principal and interest of debentures of the Land Mortgage Bank. The Government have also placed Rs. 3,75,000 at 4 per cent. with the central financing banks for giving loans to the societies to reduce the old debts of the members. Rs. 2,98,432 were lent out and of those Rs. 1,39,019 were recovered.

In addition to the co-operative propaganda work done by the Co-operative Institute, the Department also did propaganda in the villages.

Taking into consideration the various adverse circumstances, one should say that on the whole the movement in the State is in a satisfactory condition.

S. K.

Cochin.

The report on the administration of the Co-operative Department in the Cochin State for the Malabar year 1110 (1934-35) though written by Mr. K. N. Menon, the present Registrar of Co-operative Societies, is virtually the report of the department while it was under the direction of Mr. R. A. Gayatrinatha Aiyar, the retired Registrar, who was in charge of the department for 9 months of the year under review. Mr. Menon, the present Registrar, has had the advantage of getting trained in the Manchester College of Co-operation and has entered on his new and responsible duties with a good deal of enthusiasm, though he is not at all blind to the defects of the existing system. It is his good fortune that there is at present, at the head of the administration Sir R.K. Shanmugam

Chetti who combines in himself the wisdom and experience of age with the enthusiasm and idealism of youth. We therefore look forward to a thorough overhauling of the system now in vogue in the light of inquiry of Devadar Committee and in the light of experience gathered by the working of the department for the past two decades or more. We shall watch with interest the progress of the movement in the years to come. We shall not be disappointed if miracles are not performed, for we are well aware of the fact that in co-operation miraculous changes are impossible.

Coming to the details, we see the number of societies remained practically the same, that is 258 as against 257 of the last year. There was a slight fall in the membership of societies, which was noticed even last year. There was a shrinkage in the transactions of all societies. The Government are naturally anxious about the future welfare of the movement because the symptoms of the disease of overdues are already there. We hope the Government will be pleased to give the Registrar all the facilities he asks for and entrust him with full responsibility so that he may have a free hand in the shaping of the activities of the Department. The Institute can be made more useful to the movement by a liberal grant from the Government. The Department deserves to be strengthened by a special staff for attending to the liquidation work. We also hope that ere long the Land Mortgage Bank would be started.

S. K. Y.

Travancore.

The Annual Report on the working of the Co-operative Societies in the Travancore State for the year 1109 M. E. (1933-34) does not present any features new and worth special mentioning to those familiar with the working of the department in the State. The Committee of Inquiry under the leadership of the late Mr. G. K. Devadar submitted its report only in July 1934, that is, a month or so after the period covered by this report and hence none of the many valuable recommendations of that Committee could be considered, much less be given effect to. We are therefore not surprised to note that the report under review is not very different from its predecessors. The same old policy of rectification and consolidation was pursued and the number of societies fell by 4 from 1786 to 1782. Though there was a slight increase in the working capital and reserve fund, the total deposits held by societies of all sorts showed a decrease.

The general progress of the movement during the quinquennium ending with the year under review can be gathered at a glance by a careful study of the statistics given on page 23 of the report. Various types of non-credit societies there were and we are glad to note that the officers of the co-operative department did much useful work.

The late Mr. Devadar laid great stress upon the fact that the part played by women in the working of the co-operative movement in Travancore was quite inadequate when compared with the advance of literacy among the women of the country; and during his tours of inspection he appealed to the ladies to come forward and take a very prominent part in co-operative activities. We see from the report that over and above a few credit societies run for the benefit of ladies, no new ground has been broken.

The old complaint of ours that the House Building Societies have not been attended to, remains still uncertified. The Registrar states that unless the Government be pleased to give long term loans for house builders at a conveniently low rate of interest this class of societies cannot work satisfactorily. Considering the fact that the credit of the State stands very high in the money market, as revealed by the over-subscription to a recent loan raised by the State, we hope the Government will think of the possibility of raising a separate loan if necessary to be ear-marked for land mortgage banks and for House Building Societies—two branches of co-operation that require long term credit.

We look forward to the reports of coming years with great interest as some of the recommendations of Devadar Committee have been accepted by the Government and facilities placed at the disposal of the Registrar to work his department more efficiently. The good effects of these changes can be seen only in the reports of 1111 or 1112 and we hope that co-operation in Travancore has now turned over a new leaf and that future reports will be more interesting to read.

S. K. Y.

Reviews.

(1)

NEW CONSTITUTION OF INDIA—By S. K. Lahiri and B. N. Banerjea:—Published by the Politics Club, Post Box No. 175, Calcutta; Selling Agents for Europe: The Bibliophile, 16, Little Russel Street, London, W. C.—1; Price Indian Rs. **4-4-0**, Foreign **9** Sh.

To write a critical survey of the New Constitution of India within the limit of 400 pages is by no means an easy matter, considering the large mass of official and non-official literature that has accummulated on the subject. The authors deserve the highest praise for the marked success achieved by them in the performance of this very difficult piece of work. Since the appointment of the Muddiman Committee the question of Indian Reforms has been in the forefront. In recent times the discussion of no public question has been attended with so much heat and wide divergence of opinion as we were pained to witness in the debates on Indian Reforms in England and in India. The members of controversy have not yet died out. Students of constitutional law and overworked journalists, publicists and legislators will turn to the pages of this book with gratitude for a lucid and accurate presentation of the subject from a strictly academical point of view.

Naturally the book begins with a historical introduction which brings to the notice of the reader the salient facts of Indian Constitutional History from 1773 down to 1935. As special features of this chapter we find a good survey of the Government of India Act 1919, a discussion of the Constitutional position of Indian States with appropriate references to official reports and declarations and pronouncements of politicians, British and Indian, good summaries of the proceedings of the three Round Table Conferences, and a fair presentation of the contents of the White paper, the Joint Select Committee's Report, the British India Memorandum and the Sapru Memorandum, and the divergent views thereon.

The next chapter dealing with the All India Federation summarises the relevant provisions of the Government of India Act 1935. The objections raised on behalf of the Princes in the bill stage and the White Paper that dealt with those objections are ably surveyed in footnotes in the appropriate places.

The historical setting in which the authors have discussed the question of Dominion Status will be found specially interesting. The chapters relating to the position of the Crown in relation to the Constitution, Provincial Autonomy, the Federal executive, the Federal Legislature, the

Judicature and Public Finance are very well written. The reader will appreciate the system of reproducing verbatim the more important sections of the Act and giving an accurate summary of the comparatively less important sections. We must make special mention of the admirable chapter on "The Communal Decision and the Poona Pact." After setting forth the text of the award the authors have given in detail the subsequent political developments that culminated in the Poona Pact. The criticisms of the communal award by eminent politicians and publicists are fully summarised and adequately considered. Another chapter deserving special mention is the one entitled "Economic Provisions", dealing with the provisions of the Act relating to commercial discriminations, the Statutory Railway authority etc., wherein the authors have set forth fairly and fully the different points of view and the criticisms levelled against them. The appendices containing summaries of the Hammond Committee Report and the Burma Constitution will be found useful.

The printing and get up of the book is fully in consonance with the excellence of the contents. Matters of a historical character and extracts from reports and speeches are given in smaller type, making it easy for the busy reader to peruse the matter in large type and have a good grasp of the whole subject. Readers who desire to make further researches of their own on any point will appreciate the footnotes giving references to documents, and statutory provisions and speeches and writings of an authoritative character. The learned authors and the Politics Club of Calcutta deserve high praise for bringing out this book which will find its place as one of the useful and readable text books on the difficult subject of Indian Constitution law.

E. V. R.

(2)

THE INDIAN VILLAGE—A Ten Year Plan By K. S. Venkataramani, M.A., B.L., "Svetaranaya Ashrama", Mylapore. Price **As. 8.**

This booklet of about 60 pages of small size, with a foreword by Prof. K. Sundararamier of Kumbakonam, is a revised and enlarged publication of an article which appeared originally in *Renascent India.* It is divided into 4 chapters, the first of which pictures the Indian village as it was in ideal and in some places even in reality. In this kind of literary effort Mr. Venkataramani is at his best. In the second chapter, entitled the 'Indian National Temperament' the Indian's lack of team spirit is deplored. The third chapter gives an outline of an ideal constitution under Swaraj—for village, district, provincial and all India administration. Its most interesting feature is that it fixes the maximum salaries—for rural officers at Rs. 30, for District officers at Rs. 300, for provincial Governors at Rs. 1,000 and for the Governor General at Rs. 1,200 per month. We guess that schemes much more seriously elaborated and influentially put forward have little chance of receiving any attention at the present time. In the last chapter a ten-year plan is urged as 'the one work on which an autonomous Province should immediately concentrate.' But it should be formulated, in Mr. Venkataramani's opinion, by no less as influential body than a Royal Commission, the details of whose recommendations are to be worked out by Provincial Commissions suitably for each Province, to be further carried down by sub-district local Commissions, whose duty it will be to study the needs of each village and form a definite plan and programme for each village, and this plan is to be carried out by the Village Panchayat, which is to be the foundation of Swaraj India. An appeal is made to Lord Linlithgow "to make his quinquennium an epoch in our lives" by adopting this kind of plan.

Mr. Venkataramani is liked and respected for his presenting the humble and poor villager in a lovable light in his writings. Though the constitution and plan proposed by him are by no means practicable, the booklet will surely create an interest in rural uplift in those who come across it.

V. V. S.

(3)

INTERNATIONAL DIRECTORY OF CO-OPERATIVE ORGANISATIONS. Published by the International Labour Office, Geneva, 1936. xii + 192 pp. 34 tables. Swiss francs. **4.**

The 9th edition of the International Directory of Co-operative Organisations gives in a concise form the greatest possible amount of information concerning more than 700 co-operative organisations in 57 countries and also international co-operative organisations and institutions.

The first part gives the most recent details about the title (in English, French and German) of each organisation, its address, the date of its foundation, the chief officials, its journal (with the periods at which it appears, and the strength of its circulation), its national and international affiliations, the number of its members and figures showing the importance of the activities of its constituent units.

The second part presents in three statistical tables supplementary data illustrating the various activities of the co-operative central organisations.

The third part has been considerably enlarged. The principal data concerning 14 categories of primary co-operative societies and 12 categories of Central Co-operative Organisations have been classified and summarised in 31 tables. They give for each category the totals by countries and for the whole world and thus constitute an attempt to compile international statistics of co-operative organisations and the societies affiliated to them.

News and Notes.

In the recent elections of the Madras Provincial Handloom Weavers' Co-operative Society, Dewan Bahadur C. S. Ratnasabhapati Mudaliar, M.L.C, was elected President and Mr. P. V. Krishniah Chowdry, M.L.C., was elected Vice-President.

* * *

The Finance Member of the Government of Cochin announced, in his recent budget speech, that a poultry Inspector under the Co-operative Department would soon be appointed to organize poultry-farming in villages in a scientific manner.

* * *

A separate section entirely devoted to the products of the village industries was opened by Mr. C. Vijayaragavachariar on 2nd July at the Salem Khadi Exhibition. All these products were collected by Mr. T. Adinarayana Chettiar, who is the agent of the All-India Village Industries Association for Salem District.

* * *

Speaking on the occasion of the All-India Women's Conference held at Vizagapatam in July last, Mrs. Rajkumari Amrit Kaur of the Punjab observed that the task of rural reconstruction was one of the functions of the women's movement in India. As the prosperity of the country depended upon the prosperity of the villages, she felt that it was their duty to support the village industries and give them the driving force to prosper.

* * *

The Diamond Jubilee celebration of the introduction of agricultural education in Madras was inaugurated by H. E. Sir K. V. Reddy, Acting Governor of Madras, on the 29th July last at Coimbatore. This function was organised by the Madras Agricultural Students' Union. It also synchronised with the Silver Jubilee of the Union. H. E. the Viceroy sent a message. An agricultural exhibition was organised on the occasion.

* * *

Mr. P. V. Krishnayya Chowdary, M.L.C., Vice-President of the Provincial Weavers' Society, and the Deputy Registrar of Co-operative Societies, Guntur, went to some of the villages in Chirala division in Guntur District and organised weavers' societies at Vetapalam, Chirala and Ipurupaliam. Meetings were arranged at those places, where Mr. Chowdary explained to the weavers the benefits of such societies.

* * *

The Government of Madras have decided to start fourteen new Land Mortgage Banks in the current official year in areas where the Agricultural Loans Act is not in operation. It will be recalled that some time ago the Government announced that they did not propose to start any more land mortgage banks in the current year in view of the operation of the Agricultural Loans Act. We are glad the Government have now revoked that decision.

* * *

The Agricultural Department of the Government of Bengal have selected 450 centres in different districts of the province for paddy seed and crop demonstration in the Union Board areas under the scheme of rural development financed out of the Government of India rural uplift grant. In addition to this, ten districts have also been selected for the operation of the scheme for the improvement of cattle.

* * *

The Hon'ble Mr. P. T. Rajan, Development Minister and Mr. Giriappa, Registrar of Co-operative Societies had the pleasure of visiting the Ikkadu Village Industries Institute near Trivellore in Chingleput District on the 15th August last. They were very much pleased with the work done at the Institute which provided employment for nearly 300 people. Mr. Rajan distributed prizes to the workers of the Institute and commended the excellent work of Miss. Tweddle, Superintendent of the Institute.

* * *

As a result of the recommendations of the Village Enquiry Committee appointed at the instance of H. E. the Viceroy, the Government of India have now launched cattle and milk survey schemes in different parts of India. For the present 25 places have been selected in all the provinces and one special officer has been appointed for each place with some statisticians under him. The officers have to go to Delhi to receive special instructions regarding the nature of the survey. The survey is expeced to last for a period of six months at the end of which the statistics will be tabulated.

* * *

The Y. M. C. A. Rural Reconstruction Centre at Dodballapur, a village about 28 miles from Banglore, has done excellent work within a short space of 20 months. The Government of Mysore is giving assistance to this centre by way of free lands, finance etc. Its chief activities are poultry-farming, the establishment of a village museum, sheep-breeding, horticulture, printing and dyeing and, above all, the training of villagers in rural reconstruction work. The villagers of Basettihalli who are mostly of the depressed classes have benefitted very much by this centre. Party feelings which were in existence have now completely disappeared.

* * *

The C. P. Government's administration report for 1934-35 makes reference among various activities of the Government, to the work of the All-India Village Industries Association at Wardha and says it is making steady progress. We are glad that the Government has realised the good work that is being done by the Association which was once suspected

to be entirely of a political character. It may also be recalled that the Government of India issued a circular to all Provincial Governments just after it was started to watch the activities of this Association and this circular formed the subject of an interesting debate in the Legislative Assembly.

* * *

The Government of Madras have recently sanctioned a scheme, subject to the approval of the Legislature, for giving training to 150 young men in practical agriculture. The applicants should have at least passed the S. S. L. C. examination and should belong to the agricultural classes. The candidates selected for training will be given each a stipend of Rs. 15 per month, the condition imposed being that they should take to agriculture as their profession after the completion of the training. The course will last for 4 months beginning from this month and the classes will be held at some of the Government Agricultural Research Stations. We shall watch with interest the progress of this experiment.

* * *

Mr. Giriappa, Registrar of Co-operative Societies, accompanied by the Deputy Registrar of Co-operative Societies, Bellary, and the Supervisor of Weavers' Production Societies of the Madras Handloom Weavers' Society, visited Adoni on the 30th July last. The occasion of the visit was availed of by the Swakula Salay Society to represent the needs of the weavers. The Supervisor informed the Registrar that the wages of the weavers were increased from Rs. 1-12-0 to Rs. 2-0-0 per saree and they were disbursed in kind. In the course of the address presented by the Society to the Registrar it was mentioned that out of a population 35,635 in Adoni nearly 12,000 were engaged in the handloom industry. The address pleaded for the grant of a loan of Rs. 2,000 at a low rate of interest and a subsidy of Rs. 3,000 per annum from the Provincial Weavers' Society. The Registrar promised to consider the needs sympathetically.

* * *

The *Hindu* gives the following information regarding the manner in which the Government of Madras has spent monies on the schemes of rural uplift till March last out of Rs. 14 lakhs received from the Government of India as rural uplift grant.

A sum of Rs. 1,97,000 was utilised on village communications out of an allotment of Rs. 4½ lakhs, the agency for the carrying out of the works being the District Boards and Panchayats. On rural water-supply, the Distrct Boards have spent Rs. 38,000. A full grant was made for the construction of 650 wells in non-Panchayat areas and 75 wells in Panchayat areas. Of these the construction of 100 wells has been completed. Eleven protected water-supply schemes were sanctioned by the Government. No work has yet been started in respect of any one of these. Two-thousand bore-hole latrines have been put up. The sum spent is stated to be

Rs. 40,000 out of an allotment of Rs. 2½ lakhs. A sum of Rs. 2,000 was placed at the disposal of each District Collector to be spent at his discretion on ameliorative schemes, such as the sinking of wells, improving and deepening of tanks, construction of culverts, provision of playgrounds, burial grounds and fire relief. The amount spent by the Collectors, it is stated, was Rs. 33,000. An allotment of Rs. 50,000 was made for anti-malarial operations. Out of this, an expenditure of Rs. 14,000 has been incurred at Rameswarm and in the coast line between Ennore and Madras. On the Poonamallee Health Unit Scheme, a sum of Rs. 8,000 was expended, the sum earmarked being Rs. 25,000.

The Government of India have alloted Rs. 15 lakhs out of rural uplift grant to our Province for current financial year.

* * *

Provisional figures relating to the progress of the Co-operative Movement in Great Britain in 1935, issued by the Co-operative Union, show that total membership of all societies increased by 279,571 to 7,482,292 last year. Share capital increased by £ 69,36,430 to £ 135,755,325. The value of trade for the year was £ 220,341,900, or £ 13,327,091 more than in 1934. The figures relate to co-operative societies in Great Britain and in Northern Ireland. The largest expansion in membership, share capital and trade took place in the Southern Section of the Union. The number of members in this section increased by 101, 170, share capital by over £ 2 million, and the value of trade by over £ 3½ million.

—(*Co-operative News Service.*)

* * *

The Insurance Society " Co-operativen Ratnik " (" The Militant Co-operator") in Bulgaria is an organisation which insures the employees of the People's Banks against old age and death. The latest alteration in the statutes of the Union makes participation of the People's Banks in the Insurance Society compulsory. The number of persons insured at the end of December, 1935, was 903 out of a total of 926 employees Funds amount to Levas 25,767,497, including Levas 18,685,541, of reserves. The Society possesses a holiday home on the Black Sea near Varna. Two storeys of the building are used for children of employees and co-operators, and the third for adults.

—(*Co-operative News Service.*)

List of Societies Registered in July 1936.

Serial No.	Name of the Society.	District.
1	Uthamapalayam Public Servants' Co-operative Society, Ltd. ...	Madura.
2	Parameswaram Handloom Weavers' Co-operative Purchase and Sale Society, Ltd., Paramakudi ...	"
3	Aruppukottah Handloom Weavers' Co-operative Purchase and Sale Society, Ltd. ...	Ramnad.
4	Pothikulam Yadhavar Co-operative Credit Society.	"
5	The Calicut Rickshaw Co-operative Credit Society.	Malabar.
6	Calicut Pallipuram Co-op. Society, Thamarasseri ...	"
7	The Achanta Co-operative Loan and Sale Society.	W. Godavari.
8	The Varalakshmi Co-op. Society, Podagatlapalli...	E. Godavari.
9	The Adurru Co-operative Better Living Society, Ltd.	"
10	The Mangalore Ladies Co-operative Thrift and Loan Society, Ltd., Bolar, Mangalore ...	S. Kanara.
11	The Tirupati Devasthanam Hindu High School Students' Co-operative Stores, Ltd. ...	Chittoor.
12	The Peddakurabapalli Co-operative Society ...	"
13	The Chalamangalam Co-operative Society ...	"
14	The Adoni Municipal High School Students' Co-op. Stores, Ltd. ...	Bellary.
15	The Kakkavenivahalli Agricultural Improvement Society ...	"
16	The Negapatam Agricultural Demonstration Co-operative Society, Ltd. ...	Tanjore.
17	The Tiruvarur Sugarcane Growers' Co operative Society, Ltd. ...	"
18	The Shiyali Sugarcane Growers' Co-operative Society, Ltd. ...	"
19	The Tirukattupalli Loan & Sale Co-op. Society, Ltd.	"
20	Buchirajupalem Adi Andhra Co-operative Society.	Guntur.
21	The Kastala Christian Co-operative Society ...	"
22	The Parclur Co-operative Loan and Sale Society...	"
23	The Canadian Baptist Mission High School Students Co-operative Stores ...	Vizagapatam.
24	Perungurichi Adi-Dravidas' Co-op. Credit Society.	Salem.
25	Kudimenhalli Co-operative Society ...	"
26	Paiyur Co-operative Society ...	"
27	Chinnankuppam Co-operative Society ...	"
28	Ponnarampatti Co-operative Society ...	"
29	Mannarpalayam Co-operative Society ...	"
30	Thukkiampalayam Co-operative Society ...	"

List of Societies Cancelled in July 1936.

	Name of Societies.	District.
1	Thanjanagaram Co-operative Society ...	Tinnevelly.
2	Alinjikuppam Co-operative Society ...	North Arcot.
3	Medapadu Co-operative Society ...	West Godavari.
4	Puliparaipatti Co-operative Society ...	Ramnad.
5	Arugavoor Co-operative Society ...	South Arcot.
6	Tirupanandal Co-operative Society ...	Tanjore.

Registrar's Circulars.

OFFICE OF THE

B. 4630/36. REGISTRAR OF CO-OPERATIVE SOCIETIES,

Madras, Dated 4th August 1936.

M. R. Ry. M. GIRIAPPA AVL., B.A.,

Registrar of Co-operative Societies, Madras.

CIRCULARS.

I

Sub :—Co-operative Societies—with limited liability—publication of annual lists of members—form of lists prescribed.

Under rule VII (*b*) of the rules framed under the Madras Act VI of 1932, every society with limited liability shall prepare a list of its members as on the last day of each co-operative year for being sent to the Registrar and for being kept at the society for inspection by the members. The Registrar considers that all societies should adopt a uniform procedure in preparing the lists and therefore prescribes the following form for adoption by the societies. Deputy Registrars and Sub-Deputy Registrars in independent charge are requested to instruct limited liability societies in their charge to adopt this form in the preparation of the lists.

Gl. No.	Name of member.	Father's name.
1	2	3

D. 4461/36. II *Madras, Dated 4th August 1936.*

Sub :—Touring—Deputy Registrars of co-operative societies increase of.

The Registrar observes that the touring done by the Deputy Registrars is not at all adequate. The co-operative movement to-day is suffering from lack of intimate touch of the officers with village societies. This gives rise to abuse of power by panchayatdars, misappropriations and a want of appreciation of the benefits of co-operation to the masses. District officers are expected to tour more intensively and establish personal contact with co-operators and villagers in general, understand their difficulties and offer helpful advice. As it is, touring is done piecemeal, a trip here and a trip there, return to headquarters and again a hurried tour. This costs the officer a great deal, impairs his health and does not give him a balance or peace of mind that real work will bring in its train. The Registrar therefore would wish to emphasise that Deputy Registrars should definitely make up their minds to tour in the interior villages hereafter. They should plan their work for a year beforehand, and visit each area periodically say once in three or four months. A programme of visits should be drawn up at least a month beforehand and should include visits at least to all bad societies. The officers should go to the villages and see things first-hand. There is no doubt that such systematic work will redound to the credit of the department.

2. The Registrar is no doubt aware that routine work in Deputy Registrar's offices has increased considerably in recent years. This may be delegated as far as possible to the Sub-Deputy Registrars. He should be in entire charge of audit, returns due to Registrar, issue drafts from Deputy Registrar's orders and be a real personal assistant to the Deputy Registrar. Touring by him may be restricted to about a *week or ten days in a month.*

3. The Registrar would exhort the officers to evince a real enthusiasm in their work. Amidst the prevailing gloom, they should take the healing balm. They should not maintain a dignified aloofness, but on the other hand identify themselves with the work and with the workers. Sincere work so undertaken will bring in a net and plentiful harvest.

III

A. 5029/36 *Madras, Dated 14th August 1936.*

Sub :—Common good fund of co-operative societies—contribution to King George V Memorial fund—Instructions.

Some of the co-operative Central Banks in the presidency have sought the Registrar's permission for contributing to 'King George V Memorial fund out of their general funds. One of the objects of the Memorial fund is to raise a permanent general fund for the Madras Presidency to provide and extend medical relief for the sick and suffering. As medical relief is one of the purposes for which common good fund of co-operative societies can be utilised under section 2 of the Charitable Endowments Act 1890, the Registrar sees no objection to co-operative societies contributing to " King George V Memorial Fund " out of Common Good Fund. It is not proper however to make a contribution to the memorial funds from the general funds of a society as such contribution can legitimately be debited to common good fund.

2. But some of the Central Banks and societies have no provision in their by-laws to spend their common good fund towards medical or famine relief and they are unable to contribute for such beneficient purposes. The Central Banks are therefore requested to amplify their by-law so that contributions for medical or famine or earthquake relief may be a legitimate expenditure out of common good fund.

IV

B. 5782/36. *Madras, Dated 14th August 1936.*

Sub :—Honoraria—Payment to office bearers in societies with unlimited liability—scale.

Ref :—Registrar's Circular R. Dis. B. 4870/33 dated 6-9-33.

In the Registrar's circular quoted, amendments were suggested to by-laws 30 and 55 of unlimited liability societies providing for payment of remuneration to office-bearers for clerical work done and for specific service rendered by them to the societies. As regards the scale of remuneration to be fixed in the by-laws it was suggested that payment out of general funds for clerical work need not generally exceed 8 as. per Rs. 100 of the loans outstanding against the members on the last day of the co-operative year and that payment out of profits for specific service shall not ordinarily exceed 15 per cent (in exceptional cases 25 per cent) of the net profits. The Registrar considers that 8 as. per Rs. 100 of loans outstanding for clerical work is perhaps too small in many cases and that a strict adherence to this is not advisable. The Registrar has no objection to permit the payment of remuneration for clerical work at not more than 12 annas per Rs. 100 of the loans outstanding against members on the last day of the co-operative year and for specific service rendered at not more than 20 per cent of the net profits. The Deputy Registrars are requested to register the amendments on the merits of each case after a careful examination of the financial condition of the society.

V

B. 5221/36. *Madras, Dated 19th August 1936.*

Sub:—Amendments of by-laws of societies—procedure to be adopted—instructions.

Rule XXIV of the Rules issued under the Madras Co-operative Societies Act VI of 1932 lays down the procedure to be adopted by societies in regard to amendments to their by-laws. Though this rule came into effect in G. O. No. 388, Dev. dated 10-3-36, it has been brought to the notice of the Registrar that several societies do not follow the procedure indicated therein but continue to send amendment proposals as in the past. This is in great measure due to the fact that the provisions of this rule have not been brought to the notice of the societies in this presidency. To ensure wide publicity to the rule, and for purposes of ready reference it is reproduced below:

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

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

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

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

(*a*) The date of the general body meeting at which the amendment was made;

(*b*) The number of days notice given to convene the general body meeting;

(*c*) The total number of members of the society on the date of such meeting;

(*d*) The number of members who formed the quorum for such meeting;

(*e*) The number of members present at such meeting; and

(*f*) The number of members who voted for the amendment.

2. The following instructions are issued for the guidance of all societies.

The rule lays down that every amendment shall be made by a resolution passed by a majority of the members present at a meeting of the general body of the society and that no such resolution shall be valid unless notice of the amendment proposed has been given in accordance with the by-laws. It is therefore necessary that a society which proposes to amend its by-laws should call for a general body meeting only after giving due notice of the meeting and of the amendment proposed to be considered at that meeting in accordance with its by-laws. It is also necessary that there should be the required quorum at such a meeting and that the amendments proposed should be passed by a resolution of a majority of the members present at the meeting. In order to enable the Deputy Registrar to see that the procedure prescribed by the rule has been adopted, the society should furnish in its application for the registration of the amendment, all the particulars set out in clause III of rule XXIV.

3. All societies are requested to follow the procedure indicated in the rule carefully and submit the application for the registration of amendments with as little delay as possible. This will ensure prompt action by the Deputy Registrars and minimise unnecessary correspondence with societies.

(By Order),
A. Singara Raju,
Manager.