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The Late Sir T. N. Sivagnanam Pillai.

THE

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Editorial Notes.

Obituary.

During the last two months a particularly heavy hand was laid by death on the veteran leaders of the co-operative movement in our province. Last month we mourned the removal from our midst of Sir M. Ramachandra Rao. Now we have to bemoan the loss of Sir Frederick Nicholson, Dewan Bahadur R. Ramachandra Rao and Sir T. N. Sivagnanam Pillai. These latter gentlemen were officials who rose to eminence by their ability and character and were loved by the common people for their uncommon sympathy, though each represented a different type of official. It is true that unlike Sir M. Ramachandra Rao none of these was actively in the field recently, but their services to the cause of co-operation, especially those of Sir Frederick Nicholson and Mr. R. Ramachandra Rao, were and will be never forgotten by co-operators.

Sir Frederick Nicholson, K.C.S.I., K.C.I.E.

If one person more than any other could be called the father of the co-operative movement in India, it was Sir Frederick Nicholson who passed away at Coonoor on the 18th of June last, full of years and loved and respected by those for whom he worked and among whom he lived, in a manner that it was given to very few members of the Indian Civil Service to be loved and respected. Born in 1846 he joined the Indian Civil Service in 1869 and retired in 1904 as a member of the Board of Revenue. While in service he was known for his intimate knowledge of the economic condition of the ryot and for his deep sympathy with him. In 1892 Lord Wenlock's Government placed him on special duty 'for the purpose of enquiring into the possibility of introducing into this Presidency a system of Agricultural or other Land banks.' In 1895 was published his great and monumental report which has become a classic on the subject in the English language. It attracted the attention of Lord Curzon when he was Viceroy. He appointed a committee of which Sir Frederick Nicholson was a member, and the recommendations of that committee formed the basis of the Co-operative Credit Societies Act of 1904. After retirement, unlike most members of the I. C. S., Sir Frederick made India his home, was for several years the Honorary Director of Fisheries and was responsible for the starting of the Government Kerala Soap Institute at Calicut and the Fruit Preserving Institute at Coonoor.

Though following with interest the course of the co-operative movement in this Presidency, he hardly ever embraced opportunities to express his views upon it. He repeatedly declined invitations to preside over co-operative conferences. There would appear to be a reason for it. The movement was not being conducted by those who were responsible for such conduct, on the lines recommended by him in his report. There was too little regard for the qualities of thrift, prudence, self and mutual help. There was too rapid an expansion in the number of societies and their transactions. In his report he had emphasised the fact that

> "the establishment of banks, great or small, is *per se*, no remedy at all for rural indebtedness, and may indeed seriously aggravate the difficulty; it is not mere facility or cheapness of credit that is desirable, but a safeguarded, educative credit; a credit, moreover, based not upon subventions of the State or upon any system not thoroughly businesslike in its principles, but based upon the thrift and prudence of associated members, whose savings and character attract, in the ordinary way of business, abundant deposits from the saving public; it is thrift and prudence, not charity and State aid, which must be the basis of all true credit, such as will benefit and develop and not enervate and paralise a nation."

He had also summed up his report in the two words "Find Raiffeisen,"—'taking the word Raiffeisen not as indicative of a particular person or system, but of the zeal, energy, patience and continuous devotion so thoroughly exemplified in that great reformer'—those Raiffeisens to be found among the people of the villages,

yet by their intelligence, prescience and energy being above the people. But societies had been multiplied without finding Raiffeisens and the credit provided was not educative. He might have given his valued warnings from time to time, but as a retired official he apparently chose to let those who were responsible for the conduct of the movement find their own mistakes and remedy them. He therefore elected other fields for employing what energy he had in him.

He led an exemplary life of calm and service and passed away on the 61st anniversary of his marriage. We convey to Lady Nicholson the deep and respectful condolences of the co-operators of this Presidency.

Dewan Bahadur R. Ramachandra Rao, C.S.I.

Dewan Bahadur R. Ramachandra Rao—a sketch of whose life and character by Mr. T. Adinarayana Chettiar who was closely associated with him in his work in Salem district appears on another page—passed away on the 19th of June. He was endowed with a very forceful personality and rare idealism. He was the second Registrar of Co-operative Societies in this province, being appointed to that office in succession to Sir P. Rajagopalachari. The names of these two Registrars deserve to be written in letters of gold in the annals of co-operation in this province. Mr. Ramachandra Rao was inspired with the highest patriotism. He moved freely with the villagers, sitting on *pials* and chatting with every one; he kindled their souls with the noblest desires and pointed out that they could be fulfilled by means of co-operative organisation. In this movement was economic self-government which would fit them in due course for political self-government as well. But those were pre-war days, when our Governments were far more wooden than they are now. The idealism which Mr. Ramachandra Rao preached frightened the Madras Government of those days, and he was removed from the office of Registrar as a dangerous political.

After retiring from service in 1926 he tried to do for the co-operative movement as a non-official what he had not been allowed to do as an official. His dynamic personality was there undiminished—though his power to persuade people was necessarily diminished, as is the case in this country with everyone after he relinquishes office. He entered the directorate of the Provincial Co-operative Bank and advocated a bold policy of financing cultivators to the full extent of their requirements. He selected the Salem District, where his services were warmly welcomed, for working out intensively his ideas of co-operation. He made a beginning with the Rasipuram Union, a typically backward area. He bestowed the greatest attention on the selection and training of workers, in whom he looked for and fostered idealism, propagandist ability and practical capacity. He also selected one village for special attention. Every month he met the workers, heard their reports and inspired and instructed them. He and his workers were able in a short time to galvanise the common members of the societies of Rasipuram area and to create in them a degree of co-operative character which they were never considered capable of before. But fate was cruel. The physical and emotional strain to which he subjected himself proved too much for his constitution. He had an attack of paralysis and during the last six years he was a bed-ridden invalid, faintly hoping to be well again, but consumed more and more, as the days passed by the disappointment that he could not work out his ideal in the Salem District. His work both as Registrar and as a non-official was the expression of an ardent co-operative soul, a lyric of great beauty. Its memory will live much longer than its direct beneficiaries.

Sir T. N. Sivagnanam Pillai.

Sir T. N. Sivagnanam Pillai's connection with the co-operative movement was not as conspicuous as that of either Sir Frederick Nicholson or Mr. R. Ramachandra Rao. As Development Minister from 1923 to 1926 he was in charge of the portfolio of co-operation. In his regime the policy of intensive expansion begun by his predecessor was continued, which was discovered later to be a mistake. But Sir Sivagnanam's interest in the movement dated from the time when he was a Deputy Collector. After retirement from official service he interested himself in the spread of the movement in his district of Tinnevelly and presided over some local conferences.

We offer our deep sympathy to the bereaved families.

Government Order on the Special Officer's Report.

The Government of Madras have passed orders on the recommendations contained in Mr. W. R. S. Sathianadhan's report on agricultural indebtedness, relating to co-operative societies. The decisions of the Government are very fair and well considered. They have found many of Mr. Santhianadhan's suggestions not practicable. With reference to a few, it is felt that the amendment

of the Co-operative Societies Act is necessary, and the matter is receiving their attention. Sometime ago when we commented upon Mr. Sathianadhan's report we had to point out that while it made a valuable contribution to the understanding of the extent and nature of agricultural indebtedness in our province, its recommedations regarding co-operative societies were not based knowledge and experience, and that in fact they detracted the value of the report itself. We are not therefore surprised that so few of Mr. Sathianadhan's suggestions have been accepted by the Government.

Like non-officials, Government have taken strong objection to the expression 'white-washing of the defects of the movement.' used in para 74 of the report. The Government point out :

> " If it refers to the officers of the department, one has only to read the annual administration reports to realise that the statement cannot be applied to them. If it refers to non-officials even then it is not correct. All defects have been exposed regularly and frankly in the evidence tendered by non-officials before the several committees of enquiry, in their speeches at meetings and conferences and in their articles in Journals and newspapers."

One of the most important, if not the most important, recommendations of Mr. Sathianadhan was that supervision should be taken over entirely by the Government. This recommendation has been condemned at every one of the co-operative conferences that we are aware of, held after the publication of the report. The Government have likewise rejected the recommendation and stood by their decision of last year, that supervision should be undertaken by central banks assisted by local supervising unions. The most important respect in which the Co-operative Societies Act is proposed to be amended is to take away expressly the operation of the Law of Limitation from co-operative societies. The amendment is said to be under the consideration of the Government yet. We hope they will make up their mind in its favour.

With regard to the Special Officer's recommendation that the Registrar should be given powers under the Act to remove undesirable men after proper enquiry, the Government point out that they have already promised to support the Departmental Officers in their efforts to eliminate undesirable men from the movement, and that no statutory provision is necessary at present. Non-officials are generally apprehensive of the abuse of power placed in official hands, especially when it is likely to be the result of political or other causes.

the city of Mysore. Before the society was started in 1917 the people of the village were sunk in ignorance and debt and had lost all ambition to improve their lot. As a result of the steady work of the society they are now materially and morally very different from what they then were. There are 134 families in the village and from these as many as 311 persons have become members of the society—men and women, high caste and low caste. The members have all been redeemed of their indebtedness to money-lenders. The creditors and debtors were brought together by the society, the debts were conciliated equitably, the conciliated amounts were treated as fixed deposits by the creditors where the debtors were unable to pay them immediately, a long term and easy instalments were allowed to the members for the repayment of the loans transferred to the society from the money-lenders, reasonable credit was provided for cultivation and domestic expenses and every care taken to inculcate the habit of thrift in the members and to see that they did not again become indebted to money-lenders. By the method of conciliation the amount saved for the members is said to be more than Rs. 6,400.

While this redemption of the members from indebtedness should perhaps be acclaimed as the greatest achievement of the society, it has conferred other benefits some of which at least are equally striking. The village has been shifted to a healthier site and 87 well planned comfortable new houses have already been built. By regular and frequent inspection the society assures itself that they are kept clean and tidy. It is reported that the houses of Harijans are even better kept than those of others. All the children of school age are attending school. Adult education classes, a reading room and a bhajana house have been opened. Health propaganda is carried on and the services of a doctor have been secured for a small monthly salary. Pipe water and electric lights are provided. On the birth day of His Highness the Maharaja and on similar occasions, prizes are awarded to those who have kept their houses cleanest, or have given up drinking, or have shown the best public spirit. A part of the profits of the co-operative society is set apart to meet these expenses. An arbitration panchayat has been set up in the village so that no dispute is taken to the courts. The society obtains contracts and provides work to its members. It also collects milk from its members and arranges for its sale in the city of Mysore, crediting a part of the proceeds towards the dues of each member.

The success of the society is mainly due to the personal interest taken by His Highness in its work. He has given it abundant moral and material support. The example of this " model ruler of a model state " may well be followed by even persons less exalted. Each of our Zamindars could well take similar enlightened interest in one or more societies working in his estate. Influential landlords also could do the same. In rural uplift, as in other matters, many little things make together a big grand thing.

Urban Banks.

By Mr. V. Venkatasubbaiya, B.A.

Students of co-operation in India are grateful to the *Indian Co-operative Review* for devoting each of its numbers to a particular aspect of the co-operative movement and getting competent writers from various provinces and States to contribute articles on that particular aspect of the movement. One no doubt wishes that the response from the various provinces and States to the request of the *Review* for articles had been greater than it is, that at least all the major provinces and States had responded and made a comprehensive review of that particular aspect of the movement in the whole country possible. But in the present state of the movement in our country perhaps a greater response cannot well be expected. The main problems, however, are fairly well brought out by the contributions, as may be seen in the issue of the *Review* for January last, which is devoted to urban banks. It contains articles on urban banks in Madras, Bombay, Mysore, the Punjab, Bihar and Burma, and a scholarly article on the size and constitution of urban societies by Mr. K. C. Ramakrishnan of the Economics Department of the Madras University. With the help of these articles and the statistics published by the Government of India we shall try to deal here with some of the problems of urban banks.

In this connection it should be observed that the *Statistical Statements* relating to the Co-operative Movement published every year by the Government of India's Department of Commerical Intelligence and Statistics, could be made more useful and informing by the statistics being given separately for the different kinds of agricultural and non-agricultural societies in statements B and C. These statements show separately for each province the number of societies and their liability, whether unlimited or limited, of each class—that is credit, purchase and sale, production etc.,—but the figures relating to their membership, working capital, cost of management etc., are all clubbed together, with the result that no proper statistical study of the different kinds of societies is possible. This defect could be easily remedied by adding a subsidiary table for each class.

Limited and Unlimited Liability.

The extent to which unlimited liability is prevailing in our country in non-agricultural societies of all kinds is very surprising. Certainly it prevails to a far greater extent than limited liability does among agricultural societies, as a reference to the *Statistical Statements* of the Government of India will readily show. At the end of the co-operative year 1933-34, there were among agricultural credit societies in the whole of India, 78,251 with unlimited liability and only 507 with limited liability. But among non-agricultural credit societies, against 3490 with limited liability there were as many as 1829 with unlimited liability. In other words, among agricultural credit societies those of limited liability formed only ·6 per cent of the unlimited liability ones; whereas among non-agricultural credit societies those with unlimited liability formed 53 per cent of those with limited liability.

This preference for unlimited liability obtains not only among non-agricultural credit societies but also among non-agricultural non-credit societies, especially among societies for production and sale. Indeed, in respect of this class of societies the contrast in liability between agricultural and non-agricultural societies is most striking. At the end of 1933-34, among agricultural societies for production and sale, 1818 societies had limited liability and only 48 had unlimited liability; whereas among non-agricultural societies for production and sale, only 111 had limited liability and as many as 1050 had unlimited liability! The belief prevalent in India—rightly or wrongly—is that unlimited liability is particularly suited to village conditions and therefore to agriculturists of small means, and that it is unsuited to others. One can therefore understand its predominance among agricultural credit societies. But why should it prevail to the large extent that it does among non-agricultural credit societies? And, in particular, why should it be the predominating form of liability among non-agricultural societies for production and sale, while limited liability predominates among agricultural societies of the same kind?

This preference for unlimited liability appears to us to be a meaningless, nay harmful, superstition. Even in respect of agricultural credit, Japan, which started like ourselves with unlimited liability, copying the German model, has replaced it by legislative enactment with reserve liability. We shall do well to follow the example of Japan in respect of our agricultural credit societies. But

Interest Tables.

At the rate of Rs. 7-13-0 per cent. per annum.

Daily product.	Interest. Rs.	A.	P.	Daily product.	Interest. Rs.	A.	P.	Daily product.	Interest. Rs.	A.	P.
24	0	0	1	998	0	3	5	1,971	0	6	9
49	0	0	2	1,022	0	3	6	1,995	0	6	10
73	0	0	3	1,046	0	3	7	2,020	0	6	11
97	0	0	4	1,071	0	3	8	2,044	0	7	0
122	0	0	5	1,095	0	3	9	2,068	0	7	1
146	0	0	6	1,119	0	3	10	2,093	0	7	2
170	0	0	7	1,144	0	3	11	2,117	0	7	3
195	0	0	8	1,168	0	4	0	2,141	0	7	4
219	0	0	9	1,192	0	4	1	2,166	0	7	5
243	0	0	10	1,217	0	4	2	2,190	0	7	6
268	0	0	11	1,241	0	4	3	2,214	0	7	7
292	0	1	0	1,265	0	4	4	2,239	0	7	8
316	0	1	1	1,290	0	4	5	2,263	0	7	9
341	0	1	2	1,314	0	4	6	2,287	0	7	10
365	0	1	3	1,338	0	4	7	2,312	0	7	11
389	0	1	4	1,363	0	4	8	2,336	0	8	0
414	0	1	5	1,387	0	4	9	2,360	0	8	1
438	0	1	6	1,411	0	4	10	2,385	0	8	2
462	0	1	7	1,436	0	4	11	2,409	0	8	3
487	0	1	8	1,460	0	5	0	2,433	0	8	4
511	0	1	9	1,484	0	5	1	2,458	0	8	5
535	0	1	10	1,509	0	5	2	2,482	0	8	6
560	0	1	11	1,533	0	5	3	2,506	0	8	7
584	0	2	0	1,557	0	5	4	2,531	0	8	8
608	0	2	1	1,582	0	5	5	2,555	0	8	9
633	0	2	2	1,606	0	5	6	2,579	0	8	10
657	0	2	3	1,630	0	5	7	2,604	0	8	11
681	0	2	4	1,655	0	5	8	2,628	0	9	0
706	0	2	5	1,679	0	5	9	2,652	0	9	1
730	0	2	6	1,703	0	5	10	2,677	0	9	2
754	0	2	7	1,728	0	5	11	2,701	0	9	3
779	0	2	8	1,752	0	6	0	2,725	0	9	4
803	0	2	9	1,776	0	6	1	2,750	0	9	5
827	0	2	10	1,801	0	6	2	2,774	0	9	6
852	0	2	11	1,825	0	6	3	2,798	0	9	7
876	0	3	0	1,849	0	6	4	2,823	0	9	8
900	0	3	1	1,874	0	6	5	2,847	0	9	9
925	0	3	2	1,898	0	6	6	2,871	0	9	10
949	0	3	3	1,922	0	6	7	2,896	0	9	11
973	0	3	4	1,947	0	6	8	2,920	0	10	0

Interest Tables at the rate of Rs. 7-13-0 per cent. per annum—*contd.*

Daily product.	Interest.	Daily product.	Interest.	Daily product.	Interest.
	Rs. A. P.		Rs. A. P.		Rs. A. P.
2,944	0 10 1	3,991	0 13 8	5,037	1 1 3
2,969	0 10 2	4,015	0 13 9	5,061	1 1 4
2,993	0 10 3	4,039	0 13 10	5,086	1 1 5
3,017	0 10 4	4,064	0 13 11	5,110	1 1 6
3,042	0 10 5	4,088	0 14 0	5,134	1 1 7
3,066	0 10 6	4,112	0 14 1	5,159	1 1 8
3,090	0 10 7	4,137	0 14 2	5,183	1 1 9
3,115	0 10 8	4,161	0 14 3	5,207	1 1 10
3,139	0 10 9	4,185	0 14 4	5,232	1 1 11
3,163	0 10 10	4,210	0 14 5	5,256	1 2 0
3,188	0 10 11	4,234	0 14 6	5,280	1 2 1
3,212	0 11 0	4,258	0 14 7	5,305	1 2 2
3,236	0 11 1	4,283	0 14 8	5,329	1 2 3
3,261	0 11 2	4,307	0 14 9	5,353	1 2 4
3,285	0 11 3	4,331	0 14 10	5,378	1 2 5
3,309	0 11 4	4,356	0 14 11	5,402	1 2 6
3,334	0 11 5	4,380	0 15 0	5,426	1 2 7
3,358	0 11 6	4,404	0 15 1	5,451	1 2 8
3,382	0 11 7	4,429	0 15 2	5,475	1 2 9
3,407	0 11 8	4,453	0 15 3	5,499	1 2 10
3,431	0 11 9	4,477	0 15 4	5,524	1 2 11
3,455	0 11 10	4,502	0 15 5	5,548	1 3 0
3,480	0 11 11	4,526	0 15 6	5,572	1 3 1
3,504	0 12 0	4,550	0 15 7	5,597	1 3 2
3,528	0 12 1	4,575	0 15 8	5,621	1 3 3
3,553	0 12 2	4,599	0 15 9	5,645	1 3 4
3,577	0 12 3	4,623	0 15 10	5,670	1 3 5
3,601	0 12 4	4,648	0 15 11	5,694	1 3 6
3,626	0 12 5	4,672	1 0 0	5,718	1 3 7
3,650	0 12 6	4,696	1 0 1	5,743	1 3 8
3,674	0 12 7	4,721	1 0 2	5,767	1 3 9
3,699	0 12 8	4,745	1 0 3	5,791	1 3 10
3,723	0 12 9	4,769	1 0 4	5,816	1 3 11
3,747	0 12 10	4,794	1 0 5	5,840	1 4 0
3,772	0 12 11	4,818	1 0 6	5,864	1 4 1
3,796	0 13 0	4,842	1 0 7	5,889	1 4 2
3,820	0 13 1	4,867	1 0 8	5,913	1 4 3
3,845	0 13 2	4,891	1 0 9	5,937	1 4 4
3,869	0 13 3	4,915	1 0 10	5,962	1 4 5
3,893	0 13 4	4,940	1 0 11	5,986	1 4 6
3,918	0 13 5	4,964	1 1 0	6,010	1 4 7
3,942	0 13 6	4,988	1 1 1	6,035	1 4 8
3,966	0 13 7	5,013	1 1 2	6,059	1 4 9

Interest Tables at the rate of Rs. 7-13-0 per cent. per annum—*contd.*

Daily product.	Interest.	Daily product.	Interest.	Daily product.	Interest.
	Rs. A. P.		Rs. A. P.		Rs. A. P.
6,083	1 4 10	7,130	1 8 5	8,176	1 12 0
6,108	1 4 11	7,154	1 8 6	8,200	1 12 1
6,132	1 5 0	7,178	1 8 7	8,225	1 12 2
6,156	1 5 1	7,203	1 8 8	8,249	1 12 3
6,181	1 5 2	7,227	1 8 9	8,273	1 12 4
6,205	1 5 3	7,251	1 8 10	8,298	1 12 5
6,229	1 5 4	7,276	1 8 11	8,322	1 12 6
6,254	1 5 5	7,300	1 9 0	8,346	1 12 7
6,278	1 5 6	7,324	1 9 1	8,371	1 12 8
6,302	1 5 7	7,349	1 9 2	8,395	1 12 9
6,327	1 5 8	7,373	1 9 3	8,419	1 12 10
6,351	1 5 9	7,397	1 9 4	8,444	1 12 11
6,375	1 5 10	7,422	1 9 5	8,468	1 13 0
6,400	1 5 11	7,446	1 9 6	8,492	1 13 1
6,424	1 6 0	7,470	1 9 7	8,517	1 13 2
6,448	1 6 1	7,495	1 9 8	8,541	1 13 3
6,473	1 6 2	7,519	1 9 9	8,565	1 13 4
6,497	1 6 3	7,543	1 9 10	8,590	1 13 5
6,521	1 6 4	7,568	1 9 11	8,614	1 13 6
6,546	1 6 5	7,592	1 10 0	8,638	1 13 7
6,570	1 6 6	7,616	1 10 1	8,663	1 13 8
6,594	1 6 7	7,641	1 10 2	8,687	1 13 9
6,619	1 6 8	7,665	1 10 3	8,711	1 13 10
6,643	1 6 9	7,689	1 10 4	8,736	1 13 11
6,667	1 6 10	7,714	1 10 5	8,760	1 14 0
6,692	1 6 11	7,738	1 10 6	8,784	1 14 1
6,716	1 7 0	7,762	1 10 7	8,809	1 14 2
6,740	1 7 1	7,787	1 10 8	8,833	1 14 3
6,765	1 7 2	7,811	1 10 9	8,857	1 14 4
6,789	1 7 3	7,835	1 10 10	8,882	1 14 5
6,813	1 7 4	7,860	1 10 11	8,906	1 14 6
6,838	1 7 5	7,884	1 11 0	8,930	1 14 7
6,862	1 7 6	7,908	1 11 1	8,955	1 14 8
6,886	1 7 7	7,933	1 11 2	8,979	1 14 9
6,911	1 7 8	7,957	1 11 3	9,003	1 14 10
6,935	1 7 9	7,981	1 11 4	9,028	1 14 11
6,959	1 7 10	8,006	1 11 5	9,052	1 15 0
6,984	1 7 11	8,030	1 11 6	9,076	1 15 1
7,008	1 8 0	8,054	1 11 7	9,101	1 15 2
7,032	1 8 1	8,079	1 11 8	9,125	1 15 3
7,057	1 8 2	8,103	1 11 9	9,149	1 15 4
7,081	1 8 3	8,127	1 11 10	9,174	1 15 5
7,105	1 8 4	8,152	1 11 11	9,198	1 15 6

Interest Tables at the rate of Rs. 7-13-0 per cent. per annum—*contd.*

Daily product.	Interest. Rs.	A.	P.	Daily product.	Interest. Rs.	A.	P.	Daily product.	Interest. Rs.	A.	P.
9,222	1	15	7	10,220	2	3	0	3,00,000	64	3	5
9,247	1	15	8	10,244	2	3	1	3,10,000	66	5	8
9,271	1	15	9	10,269	2	3	2	3,20,000	68	7	11
9,295	1	15	10	10,293	2	3	3	3,30,000	70	10	2
9,320	1	15	11	10,317	2	3	4	3,40,000	72	12	5
9,344	2	0	0	10,342	2	3	5	3,50,000	74	14	8
9,368	2	0	1	10,366	2	3	6	3,60,000	77	0	11
9,393	2	0	2	10,390	2	3	7	3,70,000	79	3	1
9,417	2	0	3	10,415	2	3	8	3,80,000	81	5	4
9,441	2	0	4	10,439	2	3	9	3,90,000	83	7	7
9,466	2	0	5	10,463	2	3	10	4,00,000	85	9	10
9,490	2	0	6	10,488	2	3	11	4,10,000	87	12	1
9,514	2	0	7	10,512	2	4	0	4,20,000	89	14	4
9,539	2	0	8	20,000	4	4	6	4,30,000	92	0	7
9,563	2	0	9	30,000	6	6	9	4,40,000	94	2	10
9,587	2	0	10	40,000	8	9	0	4,50,000	96	5	1
9,612	2	0	11	50,000	10	11	3	4,60,000	98	7	4
9,636	2	1	0	60,000	12	13	6	4,70,000	100	9	7
9,660	2	1	1	70,000	14	15	9	4,80,000	102	11	10
9,685	2	1	2	80,000	17	2	0	4,90,000	104	14	1
9,709	2	1	3	90,000	19	4	3	5,00,000	107	0	4
9,733	2	1	4	1,00,000	21	6	6	5,10,000	109	2	7
9,758	2	1	5	1,10,000	23	8	9	5,20,000	111	4	10
9,782	2	1	6	1,20,000	25	11	0	5,30,000	113	7	1
9,806	2	1	7	1,30,000	27	13	2	5,40,000	115	9	4
9,831	2	1	8	1,40,000	29	15	5	5,50,000	117	11	7
9,855	2	1	9	1,50,000	32	1	8	6,00,000	128	6	10
9,879	2	1	10	1,60,000	34	3	11	7,00,000	149	13	3
9,904	2	1	11	1,70,000	36	6	2	8,00,000	171	3	9
9,928	2	2	0	1,80,000	38	8	5	9,00,000	192	10	2
9,952	2	2	1	1,90 000	40	10	8	10,00,000	214	0	8
9,977	2	2	2	2,00,000	42	12	11	20,00,000	428	1	4
10,001	2	2	3	2,10,000	44	15	2	30,00,000	642	2	0
10,025	2	2	4	2,20,000	47	1	5	40,00,000	856	2	8
10,050	2	2	5	2,30,000	49	3	8	50,00,000	1,070	3	3
10,074	2	2	6	2,40,000	51	5	11	60,00,000	1,284	3	11
10,098	2	2	7	2,50,000	53	8	2	70,00,000	1,498	4	7
10,123	2	2	8	2,60,000	55	10	5	80,00,000	1,712	5	3
10,147	2	2	9	2,70,000	57	12	8	90,00,000	1,926	5	11
10,171	2	2	10	2,80,000	59	14	11	1,00,00,000	2,140	6	7
10,196	2	2	11	2,90,000	62	1	2				

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whether we do so or not in their case, there is absolutely no justification for having unlimited liability in our non-credit societies, especially those of non-agriculturists. It is to be hoped that this question of the suitability or otherwise of unlimited liability for different classes of societies will receive the earnest attention of our leading official and non-official co-operators.

Non-agricultural and Agricultural Societies compared.

One would very much like to compare the position of all non-agricultural societies in the country with that of all agricultural societies. But that is rendered impossible by the lack of separate figures for them, as stated already. Still, some idea of their comparative position may be gathered by a study of the following figures relating to credit societies, which are the most important and numerous class of societies in our country.

	Agricultural Societies	Non-agricultural Societies
Number of Societies ...	78,758	4,319
Number of members ...	29.85 lakhs.	13.39 lakhs.
Share Capital ...	437.19 Lakhs Rs.	517.11 Lakhs Rs.
Deposits from members ...	167.92 „	612.40 „
Deposits from non-members ...	147.65 „	477.68 „
Percentage of overdues ...	48.5	15.8

The total rural population in India, according to the census of 1931, being 314 millions against 39 millions of the urban population, it will be seen that while more than 3 per cent of the urban population are members of co-operative societies, less than 1 per cent of the rural population are so. The contrast is very much greater when we consider the figures relating to share capital and deposits from members and non-members, in respect of which the non-agricultural societies are not only comparatively but also absolutely ahead of the agricultural societies. In addition, we have to remember that more than 50 per cent of the entire working capital of agricultural societies is derived from provincial or central banks which get their resources entirely from the urban population. In the matter of repayment of loans the urban member is far more satisfactory than his rural brother. These facts cannot fail to impress the student of co-operation in India with the exceedingly important part which urban areas are playing in making the co-operative movement a success in this country.

Urban Banks in Provinces and States.

The comparative position of the important provinces and States in respect of non-agricultural credit may be gathered from the following table. The figures relate to 1933-34.

—		No. of Credit Societies.	Total Membership.	Loans made during the year to individuals.	Overdue Loans.	Share Capital.	Deposits from Members.	Deposits from Non-Members.
1		2	3	4	5	6	7	8
			(Thousands.)	(Lakhs) Rs.	(Lakhs) Rs.	(Lakhs) Rs.	(Lakhs) Rs.	(Lakhs) Rs.
Madras	...	1065	281	223	62.0	89	88	97
Bombay	...	657	275	351	44.5	121	262	128
Bengal	...	531	262	292	50.7	88	96	194
Bihar & Orissa	...	129	29	28	7.6	13	13	5
United Provinces	...	125	35	28	2.2	14	14	2.2
Punjab	...	1120	123	59	4.0	38	43	8.6
Burma	...	146	34	44	4.0	58	2	2
Central Provinces	...	67	19	16	.6	9	2.7	1.8
Mysore	...	277	72	88	23.6	31	37	10.7
Baroda	...	165	15	14	1.4	3	12	6.7
Hyderabad	...	259	22	21	2.8	18	4	1
Travancore	...	304	79	10	11.4	14	5	3

While the figures in column 1 relate only to credit societies, the figures in the other columns are for all kinds of non-agricultural societies. By the inclusion of non-credit societies the figures in columns 2 & 6—membership and share capital—are rather largely affected, but not so those in the other columns, as we should expect them to relate chiefly to the credit societies.

A great many of the societies shown above are of unlimited liability. The number is largest in the Punjab—being not less than 1000 out of 1120. Next in order come Travancore, Madras, the United Provinces, Baroda, and Bihar and Orissa with 156, 155, 152, 103 and 41 respectively.

Bombay is obviously the leading province in all respects. Its achievement in respect of share capital and deposits from members is particularly noteworthy. It justifies the claim of that province to have promoted thrift through the co-operative movement. The urban banks of Bengal have attracted more deposits from non-members than those of other provinces have done. The Punjab, which is leading in respect of agricultural co-operation, is decidedly weak in the matter of urban banks. Mr. Bashir Ahmad Khan, who has written in the *Review* on urban credit societies in the Punjab, is of the opinion that there has been less need for societies in the urban than in rural areas, and that commercial banks are more numerous in the towns of the Punjab than in those of other provinces. and hence the urban credit movement has not developed as much as the rural credit movement. We are afraid these reasons are not quite convincing. The fact that as many as 1000 societies in urban areas are organised on the unlimited liability basis shows that the Co-operative Department in the province has too little of an urban outlook. Among the Indian States, Mysore is the most advanced in urban co-operation. It is far ahead of Travancore and Baroda. Considering its area and population, Mysore may indeed be said to be second only to Bombay. The backwardness of the United Provinces, Central Provinces and Bihar is also surprising. Lack of propaganda among the educated classes appears to us to be the chief cause of this backwardness.

Employees' and Communal Societies.

Most of the writers in the *Review* have adopted the convenient division of urban credit societies into people's banks, salary-earners' societies and communal societies. Of these, the salary-earners' societies are said to be working the most satisfactorily, not only on account of the better general education of their members but also on account of the facility enjoyed by these societies of recovering the dues of their members direct from salaries. In Bombay, 'as a reward for efficiency and soundness of management,' these societies are permitted, with the previous sanction of the Registrar, to allocate only 10 per cent of their net profits to the reserve fund, whereas other urban credit societies have to allocate 25 per cent. In Bihar and Orissa the only urban societies which are working satisfactorily are reported to be those of Government servants and of the employees of the Tata Iron and Steel Company at Jemshedpur. People's banks are intended to serve the small business man in the same manner as commercial banks serve the big business man. The banks in Bombay and Bengal are said to be availed of largely for trade purposes and for remittances of moneys. To a small extent these purposes are served in Madras also. Their main business, however, is to lend money to members for various domestic purposes. They exhibit different degrees of efficiency, the biggest generally being the most efficient. Communal societies are organised generally for artisans, backward and depressed classes and the like, and usually on the unlimited liability basis. These are the least satisfactory in their working. The best way to improve them would be to free them from the bondage of unlimited liability and communalism and to convert them as far as possible into thrift and better living societies.

Thrift.

Though thrift, as judged by members' deposits and share capital, is in greater evidence in urban societies than in rural ones, it is not made as much the object of societies as lending is. This is the case even in salary-earners' societies. Says Mr. Ryan, writing on urban banks in Madras:

"Yet, the majority of these deposits belong to non-members, and the bulk of the members' deposits come from the well-to-do classes investing in hundreds or thousands. The small man's deposits are few. Scarcely any bank has made conscious effort to tap small deposits. In Japan, co-operators conduct campaigns for thrift by singing thrift songs, by exhibiting thrift charts, by teaching thrift in schools, by celebrating thrift days, etc., etc. In Germany, the office-bearers call at pay offices on pay days, at church doors on Sundays, and at the farm houses when the harvest is sold, and collect small savings. In fact, Mr. Wolff says that they go about with outstretched arms wherever they scent any spare cash and grab it before it goes into any improvident use. In the United Kingdom, 864 of the Distributive Societies run small savings banks called "Penny Banks". At the end of 1934, the small savings accumulated in these banks amounted to £ 5,352,276. The response we had in India from small folk for the Quetta Relief Fund and the Silver Jubilee Fund shows what results can be attained if efforts are put forth. Cannot each urban bank launch out similar campaigns once in a month on behalf of thrift?"

We heartily support this appeal.

Membership in several Societies.

One of the glaring evils prevailing in Mysore societies is that one and the same person becomes a member of several societies and borrows from all of them—generally to a far greater extent than he ought to. It is also complained that sometimes one set of men are found to be directors of several societies to the detriment of its sound management. Mr. Y. Sreenivasaiah writes:—

"The facility enjoyed by people to become members of more than one society of the same kind has multiplied the number of their credit centres, which they utilise to the fullest extent. Instances are not wanting where a person has simultaneously borrowed in 5 or 6 societies, far beyond this capacity to repay and has not only involved himself in heavy debts but even sought the assistance of the Insolvency Court. Unless some restriction is placed upon this privilege of borrowing in numerous societies at the same time, not only will many persons ruin themselves but many societies will soon find that a large proportion of their investments on such loans become bad debts."

This evil was prevalent in Madras also until recently. But now it is remedied by the adoption of a rule under the Act which prevents a person from being a member of more than one credit society unless it be a land mortgage bank. We recommend the adoption of a similar rule by all provinces and States.

Other Problems.

Some people's banks issue loans on the pledge of gold and other ornaments. Where adequate arrangements could be made for the valuation and safe custody of these ornaments, the practice is to be commended. It should be possible for several societies—urban or rural—to combine and make these arrangements at convenient places; and when such arrangements are made, even smaller societies would be able to give loans on the pledge of ornaments. In Mysore direct lending between societies is said to be prevalent to some extent. One wonders how this dangerous practice, which links up liabilities, has been permitted even so many years after the apex and central banks have come into existence. Some banks in Mysore issue long term loans for ten years and even longer periods on the monthly instalment repayment system. We are glad to be told that the banks have not experienced so far any special inconvenience on account of these loans. But it would be safer to limit the extent of these loans to the amount of long-lying money available with each bank. Arrangements for the special training of staff and for employing only trained men appear to be prevalent only in Bombay. It is time that the other provinces and States should follow its example.

The Bane of Politics.

The history of urban banks in Burma affords the most striking warning against the introduction of politics into co-operative societies. Mr. U. Maung Gale, officer-in-charge of urban co-operative societies in Burma, writes in the *Review* that the manager of the Burma Urban Co-operative Central Bank and his supporters issued large loans to undeserving societies between 1925 and 1930 in order to gain political adherents to their side. This money was of course squandered and ultimately the Central Bank as well as the societies which were given loans by it had to be liquidated. " Only such societies as differed in opinion from the manager and his supporters in matters politic survived, because they had been refused these unnecessarily large loans." Properties have accumulated in the hands of liquidators, who are unable to dispose of them on account of the prevailing depression. Their disposal has become a problem for which a solution has yet to be found. " Some depositors have been good enough to accept houses and lands at their current values in lieu of their fixed deposits but the majority have remained adamant and insist on the return of their money. A scheme of reconstruction of societies which have accumulated much property in lands and houses is under consideration. It is proposed to hand over properties to the original owners on the rent purchase bond by which the purchase price at the current market value will be repaid in equated instalments spread over a period of years." It is hoped that this warning from Burma will be heeded all over India.

Size and Constitution.

The question of constitution in relation to size is of very great importance to urban societies, many of which count their membership in thousands. Mr. K. C. Ramakrishnan has dealt with it at considerable length, drawing upon his own experience of the Triplican Stores which has a membership of nearly 6000 and upon the experience of foreign societies some of which count their membership in hundreds of thousands. He points out that while formerly the prevailing view in India was that large size and co-operative character were inconsistent, latterly large size has been favoured. He points out also that in order to prevent societies from becoming a travesty of democracy, divisional meetings and representative councils have been adopted in western countries. He strongly recommends that course here, especially in the case of societies like those of Government and Railway employees whose members are distributed over a large area. A change of the constitution in this direction may not be accepted by general body meetings as they are at present. This was demonstrated by the Triplicane Stores recently. In that case it is for the State to impose a workable constitution on them by rule or law. We fully endorse these views.

Life Insurance and Socialism

By Mr. V. Ramadas Pantulu.

With the rising tide of Socialism and the demand for nationalising our industries and utility services, the question of " Insurance " being taken over by the State is bound to come up sooner or later. The State in India has so far stood aloof in the field of insurance, except to a very limited extent. The postal insurance scheme of the Government of India is confined to certain classes of its own employees. The rest of the field is left to private enterprise. Some of the Indian States like Mysore, Travancore, Indore and Hyderabad are throwing open their insurance schemes to the general public as well, and much progress has been made in the public branch of the State insurance in Mysore, for instance. State enterprise in this field, if extended, is bound to come into conflict very seriously with commercial enterprise. The State, with its organised public services, can run its insurance business on comparatively small expenditure and can successfully compete with private enterprises, which have to invest very large sums for securing business and running the institutions.

The question whether the intervention of public authorities in insurance business is necessary or justified is not a new one and has been frequently discussed in many countries of the world. The desirability of nationalising insurance was seriously pressed upon the Insurance Committee of the International Co-operative Alliance. International co-operative opinion, as expressed by the conclusions of that Committee, was that while **Social Insurance** (sickness, accidents of labour, unemployment and pensions) might be practised by public authorities, there was no necessity or justification for the intervention of the State in the field of **Commercial Insurance** (life, fire, accident, theft, etc.). The reason for making this distinction is this. In social insurance, there is generally some element of compulsion ; it applies to the whole community ; its risks are covered not only by the payments made by beneficiaries but also, as a general rule, by the contributions of the employers and the public authorities. So, the management of such business is a legitimate function of the public authorities. In regard to commercial insurance, these considerations do not apply. In most countries, therefore, the State stands out, except perhaps to a very limited extent to benefit certain branches of its services or certain sections of the public. Even when the State does not directly enter the field, it may compel insurance of certain kinds in the interests of certain classes of the public. I am told that in certain cities of Europe the owner of a motor car, though he may not insure against accident to his car, is compelled to insure against risks to pedestrians arising from his car.

While conceding that commercial insurance might be left to private enterprise, the international co-operative opinion rightly laid considerable insistence on organising and running insurance more in public than in private interests. The guiding principles of such a policy are: (*a*) depriving capital of its controlling voice and making the voice of the policy-holder the decisive factor; (*b*) low and limited rate of interest on capital, the volume of which will be restricted to the minimum necessary; (*c*) low cost of the policy to be assured; (*d*) the establishment of a reserve fund; (*e*) the distribution of the surplus amongst the assured persons or to works of social character; and (*f*) the investment of the funds for the benefit of the community, that is to say, making them available for the use of the classes from whom they are derived. In other words, Insurance must be *co-operatised.*

It must be admitted that many of these aims are not now achieved by commercial insurance in India. As a result of such study as I have been able to make of the progress of insurance in this country, I have come to the conclusion that the interests of neither the policy-holders nor the community at large are duly safeguarded. The services to the policy-holder are made unduly costly by unhealthy competition among the rival insurance organisations, under which the exploitation of the policy-holder goes on unchecked. It is of course the policy-holder that pays for all the services—the agency commissions, advertising charges, medical fees, expenditure on the up-keep of the organisations and payment of dividends to capitalists, who own these institutions. The more tempting the agency commissions, the larger the overhead charges of management and the greater the dividends paid on share capital, the heavier are the premiums paid by the policy-holders and the lighter the bonuses earned by them. Such exploitation of the policy-holders cannot be checked unless they are adequately educated in regard to their rights to obtain efficient services at reasonable cost. The Insurance Journals have a great responsibility to discharge in this behalf. They must discharge this duty fearlessly and solely in public interests. The practice of indulging in indiscriminate laudatory reviews of the annual administration

reports of the companies has become too common and these reviews do not oftentimes reflect the true state of affairs. To that extent they constitute a definite disservice to the public. The healthy progress of insurance in India depends upon the high standard of public duty which Insurance Journals are able to maintain.

In regard to the services of the Insurance companies to the community at large, other than the insurance benefits themselves, they fall under two main heads: (1) the creation of employment for qualified and trustworthy men and women as agents, organisers or employees of the numerous institutions in the country; and (2) the investment of funds pooled by the insurance concerns in a manner which will promote the trade, industries and commerce in the country so as to increase national prosperity. There is much to be desired in both these directions. In regard to the first, the time has now come to insist upon employees of insurance institutions to qualify themselves for the posts they occupy by requisite training and compliance with prescribed tests. Just as in Banking and Accountancy services, there ought to be an examination for the indoor and out-door staff of insurance offices. There is also a good case for licensing insurance agents and for the creation of Boards to deal with unprofessional conduct on the part of the agents. Everything depends upon the right sort of agents we select and it has become a sufficiently big service in this country, where numerous life offices and other types of insurance companies are working.

Coming back to the main question, the advocates of Nationalisation of Insurance in India may profitably confine their attention in the first instance to the promotion of schemes of *Social Insurance* which are the primary concern of public authorities. The larger question of nationalisation of commercial insurance, which is of a more controversial nature, requires closer investigation than has hitherto been attempted in India. Those who are interested in the problem may avail themselves of the hospitability of the columns of the Insurance Journals to discuss it in all its aspects and to educate public opinion on it. In the meantime, if the aims and ideals of Insurance as set out above are pursued and acted upon, they will go a long way to socialise Insurance and instal the consumer, that is the policy-holder, in his rightful place in a co-operative commonwealth.

Students' Co-operative Societies

By Mr. P. Subba Reddy,

Secretary, District Co-operative Central Bank, Chittoor.

The Students' Co-operative Societies have an important place in the co-operative movement. They are not given the importance they deserve and occupy only a secondary place now. At present very few schools and colleges have co-operative societies and even there they are dormant. There are only about 81 societies throughout the Presidency. The educative value of these societies for the students is not yet fully recognised. The youth of the present are the future co-operators of the country and any training given to them in the school societies will bear rich fruit later.

By organising co-operative societies in all the schools and colleges, the students can be trained in their practical working, taught the principles on which they work, and made to understand their high ideals. Incidentally they can cultivate to live a co-operative life.

Some of them go back to their villages and settle. The early lessons they get in the school societies on co-operation, the advantages they enjoy in them, in respect of cheap supply of their class books, stationery etc, will not be lost on them. The various co-operative societies in the villages cannot but attract their attention. They will enter these societies and give their best to them. The knowledge and experience they gained in their school societies will be utilised to the best advantage of the villagers. They will have energy and enthusiasm and will be best fitted to educate and lead the villagers into a true co-operative life.

Some others may settle in towns and be of help to the urban movement in a similar way.

Still others may enter different walks of life. Wherever they go, they will carry with them the noble mission of the co-operative movement. They will spread the ideals far and wide around them and absorb many into the fold.

There are different kinds of schools where these societies may be organised and worked successfully with far-reaching results, A few of them are, Middle Schools, High Schools, Colleges, Girl Schools, Trade Schools, Medical Schools etc.

Lady co-operators are few in our presidency. They can surely be initiated into the movement in large numbers by organising societies in all girl schools and colleges and giving them opportunities to know about co-operation.

The students' co-operative societies can be rightly made use of as an instrument of propaganda to propagate the principles of co-operation among the public to give an impetus to the movement and to build it up on sound principles.

The Late Diwan Bahadur R. Ramachandra Row

By Mr. T. Adinarayana Chetty, Bar-at-Law, Salem.

To one like me who has had the privilege of knowing him intimately and shared not only some of the self-imposed duties of his retirement but also his innermost thoughts and enjoyed close comradeship with him for years, it is difficult to realise that this great dynamic personality is no longer in our midst.

Born (in 1871) in affluent circumstances, spending his earliest years mostly in the palace at Trivandrum,—his father having been Diwan Peishkar and tutor to his late Highness—and beginning his official career, while yet in his teens, as a well-paid Assistant Collector, none who had seen the stern and stylish young man of those days would have ventured to prophesy that helping the ryot, nay, living for him, would be the one absorbing passion of his later life.

But certain early traits of his were also the distinctions of his maturer life. His courage was well known. He would never waver in the teeth of the fiercest opposition even of the older sun-dried bureaucrats of the type of the late Castle Stewart, as was amply proved by his insistence on the existence of famine conditions when he was Collector of Kurnool.

In districts notorious for crimes and bloody factions and riots he would, as a young man of nineteen, boldly risk his life saying his salary which was contributed by the sweat of the poor ryot included such risks. On one occasion, he insisted on undergoing an operation without being chloroformed, saying the blood of the race of the Peishwas was running in his veins and he would not flinch before pain.

His scrupulous honesty was sometimes embarrassing to his friends. If one sent him a couple of dozens of Salem "gundu" mangoes of which he was fond, the bill of costs must invariably accompany the consignment. As soon as he took charge as Collector in a certain district, he came to understand that his predecessor had collected enormous consignments of ducks and had sent them to the Government House at Madras. Mr. Row called all those who had supplied the bipeds and sent a consolidated bill to the Government House in due course. When he took charge as Collector of Nellore, he found that by some "mamool" the extensive compound of his bungalow was daily lighted at the cost of the D.P.W. When he came to know of it, he promptly put his foot down on it.

His self-effacement was even more remarkable. Once, though senior to the late Sir P. Rajagopalachari, Mr. Row was seconded. Mr. Row met me at the Club the same evening, and told me he was almost tempted to resign and rebegin life as a teacher of Mathematics; but because it was an Indian who got over him, he restrained his anger. There are instances in which his championship of the poor had cost him dearly.

His work as the second Registrar of Co-operative Societies (1907-10) needs no retailing to the readers of the "Journal" whose predecessor, the "Madras Bulletin of Co-operation" he founded and edited. His speech at Kalyanadrug (Anantapur District) on the inner significance of the movement and how the bye-laws can be worked to the great benefit of the people, would even to-day afford useful reading to the workers at the helm of affairs.

It was Mr. Row, among the many Registrars, who had a vision and who, out of his fertile brain conceived schemes to realise his high ideals. "Can't you see two hundred years ahead?" was his constant question to those workers who proposed to him schemes which would satisfy the present needs only. Even in a brief sketch like this, I must say that the scheme of a net-work of central financing banks was his unique creation: the local supervising unions have amply proved his wisdom and forethought. His scheme of expansion and rectification, first tried by him in Salem District, and which still continues to be worked in other districts also, is the one effective way for revealing the weakness in working and in remedying serious defects. Mr. Row recognised from the very first that the question of rehabilitation of the ryot is one that cannot be tackled successfully by paying attention to one aspect only, viz., liquidation of indebtedness. He laid even greater stress on the liquidation of illiteracy and the exercising of the great demon "drink."

All the intimate knowledge of the ryot he gained as a revenue officer and later as Registrar of Co-operative Societies, he was waiting for an opportunity to reduce to practicality as soon as he could shake off the shackles of office. Holding such views as he did regarding the betterment of the lot of the miserable ryot, it ceases to be a wonder that his active sympathies were with Gandhiji and his constructive programme of Khadder, anti-drink and removal of untouchability. The prohibition campaign which he initiated in the Salem District in conjunction with Mr. C. Rajagopalachar and the early success which attended it, as would be evident from the fact that for a whole year

an area of about twenty-one miles by seven was completely "dry" including two Taluk Head-quarters like Tiruchengodu and Rasipuram —the latter specially noted for its criminal litigation and hard-drinking population—must be still fresh in the memory of the people. I can bear personal witness to the fact that the then Excise Commissioner visited several villages in this "dry" area and met thousands of women who had foregathered at his camps to pour their blessings on him.

I have said that Mr. Row wished to grapple with the rural problem, not piecemeal, but in its entirety. With the active and liberal help of the Salem District Urban Bank, supplemented also with that of the Madras Provincial Co-operative Bank, he carried on his Rural Reconstruction Scheme which comprised agricultural improvements like the use of selected seeds, compost-manures, improved ploughs and mote-wheels, new crops like the Spanish onions; hand-spinning, ginning and khadder weaving; improved poultry; medical relief including a leprosy clinic; night schools; free supply of toys for the little children and readings from the Puranas and from modern authors during nights for the villagers; sanitary improvement like street-sweeping, trench-latrines—not to mention the revival of Bhajan parties, of rural games, introduction of *suryanamaskar* among the young and simple yoga-asanams for the older folks and the like; and magic lantern lectures and gramaphone music. He laid great stress on the economic betterment of the villagers and at his suggestion, the Salem District Urban Bank has distributed hundreds of home-savings' boxes several of which are in active use to-day. Mr. Row improved on the ideas of Sir Daniel Hamilton and introduced in the Salem District Urban Bank a system of one Rupee cheques, which was described in detail in the pages of this journal some time back. With the object of helping the Salem District ryots to obtain adequate price for their agricultural produce, he organised a District Marketing Society at Rasipuram which is a flourishing institution to-day. When the late mathematical genius Ramanujam, F.R.S., returned from Cambridge as a physical wreck, Mr. Row put himself to a good deal of trouble and expense to pull him out of Death's jaws —how succesfully the world knows. Many are the persons and institutions who have been helped by the bounty of Mr. Row.

As a man he was loveable. His kindness and benevolence of heart were as an open book. He was unconventional in his speech and sometimes the curt way in which he would make his remarks would even offend many who did not know the real man and so could not make allowances for his idiosyncracies. I never used his titles when writing to him. But once, when I had to print his Presidential Address, I ventured to ask him whether he was a C.S.I. or C.I.E. His reply was, "both are badges of slavery; but if you want to be accurate, you may say C.S.I." On one occasion when he was expecting a friend or two for dinner, nearly a dozen turned up. Mr. Row said "This is not a visit, but a visitation." All the guests had a sumptuous dinner and a pleasant evening nonetheless.

It was said of a famous Emperor that he had instructed, that, when he was dead his corpse should be borne to the grave with his open palms bare so that the world might see that even an emperor should meet his Maker unburdened with worldly riches. Similarly, that Mr. Ramachandra Row dies as a poor man is perhaps another noble realisation of his philosophy of life. In the calm of the last four years of his inactive life brought on by a terrible illness (incurred, it is feared, by his over-zeal for his self-imposed work), his greatest regret was that he was prevented from completing the good work he had begun in Salem. He was repeatedly writing (or rather dictating from his sick-bed) letters to me that he would return to his work. But latterly he began to feel that there was no more active work for him in this incarnation and his last words to me, when I met him several weeks back, were, "I have done my work". Such men are rare in any country. Southern India, nay the world of Co-operation, is distinctly poorer to-day by the death of a noble soul.

Conferences.

THE SIXTH WEST GODAVARI DISTRICT CO-OPERATIVE CONFERENCE.

The Sixth West Godavari District Co-operative Conference was held at Narasapuram on the 26th of April last and was presided over by Mr. Vadrevu Ramamurthi Pantulu. Mr. K. Kameswara Suryanarayana as Chairman of the Reception Committee welcomed the delegates, while Mr. D. Narayana Raju, B.A., B.L., President of the District Board and Secretary of the District Bank, Ellore, declared the conference open. The conference discussed some of the vital problems connected with the co-operative movement in the district. The proceedings were conducted in Telugu.

Welcome Address.

Mr. K. Kameswara Suryanarayana in the course of his welcome address gave statistics of the working of co-operative societies in the district. There were at the beginning of the last co-operative year 421 co-operative societies with a membership of 32,320. On an average there were 77 members per society. Societies in the Bhimavaram Taluk were financed by the Krishna Co-operative Bank and those in other taluks were financed by the Ellore Co-operative Central Bank. There were overdues of 65 per cent. and 53 per cent. to the Central Banks under principal and interest respectively. In the societies there were overdues of 63 per cent. and 35 per cent. under principal and interest. On account of the present economic depression the Bank had reduced its rate of interest from 7½ to 6½ per cent. and the societies also had reduced their rate of interest to the members from 9⅜ to 7½ per cent. As a result of the rate of interest being reduced to 6½ per cent, in 180 societies the amount of interest was reduced by Rs. 9,000. As a result of the waiver of the penal interest to 1,480 members, interest was reduced by Rs. 13,000. In 4,300 cases which came up for arbitration, awards to the extent of Rs. 6,30,000 were obtained. 500 cases for which decrees were obtained for Rs. 10,800 were sent to the Department for execution and they were pending realisation. Though powers were given to the Department under the Act for the execution of decrees, it would take some more time for the executions to become speedy. Lands worth Rs. 24,000 were taken over by 13 societies in satisfaction of decrees.

The Chairman then dwelt at some length on the havoc caused by the present depression. He believed that though the co-operative movement was intended to benefit the poor man and to save the poor agriculturist from indebtedness, it had really benefited only the well-to-do people in the villages and the indebtedness of the poor agriculturist had only become worse. He stressed the need for co-operative education and declared that it was the lack of knowledge of co-operative principles in the members that was responsible for the present bad state of the movement. The only remedy was incessant co-operative propaganda.

He then requested Mr. D. Narayana Raju to open the Conference.

Opening Address.

Mr. D. Narayana Raju in opening the Conference dealt with two important subjects, namely, the present position of the movement and supervision. Regarding the former he said that during the pre-depression days the central bank gave loans to societies without taking into consideration the property and the repaying capacity of the members. The Department fixed the individual maximum borrowing power at Rs. 1,000 and the society's maximum borrowing power at Rs. 20,000 and Rs. 30,000 and in some societies even at one lakh of rupees. In the early days those who were at the helm of affairs of the societies were men of influence and imbued with the spirit of social service. They were able to collect loans on due dates without going to courts. But now-a-days the people who managed the societies thought more of benefit to themselves than service to the other members. There were also communal feelings. Binami loans prevailed in very many societies. It was after the depression set in that the Central Bank began to examine systematically all the loans in the societies. They were now classified into three classes namely (1) loans realisable in full (2) well secured loans and (3) unsecured loans. Proper steps were being taken in respect of each class of loans. The Bank observed a cautions policy of setting apart a major portion of its net profits towards the reserve fund and the bad debts reserve and had reduced the rate of dividend. Dealing with supervision he observed that it was advisable to reduce the number of unions existing at present in the district in view of the fact that the Bank was not in a position to contribute a substantial sum towards the supervision fund, as the payment of interest by the member societies was not prompt.

Presidential Address.

In his presidential address Mr. V. Ramamurthi Pantulu observed that he would not be surprised if some of the delegates at that Conference had lost faith in the movement on account of its present deplorable condition. But he was one of those who had strong faith in the movement and believed it was not too late to take remedial steps. Co-operation was the only salvation of the agriculturist at a time when there was conflict between capital and labour; and as the capitalistic order of things had resulted in much misery, the hope of the world lay in co-operation which set its face against exploitation and the motto of which was each

for all and all for each. He believed that if the movement had begun with the people instead of the Government perhaps it would not have come to its present state. Its great need was education and more education. The Government of India had realised it and had sanctioned for our Province a sum of Rs. 3,59,000. He hoped that it would be utilised in the best manner—officials and non-officials co-operating most heartily. Regarding supervision of societies he expressed himself in favour of the views expressed by the Townsend Committee and the Royal Commission on Agriculture and differed emphatically from those of Mr. W. R. S. Sathianadhan. Finally, he referred to the rapid progress made by the South India Co-operative Insurance Society and exhorted co-operators and co-operative institutions to encourage it in every way. He recommended in particular its dismortgaging scheme of insurance policies to the members of land mortgage banks.

The following resolutions were passed at the Conference :—

(1) In view of the present depression, the Conference requested the Central Bank to give more financial help to the Unions than is done at present, by reducing if necessary its establishment and other charges.

(2) The Conference requested all co-operators and co-operative institutions to encourage the South India Co-operative Insurance Society.

(3) The Conference requested the Central Bank to keep the keys of the godowns of the crop loan and sale societies within the reach of the societies instead of at the Bank itself, so as to prevent delay in inspection and in the sale of the produce.

(4) The Conference requested the Madras Provincial Co-operative Union and the Andhra Sahakara Sammelanam to take active steps to persuade the Government to change the liability of village co-operative credit societies from 'unlimited' to 'reserve liability' as the former was proving a hindrance to the working of societies.

(5) The Conference requested the Department to organize 'Better Living Societies' and through them provide work for the poor people.

(6) In view of the present economic depression there was need for extending the time for the repayment of mortgage loans from 5 to 10 years and so the Conference requested the West Godavari District Co-operative Central Bank to extend suitably the time for the repayment of loans by those societies which had granted extension to their members.

(7) The Conference urged the Government to open at an early date training classes for panchayatdars.

(8) The Conference resolved that the period for the repayment of loans given by land mortgage banks should be extended to 30 years and that the rate of interest should be 5½ per cent.

(9) The Conference resolved that the Madras Provincial Co-operative Bank should give loans to Central Banks at 4 per cent and that the Central Banks should give loans to the societies at 5 per cent; and that the said rates should apply for the past, present and future loans.

(10) The Conference resolved to request the Government to remove the by-law of the land mortgage banks, which provides for the nomination of some directors by Government, as such nomination is opposed to the principles of co-operation.

(11) The Conference opined that the audit fees charged at present on the co-operative societies was too high and hence requested the Government to reduce the same.

(12) The Conference was of opinion that there was no need to register the bonds executed by societies in favour of the Central Bank for short term loans.

(13) The Conference requested the Central Bank to give crop loans to the societies at 4 per cent. and to the members at 5 per cent.

(14) The Conference requested the Government to start a Provincial Marketing Society with a view to finance the Loan and Sale Societies and other non-credit societies.

Impressions of a Visitor.

SOME SOCIETIES IN COIMBATORE DISTRICT.

BY RAO BAHADUR A. RAJABADAR MUDALIAR.

Availing myself of the opportunity of a recent trip to Ooty, I halted at Coimbatore on my way on the 25th and 26th of May last to visit the Co-operative Central Bank, the Tamil Nadu Federation and the Co-operative Printing Works (Established in 1933), and then proceeded to Tiruppur on the 27th to look into the working of the Co-operative Trading Society and other institutions there and returned to Madras on the 28th.

At the Central Bank, both the Secretary Mr. K. Mayanna Gowda and the Executive Officer Mr. A. Ponnuswami Pillai were good enough to give me a general insight into the working of the Bank and of the movement in the district. The Bank is provided with an efficient establishment, and the more gratifying fact is that both the chief men there, namely, the Secretary and the Executive Officer, are efficient non-officials who had once served in the Co-operative Department and subsequently resigned their jobs there. The Bank is lucky in securing the services of such men, unlike most other Banks which have to depend on the Department for the supply of officers to hold similar posts in their districts; with the incidental troubles of these officers being changed often, to the serious prejudice of the district work both in the Bank and outside. The men—both indoor and outdoor staff—are all well paid and contented and their discipline is noteworthy. Diwan Bahadur T. A. Ramalingam Chettiar, who is at the head of the movement in the district, has practically the control of the whole movement in his hands and has inspired the whole establishment with the ideal that the interests of the movement should always dominate over other considerations. As in the Government departments, he has introduced the rule that the members of the executive staff should be transferred periodically from their stations after three years. This fact and the general feeling that Mr. Chettiar would never tolerate any delinquencies on the part of the staff and is firm in his decisions, keep the men in good discipline. There are, besides the Secretary's post on Rs. 200—10—250, four posts on Rs. 100—5—150, four on Rs. 60—2—80, three on Rs. 50—2—60, one on Rs. 40—2—60 and 46 posts on Rs. 30—2—40—50 and other minor posts 12 in number the salaries of which very between Rs. 25 and 10 including menials. The district is fortunate with regard to the income of its people who are able to realise handsome amounts from their commercial crops—cotton, tobacco, ground-nut, chilly etc. There is a large demand for loans, and repayments of them are much more satisfactory than in most other districts. Out of 21 unions there were at least four, the societies of which had no arrears at all either under principal or interest at the end of the last co-operative year. Extension of time beyond the co-operative year is not given as a rule, only one society in the backward Kollegal area having had extension of time for a sum of Rs. 256 only during the last year. Inspite of the continued economic depression there was an appreciable reduction in the overdues last year, the percentage of balance to demand being not more than 19 under principal and 4.8 under interest. This result must be due largely to the good training in the co-operative ideals and principles which societies and members had in the early stages of the movement under the able and sagacious guidance of the district officers of those times, and partly also to the better income of the agriculturists of the district and last though not least to the good fortune of the district in commanding the services of a number of ardent co-operators to control the movement.

The Co-operative Printing Works is still an infant in its third year of working. A note-worthy point about it is that out of about 600 societies in the district only 47 have become members of it. It is hoped that the Press will soon attract many more societies to become its members.

The Tamil Nadu Federation is located in a portion of the Central Bank buildings and its chief activity is the publication of the fortnightly journal "Kooturavu". The by-laws of the Federation give a long list of objects for which it was established, which, however, have not been undertaken, presumably for want of finance. The constitution provides for a board of management and an executive committee elected by it to carry on the administration. The rules do not prescribe how often the board and the executive committee should meet, and I was not able to gather, when, if at all, they met during the last year. The Provincial Co-operative Union gives an annual grant to the Federation of about Rs. 500. It should be interesting and useful to obtain from the Federation a copy of its annual report.

At Tiruppur I was gratified to find a number of Co-operative Institutions working with uncommon zeal and interest under the able guidance of the Secretary Mr. K. S. Ramaswami Gounder. He is a cotton merchant who owns a spinning factory of his own. He and Diwan Bahadur T. A. Ramalingam Chettiar are respectively the Secretary and the President of the Tiruppur Co-operative Trading Society which is one of the few good societies of that class in the Presidency. The society, besides arranging to sell the produce of its members, chiefly cotton, to the best advantage, is also distributing cotton seeds of superior quality which are produced and carefully selected in the district under the supervision of the Agricultural Department, with the result that the

Coimbatore district has in the past few years been enabled both to increase the yield and to improve the quality of its cotton. The society has been making a handsome profit from the seed trading business and has built up already a good reserve fund. This society was first started in 1921 as a Trading Union to purchase the necessaries of life for its members. It did not succeed in this object. It was subsequently registered in 1926 as a society for advancing loans on the pledge of the members' produce and for arranging for the sale of their produce to the best advantage. Since then it has made rapid progress and proved to be a very useful institution for the marketing of cotton in the Tiruppur area. The membership of the society has risen from 197 in 1927 to 1192 in 1935. It has built a pucka godown at a cost of over Rs. 8,000 on a site taken on lease for ten years. As this accommodation is insufficient for its fast developing work, it has taken a loan of Rs. 20,000 from Government to construct additional godowns, which on completion will provide the needed facilities and increase the usefulness of the society. The Coimbatore district should be congratulated on this laudable co-operative enterprise which serves as a model for this Presidency.

Mr. Ramaswami Gounder is the Secretary also of the Tiruppur Co-operative Urban Bank which has been doing markedly good work and has no its rolls more than a thousand members. Its working capital now is about two lakhs of rupees. It started working in 1915-16 and has always worked at a profit. It is now constructing a decent building for its habitation. The overdues from members amount to about Rs. 30,000 of which about Rs. 16,000 is overdue for more than one year. I had a talk the Secretary about reducing these overdues and suggested the borrowing members may for sometime be reminded of their dues in advance of the due dates and also that each director should persuade the members who reside or have business in his area to pay without default. When members get established in this manner to pay their dues in time the troubles of collection and even the need for reminding them would, I said, vanish gradually. The Secretary, with his characteristic eagerness for the improved working of the Bank, took up the suggestion and gave instructions at once for its being brought up for consideration at the next meeting of the Directorate.

He is also the Secretary of the Land Mortgage Bank started in Tiruppur and is, I believe, also on the governing body of the Supervising union there.

I wish co-operators elsewhere will visit Tiruppur and Coimbatore to be inspired by the co-operative spirit which is so well developed there. I wish equally that the Tamil Nadu Federation carries its torch of co-operation to other districts in the South in a more practical and effective manner them by the mere issue of its periodical journal "Kooturavu".

Before I conclude I must express my grateful thanks to Diwan Bahadur T. A. Ramalingam Chettiar and the Secretary and the Executive Officer of the Bank as also to Mr. K. S. Ramaswami Gounder of Tiruppur for the kindness and courtesy with which they helped me in the study of the working of the movement in their district.

Government's Order

ON MR. W. R. S. SATHIANADHAN'S REPORT ON AGRICULTURAL INDEBTEDNESS.

The following order has been passed by the Madras Government on that part of the Report of the Special Officer, Mr. W. R. S. Sathianadhan, I. C. S., on agricultural indebtedness, containing recommendations relating to the co-operative department :—

The Special Officer who conducted an enquiry into the agricultural indebtedness of the Presidency, has made in Chapters VIII and IX of his report, certain recommendations relating to the working of the Co-operative movement in the. Presidency. The Government have considered these recommendations in consulation with the Registrar of Co-operative Societies and now proceed to pass orders on them.

2. Paragraphs 74 (officialization versus non-official control, and 75 (supervision and audit) of the report.—The Special Officer is of opinion that neither local supervising unions nor central banks are the proper bodies to undertake supervision of co-operative societies and recommends that the work should be taken over by the Co-operative Department. These views are opposed to the very fundamental principle of mutual supervion. The whole question was reviewed in the recent past and in G. O. Ms. No. 426, Development, dated 19th March 1935, the Government issued orders that supervision of societies should be undertaken by central banks assisted by local supervising unions, which should not have powers of appointment, punishment or discipline of supervisors, and that officers of the Co-operative Department should keep themselves in personal touch with the unions and stimulate them to exercise vigorous supervision. The Government agree with the Registrar of Co-operative Societies in considering that this is the sound policy to be pursued and they are unable to accept the Special Officer's recommendation.

It is not clear to Government to whom the expression 'white-washing of the defects of the movement' mentioned in paragraph 74 of the report is intended to refer. If it refers to the officers of the department, one has only to read the annual administration reports to realize that the statement cannot be applied to them. If it refers to non-officials, even then it is not correct. All defects have been exposed regularly and frankly in the evidence tendered by non-officials before the several committees of enquiry in their speeches at meetings and conferences and in their articles in journals and newspapers. It may be that the defects are not wholly removed by non-officials, but it is not correct to say that they have not exposed them.

Again, in paragraph 75 of his report, the Special Officer has given an extract from an article on supervision which appeared in the newspapers. The Government wish to dissociate themselves from the sentiments expressed in the quotation and consider that some of the statements made therein are far too sweeping.

3. Paragraph 76 of the report—credit societies.—The Special Officer recommends the following changes in the law and rules at present in force :—

Credit Societies.

(*i*) Every society should be compelled to hang up its audited balance-sheet in its premises and at the village chavadi or village post-office so that it may be open to public inspection always.—The Government have since issued orders in G. O. Ms. No. 86, Development, dated 24th January 1936, that audited balance-sheets of co-operative societies should be published by exhibiting them on the notice boards in the societies' premises.

(*ii*) The surcharge powers of the Registrar should be enlarged and appeal should lie only to the Local Government. Surcharge orders should be capable of being issued even in respect of bad and irregular expenditure of funds or negligence for time-barred debts or loss of decrees and bonds'.—The Government are unable to accept the first part of the recommendation as a civil court will not set aside a surcharge order if it is a good one. As regards the second part, such a provision was made in the Bill as originally drafted but the legislature restricted the use of the section only to moneys misappropriated or embezzled. Losses caused by irregular sanctions or by negligence are now recovered under Section 51 of the Act. The language of this section is, however, defective in certain particulars and the Government have under consideration an amendment to the section to remove the defect.

(*iii*) The Registrar should have the power after an enquiry to impose a penalty for wilful disobedience of the Act and of by-laws.—The Government agree with the Registrar that this is too much to expect from him and also consider that the proposal would not be popular.

(*iv*) Meetings convened by the Registrar under section 15 of the Madras Co-operative Societies Act, 1932, may be made valid even without a quorum.—An amendment of the Act to this effect is separately under the consideration of Government.

(*v*) No individual should be entitled to hold office in more than one co-operative society of a similar kind or connected kind at any one time.—Necessary provision in regard to credit societies is already contained in rule XX of the rules framed under the Madras Co-operative Societies Act, 1932, and the rule is being enforced. As regards non-credit societies, the Registrar states that the evil is not at present great and that no action is called for. The Government agrees with the Registrar.

(*iv*) The Registrar should be given powers under the Act to remove undesirable men after a proper enquiry. His orders in this respect can be made appealable to the Local Government.—The Government have already considered this question and in paragraph 2 (3) of G. O. Ms. No. 426, Development, dated 19th March 1935, informed the Registrar that they were prepared to extend their support to the efforts of departmental officers in eliminating undesirable men from the movement as far as it was possible and justifiable under the existing powers. The Government do not consider that any further statutory provision is necessary for the purpose at present.

4. Paragraph 77 of the report—Interest.—The Special Officer's first suggestion is that co-operative credit societies should never be allowed to lend at over 7½ per cent at the very highest and that all decrees executed by the department in future should be calculated only 7½ per cent or less on the principal, even as regards old debts. But he seems to have overlooked the important difference that exists between a co-operative bank and a central bank of issue. Unlike in the case of a central bank of issue, which possesses the power of depressing the equilibrium rate of interest by creating capital through the issue of fiduciary media, the bank rate policy of a co-operative bank is governed by the equilibrium rate of interest prevailing. The rate it offers its depositors and its borrowers is determined *ceteris paribus* by the competition in the money market. It is impossible in the circumstances to prescribe an arbitrary upper limit as suggested by the Special Officer. All that is necessary is to see that central banks and societies do not retain for themselves more than a reasonable margin. All central banks have now reduced their lending rates on new loans and most of them have reduced the rates on outstanding loans also. The average rate of interest on deposits paid by central banks may be taken at present at 4 per cent and the average rate charged on loans may be taken at 6 per cent. The Registrar has already circularized all central banks and societies drawing their attention to the necessity of reducing the rate of interest—several of them have already done this—and he is pressing the reluctant ones to move quickly in the matter.

Supervision over Primary Societies.

The second suggestion of the Special Officer is not very clear. He wants a more effective supervision of primary societies and supervision can only be by an external agency. Yet he would do away with all the institutions intervening between a primary society and the Provincial Bank at Madras. And supervision, whether by the central bank or any other agency, costs money and has to be charged to primary societies.

The other point in the Special Officer's suggestion is that granted effective supervision, primary societies would be able to attract sufficient deposits directly. As the Registrar has pointed out, the savings of agriculturists are small and they must be practically non-existent in a time of depression such as the one through which they are now passing. The suggestion also overlooks the fact that all the loans of a co-operative society are repayable only in instalments. To add to this, it is essential that the condition of a society's assets should be not only solvent but also liquid and that it should be such that the society will always be able to meet all its liabilities not merely in full but also in time, i.e., without being obliged to ask for anything in the nature of a moratorium from its creditors. The Government therefore consider that if primary societies are left to their own resources they would have to curtail credit very considerably and that the suggestion of the Special Officer is not practicable.

5. Paragraph 78 of the report—Overdues, arbitration and execution.—The Special Officer suggests that if societies should accept repayment in kind, the overdues would rapidly decrease. The state of the commodity markets in India is not such that societies can safely take the risk of accepting repayment in kind and even if a society did accept payment in kind, it would have to discount the payment so considerably that the borrower would stand to lose. The difficulty which the borrower experiences in converting his produce into money would equally be experienced by the societies. Further, ordinary credit societies have neither the necessary facilities nor the ability to pay for proper staff to take charge of the produce, sell it and credit the sale-proceeds towards the loan. They can, however, do this through loan and sale societies with godown facilities but no tangible results have attended such efforts in the past.

Co-operative Debts.

The Special Officer has also offered the following suggestions in regard to co-operative debts :—

(*i*) As far as possible only instalment decrees should be passed.—An agriculturist cannot guarantee the repayment of instalments, whether of loan or of decree. "Instalment decrees" would only in effect be an extension of the original loan and the Government see no justification for the suggestion.

(*ii*) Where only a few instalments are overdue, decrees should be passed only for such instalments.—The Registrar states that the legal position is very doubtful and that the introduction of a transitory by-law to this effect will not be helpful as in most cases all the instalments have fallen overdue. The Government agree with these views and consider that the proposal is also against business principles.

(*iii*) Penal rates should not be levied except as a last resort.—The Registrar has circularised societies to delete all penal provisions in the by-laws.

(*iv*) By a special provision, the Registrar should be empowered to extend all the existing loans in societies for a period of three years.—The Registrar states that if the intention of the Special Officer is that the Act should be amended, it cannot be done, unless the Government guarantee repayment of deposits of the financing banks on due dates. It is out of the question for Government to give such a gurantee and it should be entirely for the banks themselves to consider if their condition is sufficiently liquid to permit an extension of time to individual borrowers, however deserving, for the banks cannot similarly ask for time from their creditors. The Registrar has been advising societies and central banks to give extension of time in all deserving cases consistent with their financial commitments. The Government do not therefore consider that any special provision need be made as suggested.

(*v*) The view that the Law of Limitation applies to co-operative societies seems to be wrong and the question should be referred to the Advocate-General for a binding legal opinion.—The Registrar has proposed that the Madras Co-operative Societies Act, 1932, should be amended so as to take away the operation of the Law of Limitation from co-operative societies and the amendment is separately under consideration. The Government do not therefore propose to consult the Advocate-General in the matter.

(*vi*) It is essential that loan applications should be as quickly dealt with as possible, especially for cultivation expenses.—The Registrar states that the question has been discussed by societies in their conferences and meetings time after time and various devices were suggested and adopted and that the attention of banks and societies is drawn to cases of delay that come to notice.

6. Paragraph 79 of the report.—Non-credit societies.—The statement of the Special Officer that no determined and systematic effort was made at any time to develop the non-credit side of co-operation is not correct. Although the present policy of Government is to direct attention more to the consolidation of the movement than to its further development, the department has not refrained from attempts for the development of non-credit societies on sound lines and the Government have been extending special help to these societies by providing staff and by granting other concessions.

7. Paragraph 80 of the report.—Loan and sale societies.—Considering the advantage to agriculturists of loan and sale societies possessing godowns the Government have agreed in G.O. Ms. No. 543, Development

dated 2nd April 1936, to the grant of the following concessions, subject to proved necessity :—

(*i*) grant of loans for the full amount of the cost of construction of the godown ;

(*ii*) concessional rate of interest at $3\frac{1}{2}$ per cent ; and

(*iii*) simple interest alone need be paid in each of the first five years, after which the loan should be discharged with interest at $3\frac{1}{2}$ per cent in equated instalments over a period of 25 years, provided that, if the Government find that the profits earned by the societies will enable them to repay the loans earlier, the Government reserve the right to alter the term of the loans.

As regards the ten precautions enumerated by the Special Officer in regard to loan and sale societies, some of them seem to be based upon incorrect information supplied to him while the others are already being followed.

Controlled Credit.

8. Paragraph 81 of the report.—That loans should be given only for useful purposes and should be recovered out of the income derived by such use has been recognised from the very inception of the movement but the difficulty lies in controlling the credit. The Government cannot provide staff for every loan and sale society or for groups of credit societies for the purpose of controlling credit. The Registrar states that the societies must learn to do this business themselves and that it is only then that the scheme can be deemed a success. The experiment in South Arcot is being carried out by two inspectors of co-operative societies and two agricultural demonstrators. In spite of their supervision, old arrears continue and the Registrar states that efficient supervision could not do all that a society ought to do. The Government agree with the Registrar's views.

9. Paragraph 82 of the report—Co-operative stores.—The Madras Committee on co-operation, 1927-28, considered that there was little likelihood of stores being established successfully in villages or even in small towns on account of the difficulty in securing expert management for which a large turn-over would be required. To meet the needs of the village population, a joint system of purchase on indent appeared to the committee to have much greater chance of success and to be fraught with considerably less risk. In G. O. No. 1524. Development, dated 5th September 1929, the Government agreed with the committee. The Government consider that conditions have not since changed to justify the Special Offier's views.

10. Paragraph 83 of the report—Other non-credit societies.—The whole question of consolidation of agricultural holdings and the prevention of fragmentation has been referred to the sub-committee of the

Provincial Economic Council for agricultural development constituted in G. O. No. 1527, Development, dated 2nd November 1935, and any action which the Co-operative department should take will be considered by the Government after the sub-committee has made its recommendations on the subject. As regards better living and rural reconstruction societies, the Government have already asked the Registrar in G. O. No. 1015, Development, dated 22nd July 1935, to organise such societies in some selected centres.

With regard to the Special Officer's suggestion that an officer be deputed for six months to study the working of non-credit societies in the Punjab, it will be useful only if any large expansion of the non-credit side of the movement is to be undertaken. The Government consider that the present is not the opportune time for such expansion on the more difficult side of non-credit societies when even on the stereo-typed credit side, the movement is not wholly satisfactory.

11. Paragraph 84 of the report—Co-operation for women.—In G.O. Ms. No. 147, Development, dated 1st February 1936, the Government accepted the Registrar's proposal for the appointment for one year of two honorary women organisers in the Malabar and South Kanara districts to organise societies for women in these districts. The proposal of the Registrar for the appointment of an Inspectress of Co-operative Societies for Madras City for similar purposes has been deferred till 1937-38 by which time the results of the work done by the two lady organisers in Malabar and South Kanara will be known.

12. Paragraphs 85 (educational) and 86 (training) of the report.—The Registrar's proposals for a comprehensive scheme of training for both official and non-official staff, the cost being met from the Government of India subvention, are under consideration and separate orders will be issued.

Land Mortgage Banks.

13. Paragraph 88 of the report—Land Mortgage banks.—(1) The lending rate should be reduced from 6½ per cent to 5½ per cent or even less.—The Central Land Mortgage Bank has since been issuing loans to primary land mortgage banks with interest at 5 per cent per annum and the latter have been issuing loans to the ultimate borrowers at 6 per cent per annum. The rate of interest charged to individual borrowers depends on the rate at which the public are prepared to invest their money in the debentures of the Central Land Mortgage Bank. The bulk of these debentures carries at present interest at 4 per cent per annum and the debentures carrying interest at 3½ per cent per annum have not yet become popular with the investing public. If and when the Central Land Mortgage Bank is able to float debentures at lower rates, the benefit will no doubt be passed on to the ultimate borrowers as in the past.

(2) Repayment of loans in kind should be accepted, the banks arranging through loan and sale societies for the immediate sale of the produce.—Orders on the same suggestion made by the Special Officer in respect of ordinary cerdit societies are contained in paragraph 5 above. The objections stated therein apply with greater force to land mortgage banks. The Government consider that the suggestion is not practicable.

(3) For the time being at least, loans may be granted solely for repayment of prior debts, especially after they have been conciliated.—The Government do not consider it desirable or necessary to restrict the grant of loans in the manner suggested. Land mortgage banks have already been taking steps to compound informally the debts of their members with their creditors and during 1934-35,in 143 cases, a total original debt standing at Rs. 3,68,889 was scaled down by Rs. 38,191 before the banks discharged it completely.

(4) The limit of loans should be raised from 40 per cent to 60 per cent of the market value of the hypotheca.—The Government think that it is better to wait till world conditions settle down to normal before the suggestion is considered.

(5) Good dry land by itself should be accepted as proper security even if not backed by wet land.—It is not the case that good dry land with irrigation facilities is not accepted as security. With regard to dry lands which are not irrigated, however, the policy of the bank is a cautious one and rightly so, for the obvious reason that any failure of the monsoon will make it impossible for the borrower to pay up his instalment and make him a defaulter, and defaults should as far as possible be avoided.

(6) The limit of lending should be raised normally from Rs. 5,000 to Rs. 7,000.—In G.O. Ms. No. 1168, Development, dated 26th August 1935, the Government have authorized the Registrar to permit primary land mortgage banks in select areas to enhance the maximum amount which can be borrowed by an individual member from Rs. 5,000 to Rs. 10,000. The reason for the Special Officer's suggestion is stated to be to enable the banks to supply finance to debt conciliation boards whose limit as regards applicants is a debt of Rs. 10,000. The suggestion will be considered by the Government when debt conciliation boards have been established for all areas and when the need for raising the limit as proposed is actually felt.

(7) The period of repayment may be extended to 30 years.—The maximum duration of debentures has been fixed at 25 years and loans cannot be given for a longer period than the debentures and they should in the interests of safety be for shorter periods. After 20 years, there is practically no advantage to the borrower as the annual equated instalment is practically the same and few loans of 30 years would be

repaid in the lifetime of the borrower and to lend for so long a period in India would result ultimately in endless difficulties with co-parceners and the like. The Government are therefore unable to accept the Special Officer's recommendation.

With regard to the Special Officer's remarks in regard to the disposal of loan applications by the Central Land Mortgage Bank, the Government consider that he had not sufficient materials before him to justify his statement that loan applications were rejected in deserving cases. The Executive Committee, of which the Registrar is a member goes carefully into each loan application and no application is rejected without reason. The bank does not rightly enter into correspondence with the applicant when his loan is rejected, though he is now informed of the reason for rejection.

14. Paragraph 89 of the report—Concentration centres — Suggestions (*i*) to (*v*) of the Special Officer relate to co-operative societies and, though good, are not new. The main difficulty, however, has been to find people who are able and willing to take an interest in, and conduct, such societies on business principles.

A PRESS NOTE ON CO-OPERATIVE SOCIETIES.

The achievements of various departments of administration of the Government of Madras with particular reference to the relief rendered to the rural population are published recently. The statement about the Co-operative Department reads as follows:

In addition to the assistance rendered by the Agricultural Department, the Co-operative Department is helping the ryots in the district in various ways. The chief method in which this help is given is by means of co-operative credit societies, which dispense credit for useful purposes like cultivation expenses, discharge of prior debts, purchase of cattle, sinking of wells, etc. There are now over 450 rural credit societies, in the Salem district, with a working capital of about 29 lakhs. Recently, these societies cut down their lending rate from 9⅜ per cent. per annum to 7½ per cent. and abolished penal rates altogether.

The existence of these societies has reduced the rates of interest prevailing among money-lenders in most villages and even mitigated their rigorous terms of lending. Some of these credit societies have helped ryots in other directions than credit as well. They have purchased jointly superior ploughs and better seeds from the Agricultural Department and supplied them to their members at economic rates. The Mallasamudram society owns a sugarcane crusher which it rents out among sugarcane growers for a nominal hire to crush their canes and extract sugar.

Land Mortgage Banks.

While credit societies advance loans for periods not exceeding seven years and in sums not usually larger than Rs. 1,000 per individual, land mortgage banks provide long-term credit for periods ranging from 20 to 30 years and up to a maximum of Rs. 5,000 per individual.

The Co-operative Department have established three land mortgage banks in the Salem district at Rasipuram, Velur and Tiruchengode. These banks lend only on the security of landed property. The obtain their funds from the Central Land Mortgage Bank at Madras. The mortgages they obtain from members are transferred to the Central Bank which issues debentures on the security of the mortgages so transferred. The debentures are guaranteed by the Local Government in respect of both principal and interest. Moreover, they have been recognised under the Indian Trust Act as trustee securities in which trusts and other public institutions can invest their funds. The Registrar of Co-operative Societies safeguards the interests of debenture-holders as their trustee. Thanks to these facilities, the debentures have become popular. They are purchased by the public even when the interest allowed on them is so low as 3½ per cent. or 4 per cent. per annum.

As the Central Land Mortgage Bank is now able to sell its debentures at such low rates, it finances the land mortgage banks at 5 per cent. and the latter finance their members at 6 per cent. Most of the loans given in primary land mortgage banks are given for the discharge of prior debts; but loans are also available for making permanent improvements to lands or for the purchase of adjacent lands to enable an uneconomic holding become an economic one.

Loan and Sale Societies.

The Co-operative Department has of recent years been interesting itself in the marketing of the agricultural produce of ryots by setting up loan and sale societies in suitable areas. There are two such societies in Salem, one at Tiruchengode and the other at Rasipuram. The latter has been very succesful of late. It collects the cotton and groundnut produce of cultivators in its warehouses at Rasipuram and Sendamangalam and conducts weekly auctions. Big merchants attend these auctions. Each ryot's produce is put up separately at the auction. The merchants bid, and the lot is knocked down to the highest bidder.

The auction system procures the ryot a competitive price. As the produce is weighed not by the buyer, but by the warehouse officer of the society in the society's standard balance, the ryot is also saved from false weights and weighments. When any ryot is not satisfied with the prices ruling at the auction, he leaves his produce in the society's ware-house until such time as prices rise in the market. If he is in need of funds to help him to wait, the society advances him a loan not exceeding 60 per cent. of the current value of the produce left in the warehouse at the rate of 7 per cent. per annum.

Though the ryot has to pay a small commission on sales to the society and meet the godown and insurance charges, it has been estimated that the average gain to the ryot on account of the sale society is at least Rs. 3 per pothy of cotton. The society also provides additional facilities in the shape of salt, kerosene, fodder seeds, bran etc., which it stocks and sells to cultivators at current rates. The profits derived by the society last year on account of all this business enabled it to declare a dividened of 6¼ per cent and distribute a small bonus on the value of goods sold through it. The Local Government have encouraged the society by sanctioning a loan of Rs. 10,000 to construct its own warehouses. They have also given it the free services of one junior inspector.

Weavers' Societies.

In 1930, the Co-operative Department registered a Weavers' Co-operative Society for the weavers of Salem district. The object was to provide employment for the unemployed weavers of the district. The society purchased and supplied yarn to weaver members who worked it on their looms in return for wages and delivered the finished goods to the society. To dispose of the finished goods, Government first gave the society the free services of a Senior Inspector from the beginning of the society to April 1932 and a Sub-Deputy Registrar for a period of one year and two months. On June 30, 1935, the society held a reserve fund of Rs. 1,087 and a paid up share capital of Rs. 12,587. It earned a profit of Rs. 998-2-0 during 1934-35 out of which it declared a dividend of 6 per cent. To develop this and other societies of its kind a central society has been organized at Madras called the Madras Handloom Weavers' Provincial Co-operative Society, Ltd.

The Government of India have allotted to the Madras Presidency Rs. 26,500 during 1934-35 and Rs. 59,500 during 1935-36 for the better organisation and improvement of the handloom industry. This amount will be utilized in subsidizing the Provincial Weavers' Society and through it the weavers' societies in the district. The facilities for the cheaper supply of yarn, the marketing of finished products, the introduction of new designs and appliances, etc., which the Provincial Society is expected to provide, will improve the working of weavers' societies and better the economic conditions of those engaged in the handloom industry.

Concessions to Societies.

The following are some of the special concessions granted by Government 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 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."

News and Notes.

We congratulate Mr. V. Pichayya Pantulu, President, Co-operative Central Bank, Cuddapah, on the title of Rao Saheb being conferred on him on His Majesty's Birth-day.

* * *

A Debt Conciliation Bill drawn up on the lines of the Central Provinces and Madras Acts has been introduced by the Government in the Legislative Council of the Mysore State.

* * *

In succession to the late Sir M. Ramachandra Rao, Dewan Bahadur T. A. Ramalingam Chettiar has been elected President of the Central Land Mortgage Bank, and in his place Rao Bahadur C. Gopala Menon has been elected its Vice-President.

* * *

Mrs. Kasturi Bai Gandhi had the pleasure of declaring open recently a school in a village four miles from Bangalore, which will be conducted by the Mahila Seva Samaj. She complimented the members of the Samaj on having thought of serving their village sisters in this form and advised them to wear khaddar in place of silk.

* * *

A rural reconstruction conference was held on the 22nd and 23rd June last at the Gunadala Khaddar Samasthanam, which is four miles from Bezwada. The conference was organised by Messrs. Gollapudi Sitharama Sastri and Uppaluri Venkatakrishnayya. Mr. K. Nageswara Rao Pantulu, M.L.A., declared it open and Mr. Konda Venkatappayya presided over it.

* * *

On behalf of the Madras Library Association Mr. K. S. Srikantan, M.A., of the Madura College visited a number of villages in Madura and Ramnad Districts in connection with the Rural Library Improvement Scheme. Contrary to what is popularly believed, he found the villagers keen and enthusiastic regarding libraries. What they wanted was guidance and some financial help. It is a happy idea of the Library Association to send out such accredited and competent propagandists to popularise the library movement in the villages.

* * *

A recent marketing survey conducted by the Madras Agricultural Department, revealed the fact that as many as 143 lakhs of eggs are imported annually into the province from the States of Travancore and Cochin. Yet the per capita consumption of eggs, excluding the vegetarian population, is only 15 per annum as against 125 in Great Britain. These facts show that there is need for developing the poultry industry in this province. The Agricultural Department is preparing a scheme for the purpose to be financed by a special grant from the Government of India.

A scheme for the development of marketing facilities for the paddy produced in the Tanjore District was prepared by Mr. O. A. Narayanaswami Aiyar, one of the Directors of the Tanjore Co-operative Central Bank, and placed before the meeting of the Board of the Management held in June last. The scheme stressed the necessity for the starting of a Central Marketing Society to co-ordinate the activities of the various loan and sale societies existing in the district and the appointment of a marketing agent for every two loan and sale societies. The meeting approved of the scheme and resolved to apply for a subsidy of Rs. 3,500 to the Madras Provincial Co-operative Bank and also to address the Registrar on the subject.

* * *

The Central Provinces Government have exempted the All-India Village Industries Association, Wardha, from the operation of the Excise Act in respect of the tapping of 25 palm trees at Shegaon where Mahatma Gandhi is staying, on condition that the juice drawn shall be used only for the manufacture gur or jaggery. As a village industry the making of palmyra jaggery deserves every encouragement from the Government and the public alike. It is to be hoped that other Governments will follow the example of the Central Provinces Government and extend to accredited representatives of the Village Industries Association and to other responsible organizations the right of tapping palmyra trees, without being put to the necessity as at present of adding chunam to the juice and later on getting rid of it by another process.

* * *

Mr. P. V. Krishnayya Choudhari, M.L.C., has submitted recently a memorandum to the Secretary to the Government of Madras, Development Department, in which he has pleaded strongly for the supply of tobacco seedlings to the ryots in Guntur district on a co-operative basis and for providing good marketing facilities to them. It is said that at present tobacco seedlings are being supplied on a large scale by the Imperial Tobacco Company at a very high cost to the ryots and at a good profit to the Company, the former having no other way of purchasing them. Mr. Choudhari suggested that the proposed society should be started at Chirala which is the centre of the tobacco cultivation and the headquarters of the Imperial Tobacco Company.

* * *

The annual conference of the Vepagunta Rural Reconstruction Committee in Chittoor District was held at Vepagunta on the 28th May last and was presided over by Mr. A. Ranganatha Mudaliar, Commissioner of the Tirumalai-Tirupati Devasthanams. A large number of ryots from various parts of Puttur Taluk attended the conference. Mr. K. Muniswami Naidu, Secretary of the Rural Reconstruction Committee, read a report of the work done by it in the area. The local representatives of

the Public Health, Agricultural, Veterinary and Revenue Departments took part in the conference. The President in his concluding remarks observed that the villages had always been the centre of activity in the past and on their prosperity depended the prosperity of the nation. He said that he had issued a questionnaire to his Thasildars to enquire into the grievances of the ryots of the Estate with regard to schools, water-supply, sanitation etc., and he would consider measures for redressing them soon after getting the data.

* * *

The Twentieth Cattle and Pony Show and the Industrial and Agricultural Exhibitions were held at Tiruppur on the 6th June last under the auspices of the Coimbatore District Agricultural Association. Mr. Holdsworth, I.C.S., District Collector of Coimbatore, in declaring the Exhibitions open, observed that at the Collectors' Conference held recently at Ootacamund, it was decided to form District Economic Councils in every district with a view to improve the condition of the ryots. Diwan Bahadur T. A. Ramalingam Chettiar, President of the Association, said that though similar associations had been started throughout the presidency they all came to a close soon, for they depended on Government for financial help. But the Coimbatore Association had been working for a long time because it had its own financial resources.

* * *

Probably as a result of the decision taken at the conference of District Collectors held recently at Ootacamund, rural reconstruction schemes are being formulated in more districts than one. Last month it was reported that the Panchayat officer of Anantapur, in consultation with the District Collector, had submitted a scheme to the Inspector of Local Boards, under which three or four Village Panchayats are to be grouped together to form a centre, whose activities will include the supply to agriculturists at cost price of the seeds and manures recommended by the Agricultural Department, the introduction of compulsory education, the starting of night schools, the provision of simple medical aid etc. At Bellary the Collector called an informal meeting of all District officers and some others, at which it was decided to start maternity and child welfare centres under the management of a ladies' committee, to promote scouting and girl-guiding and to start one or more rural uplift centres whose programme would be to clean up *cheris*, to provide suitable sites for manure pits and latrines, to supply good drinking water, to lay roads etc.

* * *

A loan and sale society has been recently started at Maipad in Nellore district. Its membership is open to agriculturists owning or cultivating lands at Maipad and half a dozen other villages in the neighbourhood and to co-operative societies with unlimited liability in the area. Loans will be given only on the security of paddy produced by the members and deposited with the society. The maximum amount of loan which may be granted to a member is fixed at Rs. 3,000 and the maximum period six months. The interest charged is one pie per rupee per month. The society also undertakes to sell the produce of the members either as paddy or rice, and to supply unadulterated Nellore rice to purchasers on a commission basis. The Secretary of the society is the supervisor of the Rural Reconstruction Centre conducted at Maipad by the Madras Provincial Co-operative Union. We invite store societies in the Southern districts to correspond with him regarding the supply of Nellore rice which they may require.

* * *

In the course of his presidential address at the East Godavari District Ryots' Conference held at Kottapalli Mr. V. Ramadas Pantulu observed that co-operation represented a *via media* between capitalism and socialism. The complete abolition of individual property and the subsitution for it of State ownership of all means of production, would neither be good nor practicable in India. He pointed out that in Denmark 90 per cent of the trade of the country was in the hands of co-operators and that co-operative trade had resulted in a marvellous improvement in the condition of the peasants. Speaking on a resolution relating to the relief of indebtedness, Mr. Pantulu said that in his recent visit to Orissa he was staggered to learn that the rate of iterest was $15\frac{5}{8}$ per cent and in his interview with the Governor of the new province had offered a loan from the Madras Provincial Co-operative Bank at 4 per cent interest to enable the ryots to get money at 6 per cent, provided the Orissa Government stood guarantee for the loan. Mr. Pantulu was surprised that the offer was not readily grasped.

* * *

How under the capitalistic regime wealth is destroyed for the sake of 'profits' is well illustrated in the following item of news supplied by the *International Co-operative Alliance News Service.*

"Figures contained in the report of the Brazilian Light and Power Company show that the recent tendency to decrease the amount of coffee destroyed is again being revised. By the end of the present season 39 million bags, valued at £68 million, will have been destroyed as part of the producers' process of 'elimination of stocks'. While only 1,693,000 bags were destroyed last year as compared with 8,265,000 bags in 1934, some 4 million bags, or nearly 25 per cent of the present crop, are to be purchased for destruction. Under the same policy other commodities are also being destroyed in various countries. More than 2 million herrings were recently thrown back into the sea by British fishermen, while the Government of Holland is considering the slaughter of another 1,00,000 milch cows because of the 'overproduction' of dairy produce."

List of Societies Registered in May 1936.

Serial No.	Name of the Society.	District.
1	The Kondevaram Co-op. Better Living Society, Ltd.	E. Godavari.
2	Kaliyanur Agricultural Improvement Co-op. Society, Ltd.	Chingleput.
3	Siriuium Co-op. Credit Society ...	,,
4	Thailampalayam Co-op. Credit Society.	Coimbatore.
5	Kovilpatti Co-op. Credit Society ...	Trichinopoly.
6	Oraiyur Devanga Handloom Weavers' Co-op. Society, Ltd.	,,
7	Melappalayam Field Labourers' Co-op. Society.	,,
8	Sukkaliyur Co-op. Credit Society ...	,,
9	Tiruvalarsolai Co-op. Credit Society ...	,,
10	The Chittoor Municipal Superior Employees Co-op. Society, Ltd.	Chittoor.
11	The Sriharikota Co-op. Stores, Ltd. ...	Nellore.

List of Societies Cancelled in May 1936.

	Name.	District.	Date of Cancellation.
1	Thandarai Co-op. Union ...	North Arcot ...	4-5-36.
2	Trivellore Wesleyan Mission Employees Society.	Chingleput ...	7-5-36.
3	The Sembiam Criminal Tribes Settlement Thrift and Loan Co-op. Society.	,, ...	13-5-36.
4	Saidapet Supervising Union, Ltd....	,, ...	22-5-36.
5	Pallavaram Union ...	,, ...	,,
6	Rajamanipuram Co-op. Society ...	Tinnevelly ...	27-5-36.
7	The Madras Co-op. Stores, Ltd. ...	Madras ...	28-5-36.
8	The Cocanada Co-op. Stores ...	East Godavari.	29-5-36.

No. B—1. 4267/36.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 30 June 1936.

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

MEMORANDUM.

Sub :—Land Mortgage Banks—preference to loans where there has been a scaling down of debts.

It has been suggested by Government that Land Mortgage Banks in issuing loans to their members should give preference to cases where there has been a scaling down of debts. The Land Mortgage Banks have been issuing loans mainly for the redemption of mortgages an agricultural land and for the discharge of other prior debts of agriculturists. Thus, the loans are intended to relieve the agriculturists of his old loans contracted under conditions different from those now prevailing and not to finance current transactions at reasonable rates of Interest. There is a fall in the money market and creditors cannot therefore expect to get what they might have expected if conditions had remained the same as when the loans were contracted. The amount of loan granted to an applicant should, therefore, ordinarily be appreciably less than the amount which his creditors may, according to the letter of the law, be entitled.

2. The Land Mortgage Banks, the Deputy Registrar Land Mortgage Banks and the Sub-Deputy Registrars Land Mortgage Banks are requested, therefore, to scale down the debts of applicants for loans from Land Mortgage Banks and give preference to loans where there has been a scaling down of debts over others.

CIRCULAR.

Sub :—Land Mortgage Banks—loans to defaulters in village credit societies.

In the scheme of rectification work communicated to Central Banks it has been suggested that as regards loans which stand on inadequate security but where the borrowers can give and are willing to give additional security and who can repay the loans out of their income within the period given or within the period to be extended, necessary facilities should be afforded to the borrowers by the grant of extension of time for repayment of the loans and the obtaining of additional security. It has also been suggested that if in the course of investigation, cases are found which are fit for transfer to land mortgage banks, the parties should be asked to apply to them. Government now suggest that in the rectification process now in progress the defaulters should be induced to take loans from the land mortgage banks and pay off the societies' dues rather than that the societies should be asked to accept their immovable property as security.

2. It is very desirable that the help of the land mortgage banks should be more freely utilised to meet the existing difficulties of village credit societies. The Registrar recommends, therefore, the Government's suggestion for adoption by all Central Banks and requests them to advise defaulters in village credit societies to fully avail themselves of the help rendered by land mortgage banks.

(By Order)

K. A. PADMANABAN,
Manager.