Groundnut heaps being sold at Rasipuram Co-operative Trading Society.

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Editorial Notes.

The Legislative Council and the Central Land Mortgage Bank.

Two matters of very great importance to co-operators of this province came up before the session of the Legislative Council which commenced its sittings on the 30th November last. One of them was the raising of the Government guarantee on the debentures of the Central Land Mortgage Bank from Rs. 100 lakhs to Rs. 125 lakhs and the other was the amendment of the Co-operative Societies Act in certain respects.

With reference to the former it was expected that when the application of the Central Land Mortgage Bank for the raising of the guarantee came up before the Council, the Government would insist upon the Bank agreeing to appoint as its secretary an official supplied by Government for the purpose. And the Government did so. This condition had been previously accepted by the Board of Management of the Bank, since otherwise the guarantee was not likely to be raised, and the services of the official were offered without cost to the Bank. But the general body disapproved of the proposed condition by a majority decision. The general body of course meant that if, with a non-official as secretary of the Bank, the Government could guarantee Rs. 100 lakhs of debentures, it could as well guarantee debentures for Rs. 25 lakhs more, and that the terms official and non-official were not synonymous with efficiency and inefficiency, as seems to be wrongly believed in some quarters. The general body felt that a forcible expression of this sentiment was called for by the growing habit of the Department of insisting upon the appointment of officials in the place of non-officials as secretaries of central banks and other important co-operative institutions. One can therefore understand and even appreciate this attitude of the general body. As the matter is coming up for re-consideration at the instance of the Registrar, we watch with interest how the general body will re-act to the case presented by the Registrar afresh. It may help to smoothen matters between the general body and the Government to designate the official whom the Government wants to be in the Bank, not as secretary but as Assistant Trustee or by some other name.

Irresponsible Criticism.

What was not expected, however, was the kind of ignorant and irresponsible criticism of the Bank that was indulged in by some members of the Council. Sir A. P. Patro, opposing the raising of the guarantee, is reported to have said that a useful institution, capable of doing much good to the people, was not being administered properly but was in the hands of an undesirable clique, and that the monopoly that was ruling the Bank must be broken by the introduction of an official element in respect of the post of the secretary. Mr. T. A. Ramalingam Chettiar, President of the Bank, and the Development Minister easily proved that Sir A. P. Patro had not taken the trouble to acquaint himself with the facts of the Bank, that the Registrar as Trustee of the Bank was holding a controlling position and that no loan was sanctioned without the close scrutiny and recommendation of the special investigating official staff. Mr. Basu Dev, who followed Sir A. P. Patro's lead, was even more reckless and irresponsible. He said the Bank did not show any co-operative spirit, that its rate of interest was higher than that of Government loans and that it should be made to lower its rate of interest. When it was pointed out that its rate of interest was actually lower than the Government rate, he wanted the Government to see that the Bank was run on business lines and not as a charitable institution! One moment he thought the interest charged was too high and another moment that it was too low!

Sometimes the most irresponsible criticism could be ignored as doing harm to nobody except to the reputation of the person making it, but it is not so in the present case. Our Central Land Mortgage Bank and its debentures, being the most successful in this country, are being keenly watched by official and non-official co-operators all over the country. The investing public, including insurance companies, and members of primary societies in our own province are all very keenly interested in the progress of the Bank. It is of the utmost importance that none of them should be misled by the unfounded criticisms made in the Legislative Council. We are anxious that there should be no impression anywhere that after the death of Sir M. Ramachandra Rao there has been any deterioration in the administration of the Bank. It is but a poor tribute to his memory to suppose that he so conducted the Bank that without him it could not be run efficiently. From this point of view the insistence of the Government on the appointment of an official as secretary of the Bank is unfortunate. As an argument in favour of the official secretary, the Development Minister said that Sir Ramachandra Rao was doing the work of both president and secretary. We are afraid that in saying so he did less than justice to both of them. Sir Ramachandra Rao knew well how to make the office work efficiently. He did not encroach upon the functions of the secretary so as to render him a superfluity. He was too experienced and sensible an administrator to do such a thing, apart from the fact that he had not the health and the time to do it even if he were so inclined. If the official secretary will be accepted by the Bank, it will be not because he is needed for improving the efficiency of the Bank, but simply because the Government has made it a condition for raising the guarantee.

Thinking apparently of the accusation that the affairs of the Bank were managed by a political or partizan clique, however unfounded it be, the Development Minister announced that instructions had been given to the Bank through the Registrar that new shares of the Bank should be issued to interests and communities that were not represented among the share-holders. This is a kind of regulation which has not been thought of in the case of the Reserve Bank. Why should it be imposed upon the Central Land Mortgage Bank? To order the allotment of shares on a communal basis has not been considered necessary in respect of other institutions which enjoy certain concessions at the hands of Government. It is a sad feature of the political life of this province that communalism has been introduced into so many fields of public activity. As if it is not already bad enough, fresh fields like the land mortgage banks and other co-operative institutions are thought of for its conquest. It is entering institutions the very object of which is the promotion of unity and the obliteration of distinctions. One wonders when our unfortunate province will be free from this unhealthy obsession of communalism and start on the path of real nationalism.

Amendment of the Act.

The Bill to amend the Co-operative Societies Act was introduced and passed by the Legislative Council with such suddenness as to leave co-operators quite amazed. The Bill was published in a *Gazette* Extraordinary on the 26th November last and when on the 1st December the Development Minister moved in the Legislative Council that it be taken into consideration, some members had to say that they had not had time enough to read and understand the implications of its provisions. It was of course pointed out that co-operative institutions, for whose benefit the amending Bill was drawn up, had not been given an opportunity to express their opinion on it and that the nature of its provisions showed that it was not necessary to rush it through the last sitting of an expiring council. But such arguments were all brushed aside, one or two days only were given to the members to think over the implications of the clauses, and on the 3rd December the Bill was passed by the Council. It has been usual in this province for the Registrar to consult representative non-official opinion even before drafting an amendment to the Act or Rules, and to formally call for the views of the public and of important co-operative institutions on a Bill after its publication and before it is considered by the Council. In the present case the idea of the amendment itself seems to have come suddenly to the Minister, and as it was the last session of the Council it had to be rushed through. But such a course is permissible only where the proposed amendment is of a very urgent nature. Such justification could be urged, if at all, only in respect of one clause, viz., clause 6 of the Bill. If the present Bill had been confined to that clause and the other clauses had been reserved for another Bill to be introduced later, after giving co-operators the opportunity to express their views on them, it would have been a decidedly better course.

As will be seen from the Bill and its statement of objects and reasons published elsewhere, four sections of the Act are amended by the Bill. Section 3 as amended will read as follows:

> The Local Government may appoint a person to be Registrar of Co-operative Societies for the Presidency of Madras or any portion of it and may by general or special order confer on any other persons all or any of the powers of a Registrar under this Act.

The reason given for the amendment is that at present Sub-Deputy Registrars, who are not gazetted officers but on whom some of the powers of a Registrar have to be conferred, have to be appointed by Government and that it is causing delay. After the amendment the Registrar will be able to appoint the Sub-Deputy Registrars without reference to Government. We do not know that the delay referred to was at all serious. The office of the Sub-Deputy Registrar is of sufficient importance and responsibility for the appointment to be made by Government as in the case of the Deputy Registrars. A change of this kind need not have been made by an expiring Council on the eve of its dissolution.

The next clause of the Bill amends Section 51 which provides for the arbitration of disputes. The amendment is made in Section 51 (1) (*c*) by extending its scope so as to include past committee members in its application. In its amended form the Section reads as follows:

> 51 (1) If any dispute touching the business of a registered society (other than a dispute regarding disciplinary action taken by the society or its committee against a paid servent of the society) arises:
>
> (*a*) .... or
>
> (*b*) .... or
>
> (*c*) between the society or its committee and any past committee, any officer, agent or servant, or any past officer, past agent or past servant, or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased servant of the society, or
>
> (*d*) ....
>
> such dispute shall be referred to the Registrar for decision.

Before amendment the corresponding clause was -

> " between the society or its committee and any officer, agent or servant of the society, or "

The strongest objection was taken to this clause in the Council by Mr. Ramalingam Chettiar and a few others, and it is a great pity that a clause with such wide implications was rushed through the Council in spite of objections. It is within our recollection that when a former Minister consulted representative non-official co-operators, at a meeting specially called for the purpose, regarding the inclusion of a provision similar to the present one in the Bill which later became the Act of 1932, the opinion of those present was decidedly against it and the idea of its inclusion was consequently dropped. The difficulty that is sometimes experienced by affected parties by the working of Section 51 as it was before the present amendment, has been well pointed out by Mr. S. Ramaswami Aiyar in an able article which we have printed in this number. Owing to the haste with which the Bill was rushed through the Council, its members could not have the benefit of examining the Bill in the light of Mr. Ramaswami Aiyar's article. The amendment has made the difficulty much greater. The Development Minister admitted the possibility of the abuse of the amended clause. But he asked the Council to be satisfied with his assurance that without the previous sanction of the Registrar no action would be taken and that he was also prepared to fix a time limit. As Mr. Ramalingam Chettiar pointed out, the courts will interpret the section according to its wording and not according to the Minister's assurance. Surely, in a matter of this importance co-operative opinion should be consulted and time taken to examine calmly all the implications of the amendment. The plea of urgency does not certainly hold here. The lack of judicial training in the agency which is to work this section, as pointed out by Mr. Ramaswami Aiyar, ought to make the authorities pause and think about the best means of removing the existing defects. But what is happening is, to control the judicial spirit which is not amenable to the executive, new fetters are forged by the legislature at the dictation of executive convenience. Nothing seems to matter so much as the convenience of the officials.

The next clause in the Bill amends slightly Section 57-A of the Act which relates to the attachment and sale of properties in execution of decrees. The amendment dispenses with the necessity of attachment prior to sale in suitable cases. We see nothing objectionable in the amendment itself, but as in other cases it might well have been put forward with the support of co-operative opinion.

The last clause in the Bill introduces a new section, 57-B, in virtue of which the Registrar or any person empowered by him in that behalf will be deemed to be a civil court when executing decrees as empowered by the Act to do. The necessity for the new section is explained in the statement of objects and reasons attached to the Bill. We do not think there will be any difference of opinion regarding it or about giving retrospective effect to it as provided in the Bill. The scope of the new section is very narrow and is intended to help only in a certain class of cases. The wider question, whether and how far the law of limitation is applicable to co-operative loans and disputes, is not affected by this section. On this question there is difference of opinion among lawyers themselves. There is clear need for a comprehensive piece of legislation in this matter, both to remove existing doubts and to carry out the intention and spirit of the Co-operative Societies Act. We hope the Registrar will soon move in this direction.

Bombay and Madras Insurance Societies.

We are glad to note that the Bombay and Madras Co-operative Life Insurance Societies made good progress during the year 1935-36.

The Bombay society showed better results all round during the 12 months of 1935-36 compared with its previous year of 15 months. The Madras Society also showed an improvement over the previous year in all directions. The Bombay society is about a year and a half older than the Madras society and is therefore a little ahead of the latter, as is only to be expected. Considering that they are both of them very young institutions—the Bombay society started work in September 1930 and the Madras one in March 1932—and that they have to face very keen competition at the hands of joint stock insurance companies, they are entitled to be congratulated on the position achieved by them, as indicated by the following figures:

		Bombay.	Madras.
No. of members on 30-6-1936	...	3,876	3,394
Proposals received during 1935-36	...	2,187	1,753
Their value	...	Rs. 15,53,300	Rs. 14,16,750
No. of policies issued in 1935-36	...	1,891	1,357
Their value	...	Rs. 13,19,050	Rs. 10,99,150
Total No. of policies in force on 30-6-36.		3,955	3,110
Their value	...	Rs. 28,23,753	Rs. 26,13,441

The Registrar's audit certificate on the accounts of the Madras society mentions the fact that its first actuarial valuation has shown a surplus of Rs. 29,286-12-6 and that it is in a position to declare a bonus of Rs. 15 per 1000 on whole life assurances and Rs. 10 per 1000 on endowment assurances. The society is to be heartily congratulated on this happy position.

It is interesting to know that in Bombay as many as 103 credit societies have introduced an insurance scheme among their members by which their lives are insured on the one hand and their dues to the societies are secured on the other. Such a scheme should be well worth the attention of our credit societies, especially the urban banks. In respect of loans exceeding Rs. 5,000 land mortgage banks in our province insist upon the borrower taking a life insurance policy or a dismortgaging policy. Though the primary object in this case is the safeguarding of the land mortgage bank against possible future non-payment of instalments, it is a piece of healthy compulsory education in thrift to the member. The principle may well be extended to smaller loans in land mortgage banks and to comparatively long loans in ordinary co-operative societies. Though these insurance societies have been progressing steadily, co-operators either here or in Bombay Presidency cannot claim to have done to them all that is expected of them.

The M. & S. M. R. Employees' Society.

The biggest urban bank—though not a people's bank—in our province is the Madras and Southern Maratta Railway Employees' Urban Bank which has its office in Madras. On 30th June last its membership was 18,424 and its share capital Rs. 8,54,170; while the loans issued and realised during the last co-operative year amounted respectively to Rs. 34·60 lakhs and Rs. 31·40 lakhs. Though the society is thirty years old, its progress during the last five years has been remarkable, the membership having increased by 50 per cent and the loan transactions by 100 per cent. From 1st January 1936, it has reduced the rate of interest on lendings to 6¼ per cent. It is to be hoped that its example will be followed by all urban banks, at least by those in the city. It has a 'mutual retirement benefit fund' the subscribers to which numbered 3,337 on 30th June last. With a view to extend its usefulness to its members it is considering a building scheme the object of which is to enable them to build and own houses on a system of monthly payments which should not exceed the ordinary rents payable for the houses. The society earned a net profit of Rs. 1,06,689-3-0 during the last co-operative year, and has at present a reserve fund of Rs. 3,11,439. It has been declaring 9 per cent dividend all these years. Now that its rates of interest on borrowings and lendings have been reduced considerably there is no justification whatever for the dividend being so high. It may be only 1 or 1½ per cent higher than the highest interest paid on deposits. Being an employees' society its percentage of overdues is negligible. For a society of its dimensions it is very economically and efficiently managed.

A South Indian Store Society in C. P.

The Nagpur Co-operative Society, Ltd., is the store society of South Indians in Nagpur, started on the model of the Triplicane Stores in 1932. During the last four years its membership has risen steadily from 60 to 225. In 1935-36 it earned a net profit of over Rs. 1,200, which enabled it to pay to its members a bonus of 4 pies per rupee on purchases, compared with 3 pies in the previous year, after paying 6¼ per cent interest on share capital. The society passed a set of rules for introducing chit funds and sent it up to the Registrar for approval and registration. It is curious that he should have refused to register the rules on the ground that 'they did not contain the element of co-operation.' The chit fund is indigenous to South India and its co-operative character was well pointed out by the late Sir Frederick Nicholson in his famous report. The C. P. Registrar could well have refused registration on other grounds, if he had acquainted himself with the working of chit funds in South India. It is interesting that at the Registrar's suggestion about 50 per cent of the society's reserve fund has been invested in the C. P. Provincial Bank in his name. Also at his suggestion, deduction of 10 per cent was made in the value of stock (valued at cost price or the present wholesale purchase price whichever is less) to allow for fluctuations in prices. That in spite of this very cautious valuation, the society worked at a good profit and was able to give a rebate of four pies in the rupee, speaks very highly of its good management.

Abuse of Judicial powers under the Madras Co-operative Societies Act.

By Mr. S. Ramaswamy Iyer, B.A., B.L., *Advocate, Madras.*

Certain cases that have arisen in the Madras High Court under S. 51 of the Madras Co-operative Societies Act (VI of 1932) illustrate the danger that may result from conferring on executive officers judicial powers unfettered by the interference of ordinary civil courts. In his book, "The New Despotism," Lord Hewart, Chief Justice of England, spoke of the danger of "administrative lawlessness" resulting from modern legislation conferring exclusive powers on executive officers or departments. The evil referred to in this article is perhaps more aptly described as "judicial lawlessness," because it concerns the exercise of judicial powers by executive officers.

Before dealing with these cases, it is necessary to say a few words about S. 51 of the Act. It provides for the decision of certain disputes which are referred to the Registrar. The dispute must "touch the business of a registered society." It must arise (*a*) among members, (*b*) between the society and its present or past members (*c*) between the society and its officer, agent or servant (*d*) between the society and any other society. The Registrar may decide the dispute himself or transfer it to any other officer invested with powers in that behalf or to an arbitrator. The decision of such persons is final and cannot be questioned in a civil court. The Registrar may, however, revise any decision by another officer, but it is a revisional power only and no right of appeal to him is given to the aggrieved party. Rule XV framed under the Act states that the deciding officer can summon parties and witnesses, take evidence on oath, and should decide the case on the oral and documentary evidence in accordance with justice, equity and good conscience. In these proceedings no legal practitioner can appear and represent a party. The decision or award may be enforced through the Collector or a civil court by arrest or attachment of the person or property of the judgment-debtor.

The cases herein mentioned are four. I happened to appear in the last three of them. They were all applications for writs of prohibition. Just a word or two about this writ. It is a writ or order which the King's Bench in England and the Chartered High Courts in India can issue to prevent any inferior court or tribunal acting in excess of its jurisdiction, *i.e.*, acting in a matter which is beyond its special or limited jurisdiction. The King's Courts in mediaeval England issued these writs to prevent rival courts and jurisdictions like the ecclesiastical courts from usurping powers which they did not possess. In that way the King's Courts widened their own powers and influence and suppressed other courts which at one time were serious rivals and sources of danger to the peaceful and orderly administration of justice. In modern times in England this writ has been used to prevent special courts or tribunals on which statutory powers have been conferred from exceeding these powers. In India this writ has been rarely invoked, but the first reported instance in which it was issued in recent years in Madras is the first of the cases mentioned here.

(i) *I.L.R. 56 Madras, 970 decided on 26-1-1933.*—In this case a proceeding was started under S. 51 on behalf of the Urban Bank, Calicut, against one Mr. Krishnier, the petitioner in the High Court. He was a member and director of the Bank and also its legal adviser. He acted as vakil of the Bank in a certain case and it was alleged that he received a sum of money from the Bank and had to account for it. It is for recovery of this sum that he was proceeded against under S. 51. He applied for a writ of prohibition prohibiting the Deputy Registrar, Calicut, from trying the dispute. Justice Burn declined to issue the writ but on appeal a Bench consisting of the Chief Justice and Justice Bardswell issued it. The learned Judges held that the dispute was between the Bank and the petitioner not in his capacity as member or person holding the office of legal adviser but merely as Bank's vakil, and therefore the case would not fall under S. 51. In their judgment the learned Judges refer to similar provisions in the Building Societies Act and Agricultural Holdings Act in England and the cases decided under them. These cases make it clear that the phrase 'dispute between the society and a member' means a dispute which relates to his capacity as member and not to other capacities. It is unnecessary to go into the long history of decisions and legislation behind this rule of English case-law. The rule can also be supported on the well-known maxim that the provisions of a statute which take away the jurisdiction of the ordinary civil courts and vests it in a special tribunal must be construed strictly and the civil courts' power cannot be taken away except by very clear terms. The Deputy Registrar who took up the reference in this case may probably plead ignorance of the English law or

of canons of statutory construction; but there is no reason why the Registrar of Co-operative Societies should not have got legal advice on the scope of these sections and issued suitable instructions to his subordinates. The party aggrieved by the order of the Deputy Registrar had to resort to the High Court and invoke its extraordinary power to issue a writ of prohibition to escape an illegal proceeding.

(ii) *69 M.L.J. 726 decided on 8-10-1935.*—The second case is that of Mr. T. S. Narayana Iyer and others in Tinnevelly. These persons complained that the Co-operative Urban Bank, Tinnevelly, proceeded against them in their capacity as ex-directors for loss caused by their negligence while in office as directors in sanctioning a loan to a member on insufficient security, in other words, for damages for negligence in the discharge of their duties as directors. Now it is quite clear from S. 51, clause (c) which speaks of an officer, agent or servant, that it refers to only a present officer, agent or servant and not a past officer, agent or servant. The definition of 'officer' in S. 2 as well as several sections like S. 49 in the Act which speaks of 'past officers' when they were intended to be proceeded against, and S. 51 clause (*b*) which speaks of present and past members, should make it clear even to a superficial observer that S. 51 clause (c) cannot refer to an ex-director. Nor is there any justification for regarding the dispute as falling under S. 51 clause (*b*) *i.e.*, a dispute between the society and a member. If any Indian authority were needed, the previous case (I.L.R. 56 Mad. 970) had decided that the dispute must relate to his capacity as a member. Therefore these ex-officers could not be proceeded against under S. 51 merely because they were also members. One would therefore be surprised to hear that the Deputy Registrar of Tinnevelly held, in spite of objections by the contesting defendants, that he had jurisdiction. The High Court (King J) held that he had none and issued the writ. Apart from the question that the defendants were not present but only past officers, there is a more difficult and important question which was raised but not expressly decided in this case. Does S. 51 apply to a dispute of this kind? Is it a dispute "touching the business of a registered society?" Was it the intention or policy of the legislature to enable the Registrar and his subordinate officers to decide finally claims for damages for negligence against present and past officers? The intention of the legislature is hard to know, but one can infer it from other sections in the Act. Now S. 49 suggests that the legislature intended to provide by that section a remedy against past and present officers for breach of trust, misfeasance and misappropriation and to confer on parties aggrieved by the Registrar's decision a right to question it in a District Court. It is therefore a legitimate inference that this sort of dispute should not be taken up under S. 51, especially as a decision of the Registrar or Deputy Registrar is final and cannot be questioned in a civil court. Besides, claims for damages for misfeasance, negligence or breach of trust are not such simple or clear cases that they can be safely entrusted to the final decision of an officer like a Deputy Registrar. They may give rise to difficult questions of fact and law which such an officer may be hardly equipped to try and decide, especially without the assistance of legal practitioners. It is also unfair to impose on directors and other officers of a society the grave burden or risk that they may during their term of office or even long afterwards be hauled up before a Deputy Registrar to answer claims for large damages without even the chance of defending themselves in the usual way by a lawyer or having the benefit of an appeal to any court, civil or otherwise. Every consideration of policy and principle therefore suggests that S. 51 was not intended and should not be applied to such disputes as in this case. Section 51 would seem to apply properly to liquidated demands against a member for payment of his dues or to disputes regarding the transaction of business by an officer. It would certainly not apply to cases of breach of trust by past or present officers with which S. 49 concerns itself. If this view is taken that the phrase 'breach of trust' will not include cases of negligence, the anomaly follows that wilful wrong-doers have a better protection under S. 49 than negligent ones under S. 51.

(iii) *C. M. P. 5318 of 1935 decided on 1-8-1936.* The third case is a case from the Guntur District. One Devineni Bhupayya who was an ex-director of the Gorigapudi Co-operative Society was proceeded against under S. 51 at the instance of the President for damages for loss caused to the society by his negligently or improperly sanctioning a loan to a member while he was a director. The Deputy Registrar, Guntur, took up the case and passed an award against him and other ex-directors. This happened in 1933. An application to the Registrar under S. 51, clause 5 to revise the Deputy Registrar's award was unsuccessful. The matter rested there until September 1935 when the petitioner appears to have heard of the decision of Justice King in the Tinnevelly case and filed an application

in the High Court for a writ of prohibition to prevent the Deputy Registrar from enforcing the award by way of execution. Justice Burn doubted whether he should exercise a discretion to interfere as the application was belated and posted the case before a Bench. It came up before two other Judges, Pandrang Rao and K.S. Menon, J. J., and they accepted the position for which I contended on the strength of English case-law that the High Court has no discretion in the matter but must issue the writ in the interests of public in order to prevent an usurpation of powers by any judicial authority, and can do so even after judgment or award and at any time till the judgment or award is actually satisfied by payment. The English law on this point is quite clear as can be seen from Halsbury's Laws of England Vol. 9, page 826-827. The High Court issued the writ but as the respondents did not appear did not make any pronouncement on the points argued. One cannot help saying that this case illustrates that even the revisional power conferred on the Registrar is illusory and a patent illegality would have been allowed to stand but for the interference of the High Court.

(iv) *C. M. P. Nos. 2728 and 2729 of 1936 disposed of on 2-11-1936.* The last case is that of Dr. V. Rama Kamath, a well-known citizen of the city. His case was as follows. He was President of the Board of Directors in the Co-operative Credit Bank, Purasawalkam. About the end of 1935 some defalcation in the cash department was detected and a clerk was convicted by one of the Presidency Magistrates in the city. The Directors considered the question of civil liability and decided that a proceeding should be taken under S. 51 against the Secretaries who were in charge of the cash department. At the instance of Dr. Rama Kamath, the President, the temporary secretary filed a reference in February 1936 against the two secretaries who were then under suspension. In April 1936 the Board of Directors was superseded by order of the Registrar under S. 43 and five persons of whom Dr. Rama Kamath was one were appointed to manage the Bank for 6 months. These persons were styled in the order of the Registrar as a "Special Committee" but it is obvious from the definition of 'Committee' that they were not a Committee within the meaning of the Act. Therefore Dr. Rama Kamath ceased to be a director or officer in April. The proceeding which was started in February at his instance was pending till July when the Deputy Registrar of Land Mortgage Banks, Southern Circle, Chepauk, to whom it had been transferred for disposal passed an order that Dr. Rama Kamath and other ex-directors should be made parties—defendants in this proceeding and issued notices to them to appear and defend themselves. The notice to the doctor asked him to appear on 23-7-1936 and was served on him on 21-7-1936. It was unaccompanied by any copy of the reference or plaint against him. Indeed there was no reference against him at all but there was one by him against the secretaries. The procedure adopted by the Deputy Registrar in taking up a case against the doctor was indefensible for several reasons. In the first place, in July when he decided to proceed against him he had ceased to be director and the ruling of Justice King, in 69 M. L. J. 726 which was or ought to have been known to the officials of the department would forbid any action against him. Secondly, S. 51 requires that the dispute should be referred to the Registrar for decision. Under Rule 15 the reference shall be in writing. Now there was no such reference at all against Dr. Rama Kamath or the other ex-directors. Therefore on this ground also the Deputy Registrar had no jurisdiction. Lastly, though the Deputy Registrar passed an order in July adding certain persons as parties-defendants and purported to act under Order 1, rule 10 C. P. C., he did not obviously realise that a court should not pass any such an order without first issuing notice and hearing the objections of the party sought to be added. The subsequent events may be briefly mentioned. They are taken from the affidavit of the petitioner in the High Court. He appeared before the Deputy Registrar on 23-7-1936 in accordance with the notice and asked for a copy of the plaint against him. On 24-7-1936 he got a copy of the plaint and a notice to appear on the 25th. This plaint was no other than the original plaint which he as President had filed in March through his temporary secretary against the permanent secretaries. The Deputy Registrar who had acted under Order 1, rule 10 C. P. C. in adding certain persons as parties did not take the further essential step of calling for an amended reference or plaint against the persons so added. It was therefore a sheer travesty of procedure to treat a plaint filed by A against B as one against A himself. It is not a mere matter of words. It is of the essence of justice. Here is a person called upon to defend himself against a charge of negligence or misconduct resulting in a loss of Rs. 10,000 to the Bank without even a bare statement of the facts on which the charge is founded? This is unheard of in judicial procedure and not even a Deputy Registrar of Co-operative Societies

could be oblivious to the impropriety of such action. To proceed with the story, on the 25th July 1936, Dr. Rama Kamath did not appear but sent a letter asking for time. He got a notice on the 26th to appear on the 27th July. On the 27th he sent a letter saying that the Deputy Registrar had no jurisdiction according to the ruling of Justice King aforesaid and asking for time to move the High Court. After that date he had no information about what happened to his case. He tried to find out what happened but was unable to do so. On the 3rd August when he went to the Deputy Registrar and asked him, the latter said "he had passed an ex-parte judgment and refused to give him any more information." The petitioner naturally got alarmed and filed applications for writ of prohibition and certiorari the next day, the 4th August, and on an urgent motion made on the 5th August His Lordship Mr. Justice Pandrang Rao issued the writs *nisi*. The petitioner applied on the 5th August to the Registrar for a copy of the award and the Registrar wrote to him a month afterwards *i.e.*, on the 5th September that the records had been sent to the High Court. The petitioner had by then come to know that the Deputy Registrar had by his award discharged all the defendants including himself from liability. In view of this fact there was no need for the High Court to go into the merits of the case when it came on for final disposal on 2-11-1936 and the applications for the writs were dismissed without costs. In the award which is dated 3-8-1936 though signed on 6-8-1936 the Deputy Registrar has stated that he refused to recognise the petitioner's letter of the 27th July and declared him ex-parte. The rules framed under the Act do not require any particular form of written communication. If a party cannot appear by vakil and is unable to attend court himself, how is he to communicate with the Court? Is it to be only by affidavit? Surely this is asking for too much. Secondly, if a party takes an objection to the officer's jurisdiction and wants time to move the High Court, he like any other inferior court is bound to grant reasonable time. Besides, what is the meaning of the order of the 27th July declaring the defendant ex-parte? The rules do not provide for any such course. Does it mean that if on the next day the party turned up and wanted to be heard in the cause, he would not be heard? Any decision passed in that way would not be according to "justice, equity and good conscience" as required by Rule XV (4). No court would be justified in hustling a defendant like this to contest a claim of Rs. 10,000. There is another and more serious fact disclosed by the affidavit and award in this case. Before the doctor got notice to appear, a large part of the oral evidence had been taken. In fact the affidavit states that the Registrar in a letter to the petitioner on the 25th July stated that the Deputy Registrar had told him that the enquiry was almost finished and the evidence of the petitioner alone remains to be recorded. This is simply astonishing. The evidence in the case had been heard and recorded in the defendant's absence and before he came into court as a party. The last feature about this case which one would like to mention is this. On 3-8-1936 the petitioner stated in his affidavit that he went to the Deputy Registrar and asked for information about his case. If the Deputy Registrar had passed the award on that date, which it bears, he should have told the petitioner that he had just passed or was about to pass judgment exonerating him and he need not worry about the case any further. The information which the petitioner says he got from the Deputy Registrar was exactly the opposite giving rise to great apprehension and alarm and led to his applications in the High Court. All this trouble and expense to him should have been avoided. One would like to know whether the Deputy Registrar gave any notice of the nature of the judgment he had passed to the parties in the case soon after it was passed, and if he did not do so, why he did not. The denial of information even about the result of a case to a party to it is, to say the least, unfair. One cannot help saying with regret that this case has many unsatisfactory features and discloses serious violations of elementary rules of judicial procedure.

The above cases would seem to justify the conclusion that the present practice of taking up cases of neglect or other misconduct of officers or ex-officers under S. 51 would expose them to serious risks and dangers and lead to great hardship and injustice. This is a matter which co-operators and the general public should take up with a view to get suitable amendments made in the Act and Rules. Among such amendments are the insertion of a clause in S. 51 providing for a right of suit in a Civil Court like S. 49 (2) and the deletion of the rule preventing the appearance of legal practitioners.

Since I wrote the above, an important event has happened. On the 3rd December the Legislative Council passed into law an Amending bill by which certain amendments in the Act have been made. The principal amendment is to include in S. 51 disputes between Societies and past Directors and members of past Committee. Another amendment is to enable the Registrar to transfer a

dispute for disposal by any officer nominated by him *e. g.* a Sub-Deputy Registrar. The dangers referred to in the article would seem to be aggravated by these amendments. One cannot help saying that in their anxiety to help the quick and summary disposal of disputes the Government has been singularly indifferent to the safegaurds required in the interests of parties to such disputes. The Amending Bill in its Statement of objects and reasons relied on the opinion of the Banking Enquiry Committee that officers who sanction loans improperly should be held liable as guarantors. But this Committee did not recommend the summary procedure under S. 51 for such cases. The amendment is also not confined to disputes about the sanction of improper loans as any dispute like the last of the four cases above mentioned would come under S. 51. The question has not yet attracted sufficient attention of the public or even of the Legislative Council which passed the Amending Bill into law. S. 51 would seem to require early amendment in the direction already suggested.

Co-operation and Rural Development Grant

BY MR. K. L. BHANDARI, B.A.

It is somewhat consoling to know that the co-operative movement is to get a small amount out of the all-India grant above said for improving the existing state of things. The ideal before the co-operator is to contribute in however small a measure towards ensuring better farming or production, better marketing, and in short better living. How this grant is going to be utilised for that end has not yet been fully formulated in details, but it is fairly clear that a part at least will reach the hands of the Provincial Co-operative Union as a result of agitation to that effect. The theory of non-officialisation of the movement requires that some fraction of the grant atleast should be spent through non-official agencies, for training of panchayatdars in village societies, and educating members through lectures, lantern slides etc.

Whether in the present state of the country's financial condition, the movement will ever get ahead is difficult to predict with any certainty. Questions of devaluation of rupee, Ottawa pact, exchange ratio, apart, it is plain that the 80 per cent of the 85 per cent of the population who form the agricultural class find themselves unable to pay the land tax easily. The argument is sometimes advanced that this difficulty is entirely due to the rise in the average standard of living among people of that class. I am afraid that this explanation will never be accepted by those who move about among these peasants. In India, at any rate in villages of India, the term "Unchanging East" is quite appropriate.

It is no wonder that indebtedness is on the increase, that the total number of pattas has been reduced from 77 lakhs to about 44 lakhs in the period 1930-1935. (*Vide* Economic Enquiry Report). If this cherished class of people, the backbone of the country are to be in this plight, who will say——' in their contentment lies our best reward " ?

To the average peasant, the Smith-Grigg controversy or the wonders of the Reform Constitution have very little significance, if no relief is available to him at his very door. Building up new cities, parks or race cources cannot satisfy his hungry stomach. He cries for work and bread. Better value for his produce, and larger quantity

in production should be ensured for him. How can this be done? Can co-operation do it? The answer, I am afraid, cannot be a substantial 'yes', though it may not be totally disappointing 'No' in both cases. There is no sufficient encouragement and help for him. The loan and sale society system which is being experimented cannot touch the fringe of the problem. The Government does not want a share of the produce as its tax, but wants only cash.

The prices in the last few years tend to make the peasant more lethargic, woe ridden that he already is with indebtedness. The Debt Conciliation Act and such other legislative enactments are likely to reduce the weight of an oppression due to debt; but the relief should reach the debtor now and immediately and on a very wide scale. The "special loans" system has not been, as it appears from reports, very popular or widespread in the districts.

In these and various other considerations, of educated persons remaining unemployed, exodus continuing from villages to towns, etc. one has every reason to be pessimistic. But in spite of all this no efforts are to be spared to make the best of bad job——and so let me hope that the hurricane propaganda of training, etc. contemplated in the rural grant and coming into operation shortly, will enliven the course of progress by directing the movement in proper channels and enthusiastic hands, and thus close the sad tale of the ryot.

Co-operation among Tongawalas

BY MR. SYED ZAHUR HUSSAIN, B. SC.

There is no doubt that co-operation in this country was introduced primarily with a view to improving the condition of agriculturists but it was never intended that persons engaged in other walks of life should not equally benefit by it. Co-operation is an all-embracing movement and it can cover all kinds of legitimate human activities. It is equally suitable for the well-to-do and men of small means. A typical example of the latter is the co-operation of Tongawalas in the city of Delhi, for, seeing others benefiting, they are also trying their hands at co-operation and quite successfully. They have begun only recently but their progress has been interesting. About 2000 tongas ply in the city; so far 12 societies embracing 383 Tongawalas, with 515 tongas and 625 horses, have been formed and the movement is expanding.

The object of the societies is to inculcate thrift amongst the members, provide credit to them whenever needed, and thus to effect their material and moral advancement. Members are selected very carefully and continuous and close supervision is exercised to check any relapse on their part. On joining the society each member has to purchase 12 shares of the value of Rs. 10 each, payable in 10 years at the rate of one rupee each month, which is made up by deductions from their daily earnings. Each member is required to pay, besides shares, a minimum sum towards compulsory deposit, which is also realised along with their shares instalment every day. The loans again are advanced after great scrutiny and care. The maximum credit allowed to a member is Rs. 100 per tonga possessed by him. In the second and subsequent years the maximum credit limit is raised to Rs. 144 if repayments are satisfactory. Each loan issued is repayable within a period of 6 months and 20 days and only for purposes connected with the maintenance of tongas.

As security, and in order to guard against dishonesty by members, tongas are mortgaged with the society and the licences of ownership are made over to it. The tongas are given back to members for plying as trustees and the trust receipts executed by them remain with the society. In case a member sells a tonga, the society can prosecute him for breach of trust and thus deal with him more effectively than

through arbitration proceedings. Besides the security of tongas, personal sureties for loans are also taken.

Recoveries of loans are made daily at the rate of as. 10 per Rs. 100 of loan. While the amounts are receipted in the pass books of members daily, in the cash and ledger books only fortnightly totals are entered. Repayments to the financial institutions are also made twice a month. In all societies the liability is unlimited, profits are indivisible and the rate of interest on loans is 12½ per cent. The high lending rate has helped in building up owned funds at a very rapid rate. Out of total assets of Rs. 50,192, owned funds of the societies amount to Rs. 15,389. The societies are doing a very brisk business and if they continue at the present pace they will achieve financial independence very soon. One thing most essential for the success of a society of this type is that it should have quarters for the residence of members and stables for the accommodation of their horses and tongas. Most of the societies have hired their own premises for this purpose. This ensures close mutual knowledge, supervision of the members and the application of loans by them. The assets of members and the application of loans by them. The managing committees are intelligent people and are keen and concientious in the discharge of their duties as is evident from the successful working of these societies.

Last year, as an experiment, a shop for the supply of grain and other tonga accessories was started in one stable by a member with the idea of converting it into a co-operative supply society later on. It has worked successfully. It is now intended to have one such shop in each stable as a means of reducing expenses through collective purchase.

Though the societies are yet young, they have given ample evidence of a bright future before them. There is a vast scope for such societies in big towns. Delhi has shown the way and there is no reason why tongawalas in other towns should not follow it.

Conferences.

INFORMAL URBAN BANKS CONFERENCE.

A conference of select urban banks with the Registrar was held in the Registrar's office on Sunday the 23rd August 1936. The following resolutions were recorded in respect of the subjects discussed.

Constitution.

1. The conference was in favour of big urban banks, practically one for an urban bank area, so that they can command the necessary share capital and reserve fund and also be able to employ a competent and well-paid staff. With a view to prevent the banks from being unwieldy, it was suggested that the urban bank areas might be split up into several wards and one director chosen to represent each ward. With a view to see that the entire area in an urban bank is touched by the bank so that it may be of benefit to all the deserving men in the area, it was suggested that branches of the bank may be opened with branch committees with power to sanction loans and to disburse them but not to receive deposits, which function should only be exercised by the central society.

2. Opinion was unanimous that urban banks should continue to be on limited liability basis and that such of the societies in urban areas which still continue to be on unlimited liability basis should, as soon as possible, be reconstituted on limited liability basis.

3. The conference was in favour of fixing the period at 3 years for directors so as to ensure continuity of policy and to prevent election troubles year after year.

4. The conference was generally in favour of the proposal that some qualification which would ensure the services of proper persons to function as directors was necessary, though it could not be affirmed that the qualification should necessarily be in the shape of deposits in the bank. It would be enough if some share limit is fixed.

5. The conference was of opinion that it is not desirable that the secretary or the rest of the directors should receive any remuneration by way of honorarium or divide a portion of the profits among themselves. The conference had no objection to the directors receiving sitting fees on a scale to be fixed regard being had to the profits of the bank.

6. The conference was of opinion that the representation of the urban banks on the Board of Management and the Executive Committee of the Central Banks was desirable, but the practical difficulty was that where audit unions did not exist, the urban banks were not a definite entity—an organic whole representing a community of interests.

Administration.

1. Opinion was unanimous that it is very necessary that urban banks should have paid secretaries or managers, funds permitting. But these paid secretaries or managers should be qualified and competent men who should also be able to furnish the necessary security.

2. Cash balance should be kept under double-lock, the paid secretary or the manager being permitted to handle cash only up to the extent of the security furnished by him.

3. Security either cash or personal or unencumbered immovable property should be taken from the entire establishment up to the extent necessary from each. Some of the delegates were, however, of opinion that a portion of the security should necessarily be in the shape of cash.

4. The necessity for a trained staff in urban banks was emphasised in the conference. It was suggested, however that untrained staff who have been long in service need not be sent away but that they may be sent for training at the expense partly of the bank and partly of the individuals.

Finance.

1. (*a*) The conference recommended that loans to members may be given by urban banks on the security of Government securities and insurance policies.

(*b*) While generally discouraging loans on the pledge of produce in urban banks, the conference recommended that loans not exceeding Rs. 500 may be sanctioned only to petty traders so that the finance of the urban banks might not be utilised by the exploiting whole-sale dealers.

(*c*) The conference recommended that it would be desirable if urban banks grant loans on the security of jewels so that they may benefit the poorer people who have now to go to the Marwaris to borrow small sums at high rates of interest. With a view to popularise these jewel loans among the poorer members, it was recommended that a separate class of members called B class members might be created with nominal share qualifications. Loans could be advanced up to 80 per cent of the value of the gold pledged and up to 60 per cent of silver. A very favourable rate may be levied on these loans so as to enable the poorer classes to repay the loans without difficulty. The jewels should be kept either in strong rooms or in rooms insured against theft and accident. Wherever possible, paid secretaries should live in the premises of the banks, so that the jewels may be in safe custody.

(*d*) The conference recommended the system of cash credit by urban banks to deserving members particularly to petty traders so as to give facilities to them to borrow when they are in need and repay when they can spare. These loans should be advanced on continuing mortgage or personal sureties. In the latter case, the account should be closed every year and reopened again, while in the former case renewal could be permitted if interest was paid to the full. The amount of cash credit sanctioned to a member should have the necessary share capital basis and it should be renewed from year to year.

2. Loans should be reopened in deserving cases provided the overdue amounts are paid in cash.

3. The conference was of opinion that it was not desirable to give loans to non-members on the security of their deposits.

4. The conference was not in favour of admitting employees of urban banks as members much less to grant them loans.

5. The conference was of opinion that with certain restrictions, the funds of the local bodies might be permitted to be invested in urban banks.

6. The conference was opposed to the complete abolition of penal interest, and recommended that penal interest may at least be fixed at one per cent over the ordinary interest.

7. The conference recommended that urban banks should not pay, on their deposits, interest at more than ½ per cent over the lending rate of the central banks of their districts. Urban banks should see that loans are made available to their borrowers at a rate not exceeding 7½ per cent inclusive of penal interest, if any.

8. The conference recommended that urban banks may be permitted in special cases to finance small non-credit societies in their areas on a very restricted scale.

9. The conference was of opinion that the maximum borrowing power of the urban banks should not exceed 5 times their paid up share capital plus reserve fund.

10. The conference recommended that central banks should grant cash credit to urban banks mainly to help them in the maintenance of fluid resources. Cash credits may also be granted in emergent cases to enable urban banks to grant short-term loans to their members.

Audit.

1. The conference recommended that the scale of audit fees fixed in '32 might be reduced by 35 per cent. The conference also recommended that the Department may try the system of employing a panel of certified auditors for the audit of the bigger urban banks and central banks.

Miscellaneous.

1. There was complete unanimity of opinion that urban banks should invest their reserve fund in full in central banks.

2. The conference recommended that urban banks may be permitted to disaffiliate themselves from the local supervising unions since they do not derive and cannot derive any help from local unions because they do not want supervision but audit, which they could get from Government or from an audit union, if one exists in their districts.

3. The conference viewed with serious concern the reported proposal to levy registration and search fees in full on co-operative societies. It was also of opinion that there was no justification for the levy of profession tax on societies.

4. The conference recommended that it is time that urban banks create a bad debt reserve which should be augmented by retrenchment from the profits year after year with reference to the bad and doubtful debts.

SUPERVISORS CONFERENCE.

The following are the proceedings of the Business Conference of Supervisors of co-operative societies of the Chingleput District Co-operative Federation, held in the premises of the Co-operative Central Bank, Limited, Conjeevaram, on the 4th and 5th October 1936.

I. EXPANSION OF THE MOVEMENT.

1. Is it necessary that members who committed default in respect of previous loans taken by them should be denied fresh loans for the mere reason that their previous conduct in the repayment of loan was not satisfactory? Should loans be refused to any society for the reason that there are defaults in that society?

Resolution. The Bank is requested to draft a set of instructions with regard to the sanction of loans and the conditions to be fulfilled for guidance to the Bank Inspectors and supervisors in the scrutiny of such applications before they are forwarded to the Central Bank.

2. Is it necessary that the maximum limit of loans for individuals now adopted *viz.*, Rs. 250 should be strictly enforced in all cases or can it be relaxed in special cases?

Resolution. The Central Bank is requested not to impose hard and fast rules in regard to this. Generally the Supervisors should not recommend loans above Rs. 250; they could, however, forward applications exceeding Rs. 250, if they can make out a strong case for special treatment by the Bank and convince it of the necessity for such loans and of the repaying capacity of members etc.

3. Should fresh loans by societies be denied to the members who have had loans under the amended Agriculturists Loans Act, when the fresh loans are intended for agricultural or cultivation purposes? If so, to what extent, for what periods and on what securities can the fresh loans be issued?

Resolution. Short term loans generally not exceeding Rs. 100 for one year or less may be granted to members purely for agricultural operations on the security of two securities, provided the members have got sufficient capacity to repay both the loans without default and provided also that the assets of members are sound.

Intermediate loans for periods not exceeding five years may also be granted to such members provided they have got other unencumbered property to be offered as security for the loans, their repaying capacity is adequate and other conditions are satisfied.

II. ARBITRATION.

4. How could delays in the disposal of arbitration references be avoided?

Resolution. The Deputy Registrar pointed out that he had made adequate arrangements for transferring long delayed cases to some of his staff and the Bank Inspectors, withdrawing them from the files of arbitrators who were delaying them and that he expected prompt disposal of references in future.

5. Will it not facilitate the work of co-operative societies if the Co-operative Societies Act could be suitably amended to enable the societies to proceed in arbitration references against non-members who happen to be subsequent alienees of properties mortgaged to societies?

Resolution. The Deputy Registrar explained that the Act as it stands at present, no doubt, does not make any provision for the inclusion of non-members as parties and that it would not be possible to amend the Act to this end, as such a provision would naturally encroach upon the limits and jurisdiction of the Civil Courts, which the Government may not permit.

6. Whether it will be possible to get the village munsifs made responsible for the safe custody of moveable properties attached during departmental execution in societies where non-member managers are in charge and find it difficult to make suitable arrangements for the safe custody of the properties?

Resolution. As entrustment of moveable properties to village munsiffs involves additional responsibility and risk to them it is not likely that the Revenue authorities may agree to the suggestion, should it be pressed.

7. Will it not be desirable to get the Act suitably amended to enable societies to execute through the Department itself the security bonds entered into by sureties for the custody and production of attached moveables, instead of adopting the inconvenient process of the societies getting such surety bonds made over by the Deputy Registrar in their favour and of their proceeding through the Civil Court for the realisation of the amount of the bonds entered into?

Resolution. The Deputy Registrar pointed out that the Registrar was moving the Government in the matter in order to enable the societies to execute such surety bonds through the Department itself.

8. Is it not necessary that arrangements should be made with the Police department to provide for the departmental execution staff necessary assistance to get the attachment and execution processes conducted effectively and successfully in places where resistance on the part of the defaulters is anticipated? (It was represented that the Police authorities were, in several cases, reluctant to offer the necessary help when approached for it.)

Resolution. The Deputy Registrar pointed out that he had similar complaints from his subordinates and that he would meet the D.S.P. in person and request him to issue a general circular to the subordinate officers in the District to render prompt and adequate help to the sale officers whenever such help is sought for.

9. Is it not necessary to address the Collector regarding the conduct of the village munsiffs, who, instead of attaching the standing crops for kist arrears, as they are expected to do under rules and instructions, prefer to attach the lands mortgaged to societies? (It was represented that this tendency on the part of the village munsiffs in certain areas was quite prevalent, as they find this process easier and effectively).

Resolution. The opinion was that the Deputy Registrar might be addressed quoting specific instances so that he may move the District Collector to issue necessary instructions to the Revenue subordinates.

III. RECTIFICATION.

10. Is it necessary that fresh statements in the prescribed forms should be prepared or action should be pursued on the statements already prepared by the special staff employed for the purpose during the previous years?

Resolution. It is not necessary that fresh statements should be prepared. The Bank Inspectors should peruse the D. C. B. registers during their visits to the societies and note down the instructions against each member. Sufficient space should be left between one entry and another to provide for writing down the instructions and replies of the supervisors.

The D.C.B. registers should be so bound as to run for three years and it need not be prepared for every year. This kind of noting down the replies in the D.C.B. register itself will not only obviate the necessity for correspondence between the supervisors and the inspectors but also enable one to see the continuity of action taken against each loan.

11. Is it necessary that sale deeds executed by non-member managers in favour of outsiders should be executed on stamped paper as is being insisted on by some of the Sub-Registrars?

Resolution. It is considered that stamp duty is not necessary and that the Sub-Registrars should not insist upon payment of stamp duty as the interpretation given by the Inspector-General of Registration on the subject is sufficiently clear.

(*To be continued*).

MYSORE CO-OPERATIVE CONFERENCE.

The twenty-second Mysore Provincial Co-operative Conference was held at Mysore on the 21st October last at the newly constructed Co-operators' Home which was opened by Sir Mirza Ismail, Dewan of Mysore and it was presided over by Mr. N. Madhava Rao, Second Member of the Mysore Executive Council. Mr. S. Venkatakrishnaiya, President of the Mysore Co-operative Institute, as Chairman of the Reception Committee welcomed the delegates and other co-operators.

Mr. Venkatakrishnaiya in the course of his welcome address gave statistics of the movement in the State. Referring to the problem of rural reconstruction, he observed that it was gratifying to note that the Government of Mysore like the Government of India and the Provincial Governments in British India, had launched a comprehensive scheme and brought it into operation in selected villages in each district. Speaking of other relief measures to the agriculturists he referred to the working of the land mortgage banks and the Mysore Agriculturists' Relief Regulation and hoped that with the passing Debt Conciliation Bill which was on the anvil of the Legislative Council and with the introduction of legislation for the consolidation of holdings which was under the consideration of the Government, the agriculturists position would become better.

Mr. N. Madhava Rao then delivered his presideutial address from which the following passages are extracted:

One reason that is sometimes given to explain the apathy of the members of primary societies is that they are too largely dependent on external financing institutions for their resources and that borrowed money does not induce the same care in handling as owned capital. But this is not noticeably the case in Mysore where owned capital constitutes more than 40 per cent of the total working capital of rural societies. Nevertheless, there is among the members of our primary societies a deplorable lack of interest in the common affairs and a ready acquiescence in mismanagement. The primary societies are the very foundation of the co-operative movement and unless the large majority of them function on truly co-operative and business lines, they will be a menace to its safety.

The work of the Apex Bank.

The Apex Bank, as its name implies, is the key-stone of the financial structure of the co-operative movement and the question of its future policy and management has accordingly received, at the hands of the Committee, the attention which its importance demands. The Apex Bank has served in the past virtually as a land mortgage bank and most of its transactions consist of mortgage loans granted very largely for debt redemption and to some extent for land improvement and other productive purposes. The Bank has so far been able to perform these functions with a fair degree of success. It inspired the confidence of the public and attracted a steady flow of deposits, which, though nominally made for short terms in the first instance, were renewed for indefinite periods. It was accordingly able to provide long term credit to societies, protecting itself by mortgage security which appeared to be satisfactory and realisable. But conditions are now changing. A new set of institutions has been taking over land mortgage business. Land values have fallen. And prudence demands that the Apex Bank should in future confine itself to business appropriate to the character of its resources.

The change over to this policy, however, cannot be effected abruptly. It needs time to collect the outstanding loans amounting in the aggregate to some Rs. 23 lakhs, of which one-half is said to represent overdues.

Land Mortgage Bank.

It is only during the past few years that the need for a separate set of institutions to provide long term cerdit for the relief of agricultural indebtedness has been realised. A Central Land Mortgage Bank was started in 1929 and it had direct dealings with individuals in the taluks to which its operations were first confined. Later, it was found more desirable to have local societies with the Central Bank to finance them. The Bank has been fortunate in having for its President a gentlman of the wide experience and business acumen of Rajasabhabhushana Dewan

Bahadur K. R. Srinivasa Iyengar, who is closely controlling the working of the scheme in consultation with the Co-operative Department. We have now 23 land mortgage societies operating in 27 taluks. There is a prospect of more societies being started in some nine taluks. These 23 societies have a total membership of 2,246 who have contributed in all Rs. 56,872 of share capital. In 378 cases, loans of a total value of Rs. 5,42,575 have been so far sanctioned by the Bank, all for the redemption of previous debts. In most of these cases, the receiver of the loan has been completely freed of his other debts. The Bank recovers the loan in 25 to 30 annual equated payments with 8 per cent interest. With the lowering of interest by one per cent or two which the Bank soon hopes to be able to effect with the enlarging of its business these instalments will become easier still. A great relief indeed to those whom it reaches, but the figures just mentioned would indicate that these loans cover but a tiny fraction of the total agricultural debts. There is naturally an impatience for more rapid growth, an oft voiced demand for the immediate expansion of the movement. But it is necessary to face facts and avoid impulsive action. The experience gained does not warrant the indiscriminate expansion of land mortgage banks. It is feared that the scheme has not been well understood even where it is working. Earnest workers are difficult to find so that in some places the Government had to depute its own officers to help in their working. After the first rush of applications, a large majority of which were ineligible, business has slackened. Most of the sound ryots among the indebted seem to have stood outside the movement.

Need for Caution.

Persons with exhausted credit finding no accommodation elsewhere crowd in, but these are just the people to be kept out. In spite of the wide jurisdiction assigned to each society and in spite of their being in existence for several years now, many of the older societies have developed so little business that they cannot meet their small working expenses without the continuance of Government grants. Even with careful investigation and easy instalments, defaults have appeared and are growing. These, gentlemen, are some of the facts that dictate caution in developing these institutions. This is also the advice of the Co-operative Committee. It must be realised that the Bank does not get its monies free, that for its very existence, it has to promptly meet its periodical obligations to its creditors and that it cannot afford to risk monies or have dealings with persons who cannot normally meet their obligations to the Bank.

Agricultural (Non-Credit) Societies.

The importance of developing the non-credit side of the movement in rural parts has often been emphasised, but the progress so far secured

is insignificant. Except for some eight marketing societies and 27 societies which undertake, on a small scale, the supply of improved agricultural implements, select seed and fertilisers, we have nothing to show in respect of this line of co-operative work.

It may be admitted that credit societies must for a long time continue to be the principal form of co-operative organisation in the country side. There is no doubt also that while the reduction of debt appeals to the ryot, he does not so readily appreciate the advantages of joint purchase and sale. One reason for this, however, is that while he can spend borrowed money in any manner he pleases, he must put fertilisers and seeds into his field and wait for the results until the harvest. If only to prevent the diversion of money into non-productive channels, it is desirable that loans for agricultural purposes should be issued in part at least in the shape of seed, fertilisers, etc. This method of making advances has been adopted by the Sugar Company in the Mandya area with excellent results and deserves to be followed, with necessary adaptation, by rural co-operative societies. The question whether credit societies should undertake such work or whether separate institutions should be formed for the purpose is not so much a matter of principle as one of practical convenience. In most cases the work involved is sufficiently simple to be taken on by the ordinary society without upsetting its activities on the credit side.

Co-operative marketing of produce is a problem that is apparently less easy of solution. The experience with the few marketing societies which have come into existence has not been wholly encouraging. The attempts that are being made to organise areca sale societies have received no hearty response from the growers while the merchants who have monopolised the channels of trade are naturally opposed to such scheme. However, these obstacles, formidable as they are, can be overcome by intensified propaganda coupled with the provision, where necessary, of the requisite facilities by Government and by the Provincial Apex Bank.

Credit societies are intended among other things to encourage thrift which in its turn presupposes a possible margin of saving. But where the income does not cover the cost of cultivation and subsistence, as is said to be the case with many small landholders, the more urgent problem is that of increasing the outturn and value of their produce.

Co-operative Education.

It is easy enough to get together a few individuals to register themselves as a co-operative society and it is unfortunately the case that at one stage of the movement, societies were brought into existence without careful preparation. But, for the societies to function at all satisfactorily, it is necessary that the members should have at least a rudimentary idea of the principles and practice of co-operation. Something more is required on the part of the office holders of societies, while the departmental staff should have a still higher standard of training, if they are to guide the work of the societies intelligently and on right lines. The media and methods of training must be adopted to the requirements of the different classes of workers. The fact that so many resolutions tabled for discussion at this Conference relate to co-operative training and education is evidence of a growing realisation that the movement has suffered in the past through a lack of the requisite preparation and facilities in this respect. In the case of the ordinary member of a co-operative society, the methods of propaganda must necessarily be general and do not admit of detailed prescription. I have not at the moment persuaded myself that even in the case of the other workers, formal instruction in schools and the testing of proficiency by examinations are altogether sufficient and necessary. But some provision there must be for the education of co-operative workers and I have no doubt that helpful and acceptable suggestions will emerge from our present discussions. I may, however, venture to observe that a well managed society is not only a valuable object lesson but an excellent training ground, of which advantage should be taken by devising, if possible, some sort of apprenticeship.

The Co-operative organisation is like a delicate machine; its different parts must be not only sound but well adjusted. We cannot neglect the primary society any more than the central institution. We cannot pin our faith to co-operative credit at the expense of non-credit activities; we cannot ignore the distinction between long and short term credit without serious consequences; we cannot leave the village co-operator to the devices of self-education any more than the member of an urban bank or a departmental Inspector. Abundant caution in respect of these various matters is not to be dismissed as meticulous; it is on the other hand to be regarded as a recognition of the fact (using the well known words of the Royal Commission on Agriculture) that "if co-operation fails, there will fail the best hope of rural India."

The following are some of the resolutions passed at the Conference:

1. Resolved to request the Government and Municipalities to grant large plots of land to house-building societies at upset prices for constructing dwelling houses for the middle and poor classes as far as possible.

2. Resolved that the recommendation of the Mysore Co-operative Enquiry Committee prescribing a limit to the number of members of an urban credit society be not accepted as it was opposed to the principles of non-agricultural credit co-operation and was not only unnecessary but also positively harmful to the movement since it prevented by artificial means natural development of societies into big institutions.

3. Resolved to request the Government to encourage co-operative societies in suitable areas and to provide them with the necessary facilities such as grants for working expenses, expert advice and loans on easy terms for erecting godowns and financing members on the security of produce.

4. Resolved to request the Government to give adequate representation to co-operative interests in the Representative Assembly and the Legislative Council and the Board of Industries and Commerce.

5. Resolved that the land mortgage banks should be empowered to receive the produce of their indebted members and adjust the amount realised from the sale of such produce towards their loans.

6. Resolved to request the Government to exempt staff provident funds of co-operative societies from attachment under S. 60 of the Civil Procedure Code.

7. Resolved that where a society which is indebted to a central bank fails to file suits for arbitration in time or to apply for the execution of decrees in time, the Inspector having jurisdiction over the society or the central bank to which it is affiliated should be empowered to file suits or to apply for the execution of decrees on its behalf.

8. Resolved that the limit of the common good fund should be raised to 20 per cent of the net profit of a society after its contribution to the reserve fund has been set apart; and at least a third of the common good fund should be made payable to the proposed provincial co-operative education fund.

9. Resolved that suits filed with the Registrar or arbitrators should be exempted from the application of the law of limitation.

10. Resolved that where decrees or awards are transferred for execution from the Revenue authorities to the civil courts, the period for limitation should be calculated from the date when such transfer was ordered by the Registrar.

Statement Showing Commercial Information Required by Co-operative Societies.

District and commodities required (1)	Commodities available for sale to others (2)	Season at which the commodities in column (2) are available (3)	Maximum and minimum prices of the commodities in column (2) and the conditions of sale (4)
1. *Anantapur*—			
Uravakonda Loan and Sale Society—Nil.	(1) Cotton. (2) Groundnut.	...	At Rs. 95 to Rs. 90 per cantlam. At 8 annas to 6 annas per maund. } Ex-godown
Tadpatri Loan and Sale Society—Rice at all times—Cotton seeds in July to August.	(1) Groundnut. (2) Cotton. (3) Ghee.	...	At 8 annas to 6 annas per maund. At Rs. 95 to Rs. 90 per cantlam. At 5 annas to 4 annas per seer. } Do.
Dharmavaram Loan and Sale Society—Nil.	(1) Rice and (2) groundnut.	...	At Rs. 8 to Rs. 7 per 100 seers. At 8 annas to 6 annas per maund.
Anantapur Swadeshi Stores.	Rice, coffee, Khaddar clothes, toilets, asafœtida, saffron, and pachakarpuram.	At all times in the year.	...
Dharmavaram Weavers Co-operative Society.	Dharmavaram silk sarees.	At all times ...	At Rs. 25 to Rs. 20 per saree of 60 totals weight; colour fast and guaranteed.
2. *South Arcot*—			
South Arcot Central Co-operative Groundnut Sale Society. Ghee now got from Cuddapah district.		....	

Tirupapuliyur Stores—Coffee-seeds now got from Coimbatore and Madras.	Rice.		At Rs. 10-12-0 to Rs. 9-12-0 per bag of 50 Madras measures ex-godown
Manjakuppam Stores—Jaggery now got from North Arcot.	Gingelly oil.		At Rs. 5-13-0 to Rs. 5-11-0 per tin of 35 seers with an extra cost of 4 annas per tin ex-godown.
Pudupalayam Stores--Cocoanut oil now got from Ramnad district; stationery.	Groundnut oil.		At Rs. 3-6-0 to Rs. 3-4-0 per tin of 33⅓ seers inclusive of tin ex-godown.
3. *Kristna*—			
Pedakummidy Blanket Weaver's Co-operative Society.	Hand-made blankets out of hemp fur ...	Throughout the year generally.	Rs. 3-8-0 to Rs. 1-8-0 for cash.
Pedamaddali Cobblers Co-operative Society.	Hand-made shoes ...	Do.	Rs. 2-4-0 to Rs. 1-4-0 for cash.
Masulipatam Co-operative Medical and General Stores—Patent medicines, and Ayurvedic medicines and food stuffs, etc.	...	...	
4. *East Godavari*—			
Sri Krishna Stores—Pulses, ghee, rice, provision coffee-seeds and asafœtida.	...	...	...
Tapeswaram Co-operative Stores—	Ghee and jaggery ...	...	Ghee at Rs. 14 to Rs. 13 per maund, jaggery, first sort at Rs. 1-13-0 to Rs. 1-11-0 per maund; jaggery second sort at Rs. 1-9-0 to Rs. 1-6-0 per maund.
Cocanada General Stores—Coffee-seeds, rice and cloth. Godavari Swadeshi Stores—Cotton, silk and silk yarn ...	...	...	..

District and commodities required (1)	Commodities available for sale to others (2)	Season at which the commodities in column (2) are available (3)	Maximum and minimum prices of the commodities in column (2) and the conditions of sale (4)
5. *Ganjam*—			
Berhampur Devanga Purchase and Sale Co-operative Society.	Silk male cloths and female sarees in deep red, violet, blue and orange colours and are made to order.	...	Rs. 11 to Rs. 9 per seer of 24 tolas.
6. *Trichinopoly*—			
Manapparai Co-operative Trading Society—	...	...	...
Cotton seeds for cattle feeding from April to June.	Tamarind	...	At Rs. 5-8-0 to Rs. 4-8-0 per pothi of 250 lb.
	Chillies		At Rs. 5-8-0 to Rs. 4-8-0 per bag of 25 lb.
	Blackgram		At Rs. 8 to 7 per bag of 50 measures.
	American cotton		At Rs. 35 to Rs.30 per pothi of 346 lb.
7. *Kurnool*—			
Parla Credit Society, Salkapuram, Ayyavarigokulapad Co-operative Society—Wool.	Woollen cumblies 72"×30" for flooring and bedding.	Available during the eight months excepting July to October.	Rs. 5 to Rs. 1-6-0 depending upon the weight of the cumbly.
Kurnool Khaddar Stores—	Khaddar dhoties.		
8. *Salem*—			
Salem Weavers Co-operative Society— Grey yarn 40, 60, 80 counts mercerised 2 84 yarn.	Saries of all patterns in different colours in 40, 60 and 80 with lace and ordinary borders;	At all times ...	Price list can be had from the society. Supply to recognized agents and permanent customers on credit basis at 10 or 12½ per cent

NOTE:—Coffee-seeds, asafœtida and Soapnut powder are got from outside the district now.

Silk.	Dhoties of bavanchu and saunanchu in 40 and 60 and gundanchu with and without lace borders in 60 and 80.		commission on sales on free delivery at the station or free delivery at the society's office. To others goods are sold for cash subject to a commission of an anna in the rupee for purchase upto Rs. 50 and at an anna and a half for purchase upto Rs. 500 and of two annas in the rupee for purchases above Rs. 500 in a calendar month.
Lace. All required in great quantity in June and November.	Lacepet dhoties and angavastarams.		
Mettur Co-operative Stores. and Salem City Co-operative Stores— Best Nellore rice, coffee-seeds, sundry household articles and cumblies for the cold season.	...	...	...
9. *Malabar*—			
Calicut Cottage Industries Society—			
Manilla paper and Indian paper.	Envelopes of manilla paper, envelopes of Indian paper.		Rs. 2-8-0 to Rs. 2-2-0 per 1000 } Packing and freight extra.
Weavers' societies— 10 to 40 count yarn and coloured yarn.	Mundus, kerchiefs, dhoties, shirting, towels, bed-sheets.		Rs. 5 to 4 per 1000 } Packing and freight extra. Price List from the depot at Calicut
Thrithala Adi-dravida Purchase and Sale Society. Rattan bamboo	Chairs, easychairs, boxes, baskets, ventilators and walking sticks.		Quotation on order.

District and commodities required. (1)	Commodities available for sale to others. (2)	Season at which the commodities in column (2) are available. (3)	Maximum and minimum prices of the commodities in column (2) and the conditions of sale. (4)
10. *Vizagapatam*—			
Anakapalle Loan and Sale—	Jaggery.	From January to June.	At Re. 1 to 10 annas per maund.
The Vizinagaram Khaddar Spinning and Weaving Co-operative Society—	Handspun woven cloth of any variety.	Throughout the year.	Eight annas to As. 5-6 per yard of 45 inches width.
Cotton red and white.	Soapnut tamarind. Horsegram greengram, Anantagiri coffee seeds.	April, May and part of June.	Rs. 11 to Rs. 8—160 seers. Rs. 8 to Rs- 4-8-0—8 maunds. Rs. 12 to Rs. 9. Rs. 15 to Rs 10. Rs. 12-8-0 a bushel of 10 viss with shell.
Vizianagaram Co-operative Stores—			
Etikoppaka Industrial Co-operative Society.	Sugar.	January to June ...	Rs. 21 to Rs. 18 per 168 lb. Payable on receipt of freight bill.
Sri Ramakrishna Industrial Co-operative Society.	Do.	Do. ...	
11. *Chittoor*—			
Palamaner Loan and Sale Society.	Jaggery, Tamarind.	March to June.	Rs. 1-8-0 to Re. 1 per maund, As. 10 to 8 as. per maund (with nuts).
Vyalpad Loan and Sale Society.	Groundnut.	November to March.	As. 14 to 9 annas per maund.
Lakshmi Stores— Rice about 50 to 60 bags per month, dhall about 50 to 60 bags per month and coffee-seeds about 10 to 12 maunds per year.	...	...	...

(*To be continued.*)

Co-operative Societies Act

(AMENDMENT PUBLISHED)

Bill to be introduced in the Council of the Governor of Fort St. George assembled for the purpose of making Laws and Regulations.

Under rule 18 of the Madras Legislative Council Rules, the following Bill, together with the Statement of Objects and Reasons, was published for general information in the Fort St. George Gazette (Extraordinary) dated 26-11-36.

BILL No. 33 of 1936.

A Bill further to amend the Madras Co-operative Societies Act, 1932, for certain purposes.

Whereas it is expedient further to amend the Madras Co-operative Societies Act, 1932 for the purposes hereinafter appearing;

Madras Act VI of 1932.

And whereas the previous sanction of the Governor-General has been obtained to the passing of this Act;

It is hereby enacted as follows:—

Short title.

1. This Act may be called the Madras Co-operative Societies (Amendment) Act, 1936.

Section 6 to have retrospective effect.

2. The Amendment made by section 6 shall be deemed to have been made and to have come into force on the first day of August 1933.

Amendment of section 3, Madras Act VI of 1932.

3. In section 3 of the Madras Co-operative Societies Act, 1932 (hereinafter referred to as the said Act), the words "and may appoint persons to assist such Registrar" shall be omitted and for the words "on any such persons", the words "on any other persons" shall be substituted.

Amendment of section 51, Madras Act VI of 1932.

4. For clause (c) of sub-section (1) of section 51 of the said Act, the following clause shall be substituted, namely:—

"(c) between the society or its committee and any past committee, any officer, agent or servant, or any past officer, past agent or past servant, or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased servant, of the society, or."

Amendment of section 57-A, Madras Act VI of 1932.

5. In the last paragraph of section 57-A of the said Act, after the words "by the attachment and sale", the words "or by the sale without attachment" shall be inserted.

Insertion of new section 57-B, in Madras Act VI of 1932.

6. After section 57-A of the said Act, the following section shall be inserted, namely :—

Registrar or person empowered by him to be a Civil Court for certain purposes.

"57-B. The Registrar or any person empowered by him in that behalf shall be deemed, when exercising any powers under this Act for the recovery of any amount by the attachment and sale or by the sale without attachment of any property, or when passing any orders on any application made to him for such recovery or to take some step-in-aid of such recovery to be a Civil Court for the purposes of Article 182 of the First Schedule to the Indian Limitation Act, 1908." (Act IX of 1908).

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to make certain amendments of an urgent character in the Madras Co-operative Societies Act of 1932 (Madras Act VI of 1932.) The necessity for the amendments is explained below.

2. *Clause* 3.—Section 3 of the Act as it stands makes it necessary for the Government to appoint all persons who are to assist the Registrar of Co-operative Societies. Thus, even Sub-Deputy Registrars who are not gazetted officers have to be appointed by Government and this causes delay. The object of the amendment is to get rid of this necessity so as to enable the Government to delegate to the Registrar the power to appoint Sub-Deputy Registrars.

3. *Clause* 4.—The Indian Central Banking Enquiry Committee recommended that if the committee of a co-operative society advanced loans in excess of the limits prescribed by the by-laws of the society or otherwise, the members of the committee should be held personally liable as guarantors of the loan. In order to enforce this liability, it is necessary to bring such cases also under section 51 of the Act and to treat them as disputes between a registered society and the committee which sanctioned the loan. Acts of carelessness or mismanagement of a society's affairs by a committee seldom come to light until that committee vacates office. The amendment is intended to amplify section 51 and to make it applicable to disputes between a society and its past committee or any past officer, agent or servant, or the nominee, heirs or legal representatives of any deceased officer, agent or servant of the society.

4. *Clause* 5.—Section 57-A of the Act empowers the Registrar or any person subordinate to, and empowered by, him execute certain decrees, orders, etc., by the attachment and sale of property of the person against whom the decree, or order, etc., was obtained or passed. The section thus requires that an attachment should precede a sale in all cases, including those where the property is already mortgaged to the decree-holder.

It is considered unnecessary to provide for the attachment of the property where it has already been mortgaged to the decree-holder. The amendment proposed is intended to achieve this object by taking power to dispense with attachment in suitable cases. It will bring the law into conformity with the procedure provided in section 51 (*b*) of the Code of Civil Procedure, 1908.

5. *Clauses* 2 *and* 6.—Under the Co-operative Societies Act, 1912 (India Act II of 1912), and the rules framed thereunder, the awards of arbitrators and the decision of the officers of the Co-operative department could be executed either through the Revenue department or through civil courts. In a recent case, a decision of an Assistant Registrar given under that Act was first sent for enforcement to the Revenue department. It was returned unexecuted by that department, and subsequently an application was filed in a civil court for executing the decision. If the time taken in the proceedings before the Revenue department had been excluded, the execution application presented to the civil court would have been in time under Article 182 of the First Schedule to the Indian Limitation Act, 1908. The Madras High Court has, however, held (I.L.R., 59 Mad., 257) that the time could not be excluded, as there was nothing in the Act or rules to indicate that the officer of the Revenue department concerned should be deemed to be a 'civil court.' The execution application was thus held to be barred by limitation.

The Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), authorizes the Registrar or any person subordinate to, and empowered by him, to execute the awards and decisions aforesaid, as well as decrees, etc., obtained by co-operative societies, by the sale of defaulter's property—section 51-A. After this Act came into force, the Co-operative department has taken up the work of executing these awards, decisions, etc., and several cases which were pending with the Revenue department have been withdrawn and filed with the Registrar of the district for execution. If the High Court's decision mentioned above is applied to execution proceedings taken by the Co-operative department, the time taken in such proceedings cannot be excluded when reckoning the period of limitation for the presentation of an execution application to a civil court subsequently. There may be some cases in which the Co-operative department may not be able to execute the award, etc., successfully. There may also be cases in which the arrest of the judgment-debtor may have to be restored to. In such cases, the execution applications will have to be continued in civil courts. If civil courts through such applications on the ground of limitation, much loss and hardship would be caused to societies. It is accordingly proposed to amend the Act by inserting therein a new section (section 57-B—see clause 6 of the Bill) making it clear that the Registrar or other person empowered by the Registrar should, when executing a decree, order, etc., under section 57-A, be deemed to be a civil court for the purposes of Article 182 of the First Shedule to the Limitation Act, 1908.

As the Co-operative department took up execution work under the Madras Co-operative Societies Act, 1932 from the 1st August 1933, it is necessary to give retrospective operation to clause 6 from that date. Clause 2 of the Bill makes the necessary provision in that behalf.

[The Bill was passed into Law by the Legislative Council on 3-12-36.]

International Co-operators' Day.

Under the auspices of the Madras Provincial Co-operative Union the Fourteenth International Co-operators' Day was celebrated on Saturday the 7th November last at the premises of the Union. The meeting was presided over by Dr. P. J. Thomas, Professor of Indian Economics, Madras Univeristy. There was a large gathering of prominent co-operators and students.

Dr. Thomas said: "The international situation is becoming more menacing than ever. Europe is arming itself into two opposite camps for another war. Like the city-states of ancient Greece, the nation-states of Europe are engaged in an internecine struggle which will eventually weaken them and imperil civilization. A simiiar struggle is going on within many countries between capitalists and wage-earning classes, and in some the latter have already captured power and are using it for their class interests. The root cause of these rivalries and class struggles is national greed and sectional selfishness. Nations and individuals seem to have believed that in order that they might be prosperous others must be kept poor. The sinfulness of such a concept has always been emphasised by religion, and today its utter folly is patent also in the economic sphere. In the past, some countries have been advancing by leaps and bounds through industry and commerce, but those countries which produced primary goods remained comparatively poor and backward. The former have been producing colossal piles of commodities, but the latter have had no means of consuming them, as their purchasing power was very limited. A similar state of things has gone on within several of those countries. The result is poverty in the midst of plenty. Machine may turn out enormous quantities of goods, but what is the good if man can't purchase them? A more equitable system of distribution is needed between nations, and between groups within nations, if the economic system is to operate properly. When world economy becomes a co-operative undertaking, international rivalries will be under check. The co-operative motto, "All for each and each for all", is the only principle which can establish international harmony.

The problem within nations must also be handled in the same spirit. In agricultural countries, the small producer has long been at the mercy of middlemen. The Soviet system offers to help such agriculturists by making them State employees, but that would kill freedom and initiative. *Laissez faire* kept the peasant poor; communism will enslave him. He must have freedom, but must be helped to make the best of his labour. Such help can only come under a co-operative system.

Of late, communistic ideas have begun to spread in this country also. Our commercial and industrial classes have prospered since 1900, but the rural masses are still immersed in debt, dirt and disease. Commercial leaders often use the name of the agriculturist for securing their selfish ends, but any real improvement can only come by self-help among agriculturists themselves. Co-operation is their salvation—co-operation in improving their farming, their living and their business.

Co-operative Reform.

We hear it said frequently nowadays that co-operation has failed. In fact it is not co-operation that has failed, but the men that worked it and some of the methods they employed. Large members joined co-operative societies merely to borrow and with no idea of repaying. Some who held office in those societies have helped themselves with other people's money. The method of granting loans and of getting them back has failed, because loans were made indiscriminately and repayment was not carefully provided for. Further, a co-operative movement which merely gives credit cannot be a real help to the ryot; it must also improve his agriculture and his marketing, and above all his moral and physical life. The lack of such a comprehensive system has made the co-operative society a body of borrowers. Overdues have mounted up and thus the movement has come under criticism.

The methods must first be changed. The most important change that is needed, in my opinion, is the adoption of a system of controlled credit, by which loans will be given in instalments for raising crops which will be marketed by the co-operative sale society. Preference must be given to those adopting improved methods of cultivation and thus credit must be linked to agricultural improvement as well as to marketing. This system have been tried in Cuddalore and Salem under difficult conditions, and the success attained is sufficient to justify its being tried on a wider scale throughout the Presidency.

Rural Guides.

Lack of proper leadership is perhaps the greatest impediment in the successful working of the co-operative movement. In Belgium, Holland and Germany, the priest or pastor of the parish keeps a watch on the local co-operative society and he is specially trained for it. The Catholic University of Louvain gives a suitable training in rural work to parish priests. We have no such honorary guides in Indian villages. The village munsiff and the village school master have plenty of work to occupy themselves. A new hand is therefore necessary to guide the villagers in the all-round work of rural uplift—a trained rural guide.

Such a guide working under the District Economic Councils will be helpful in watching the work of co-operative societies and will be able to link up the activities of the various development departments. The appointment of one rural guide in a group of ten villages would involve an annual charge of about Rs. 30 lakhs, but that money is well worth spending. In the U. P. steps have already been taken in this direction and it is high time that Madras followed suit.

It is certain that rural uplift will be the prime preoccupation of the new Provincial Governments. In that work, no agency will be of greater help than co-operation. A carefully devised co-operative system will meet all the needs of the ryot and improve him not only economically, but morally and physically."

Mr. V Ramadas Pantulu who spoke next referred to the death of Sir Lallubhai Samaldas as a great loss to the co-operative movement in India. He then observed that three movements, namely, capitalism, socialism and co-operation were working side by side and he was of opinion that co-operation was a via media between capitalism and socialism. He was firmly convinced that only co-operation could solve many of the economic problems of the world and that it was the only force which would lead to world peace. He was really sorry that the Government of India had not yet recognized the place of co-operation in the planned economy of the country in spite of its great potentialities and was opinion that the people in charge of the Development Department should be educated in co-operation more than the average citizen.

Mr. P. N. Marthandam Pillai, President of the Triplicane Urban Co-operative Society, said that even though the movement was working in India for the last three decades, co-operators had not educated the members of co-operative societies in the matter of thrift, and that was why the movement had not made much progress.

Mr. S. K. Yegnanarayana Iyer who was the Managing Director of the T. U. C. S. for a long time said that there was always a conflict between the producers and the consumers and that was reason why it was not possible to link the producers' societies with the consumers' societies. Unless there was a background for real ideology of co-operation, said he, the movement could not succeed.

Mr. K. L. Narasimha Rao suggested that consumers' societies in one country might get their requirements from the co-operative wholesale societies in other countries.

Dr. P. S. Lokanathan observed that on occasions like the present it should be our aim to attract new people into the co-operative movement.

Mr. V. S. Ramaswamy Aiyar expressed the view that those who were in charge of the Department should have good training and knowledge of co-operation to guide the movement, as otherwise the movement would fail.

Dr. Thomas in bringing the proceedings to a close moved the following resolution :

" On the fourteenth celebration of International Co-operative Day— The now established festival of co-operation—The Great Army of Organised Co-operators throughout the world.

Consecrate themselves, and their Organisations, anew to the pursuit and maintenance of peace, not only in conformity with the traditional policy of their Movement, but also as the only condition in which Co-operation can properly develop and the well-being of humanity be assured :

Declare their unswerving allegiance to those Universal Principles of Liberty, Democracy, and non-profit making economy which constitute, at once, the foundation and the top corner-stone of the Social Structure of Co-operation which, if generally applied, would restore the economic life of the world and break down the barriers to intercourse between the peoples :

Express their deep concern at the spread of those conditions of anarchy which, in various guises, tend to dominate the life of nations and to segregate their interests within their national frontiers, and that at a time when the needs of humanity, and the development of economic forces, irresistibly demonstrate that the progress of civilisation depends upon Universal Co-operation and Understanding.

The Co-operators of the world—dismayed at the failure of the responsible National Governments to unite their forces in the maintenance of peace and the re-establishment of the economic life on the only basis of mutual association which can produce security and prosperity—call upon their leaders in every land to give unremitting effort to the task of establishing—Peace through association—Security through understanding—and, the prosperity of humanity by the ever more active exercise of the principles of co-operation."

The resolution was put to the house and was carried unanimously. Mr. K. C. Ramakrishnan on behalf of the Union proposed a vote of thanks to the chairman and the speakers. The meeting then terminated.

We thank the various co-operative organisations in the Presidency who have sent us interesting reports of the celebration of the Co-operators' Day in response to our request. Owing to lack of space we are unable to publish all of them in full. But we give below a tabular statement of the celebration in various places in a concise form.

District.	Place.	Under whose auspices.	President of the meeting.
South Arcot	Villipuram	Villipuram Co operative Urban Bank.	Mr. C. Narayanaswami Mudaliar.
Madura	Palani	Palani Co-operative Union.	Mr. K. S. Balakrishna Iyer.
Coorg	Mercara	Coorg Co-operative Central Bank.	Rao Sahib P.A. Chengappa, M.L.C.
Nilgiris	Ooty	Nilgiris Public Servants Co-operative Society.	...
Nellore	Nellore.	Nellore Dt. Co-operative Banking Union.	Rao Sahib O. Viswanatha Rao.
Ramnad	Tirupathur	Tirupathur Co-operative Urban Bank.	Mr. V. Sitaraman Servai.
Madura	Periyakulam	Periyakulam Co-operative Urban Bank.	Mr. S. Varadaraja Ayyengar.
N. Arcot	Vellore	Co-operative Central Bank.	Rao Bahadur V. A. Arunachala Mudaliar.
Chingleput	Conjeevaram	Conjeevaram Co-operative Central Bank.	Rao Bahadur A. Rajabadar Mudaliar.
N. Arcot	Tiruvannamalai	Co-operative societies in the town.	Mr. M. Gopalacharlu.
East Godavari	Razole	Razole Land Mortgage Bank Ltd.	Mr. V. Narayanamurthy Pantulu.
,,	Rajahmundry	Ramadas Co-operative Institute.	Dr. P. Gurumurthi.
Cuddappah	Cuddappah	Central Bank	Rao Sahib C. P. Ramachandra Rao.
Chingleput	Conjeevaram	Little Conjeevaram Urban Bank.	Rao Bahadur K. Sambasiva Chettiar.
West Godavari	Ellore	Central Bank.	Khan Bahadur Mohamad Abdul Rahman Saheb Bahadur.

Reviews.

I

The U. P. Registrar's Administration Report (1934-35). The Report of the Registrar of Co-operative Societies, U. P., for the year 1934-35 shows that while the movement is still suffering from the effects of the economic depression, the working of the societies in 1934-35 was much better than in the previous year. The number of societies the registration of which was cancelled during 1934-35 was 67 as against 50 in the previous year. The number of societies of all classes at the end of 1934-35 was 6953 against 6275 at the end of 1933-34. The loans issued by central banks to the societies amounted to Rs. 18'62 lakhs an increase of Rs. 3'52 lakhs over previous year's figures and repayments by working societies and liquidated societies amounted to Rs. 19'80 lakhs an increase of Rs. 40 lakhs over last years figures. The loans issued by agricultural societies likewise increased by Rs. 3'7 lakhs to 23'12 lakhs and repayments amounted to Rs. 24'51 lakhs exceeding previous year's figure by 3'85 lakhs. A statement regarding the objects for which loans were issued is also given and there is considerable increase in the proportion of loans on needs of cultivation. Dealing with central banks the report states that out of 71 central banks, 31 could not distribute dividend, and 9 worked at a loss. The Registrar states that the central banks should try to improve their financial position by reduction of overdues and by balancing their budgets. With regard to unlimited agricultural societies according to the audit classification the Registrar states that A & B societies were negligible, C, D and E were 28, 46 and 24 per cent of the total about the same as in previous year. Dealing with non-credit societies, the report states that there was some considerable improvement in their working the co-operative marketing of sugar-cane being taken up in five districts. There are two societies in the province dealing with insurance which are only two years old and they are making slow progress. There are also 36 thrift societies including 15 for women and 326 better-living societies which are very popular.

During the year under review arbitration cases fell from 4,080 to to 2,708, all except 41, being by societies against members for arrears due. The total number of cases disposed of was 2,927 leaving a balance 681 at the end of the year. The U. P. Co-operative Union continued to do useful work as usual and the notable feature of the year being the celebration of the tenth anniversary of the U. P. Co-operative Journal with the publication of an excellent special number. S. K.

II

Bengal Registrar's Administration Report (1934-35). The report under review follows the lines usually adopted in respect of administration reports and gives a detailed account of the transactions of co-operative societies in Bengal. Agricultural credit societies, agricultural purchase and sale societies, irrigation and drainage societies, production and sale societies, cattle-breeding societies, artisan societies, fishermen's societies, stores and supplies societies, anti-malarial and public health societies, relief societies, rural reconstruction societies and house-building societies from together a formidable list and one should easily be impressed with the extent to which the co-operative movement has entered into the life of the people in Bengal. In addition to these institutions, there are co-operative unions, such as Producers' Union, Milk Union, Industrial Union, Silk Union and Credit Union. Lastly there is the Bengal co-operative insurance society whose benefits, we are told, are gradually being more and more appreciated by the middle and poor classes.

While this extensive and varied sphere of usefulness should be a matter for congratulation, it is disquieting to be told that the condition of most of the societies and central banks is far from satisfactory. The report refers to a fall in the number in regard to several classes of societies; and the working of useful non-credit societies such as Milk Union leaves great room for improvement. The overdue amount from members of agricultural credit societies in 1934-35 is about 80 per cent as against 68·3 per cent in 1932-33 and there is a general fall in the number of agricultural societies in the several districts. The number of societies liquidated in 1934-35 was 121 and liquidation proceedings are pending against 1369 societies. The statements appended to the report give details under several heads in regard to the different types of societies. It is noteworthy that in the case of agricultural societies the rate of interest on borrowings should range from 4 per cent to nearly 16 per cent and the rate of interest on lendings should go up to 18⅜ per cent. As for the central banks, the "most usual" rate of interest on borrowings and on lendings goes up to 12½ per cent. and 16½ per cent. respectively. It may be also gathered from the report that the audit work could not be made thorough. The following passage in the report will speak for itself. "In the present condition of the central banks and the societies the arduous task of collecting the dues from the members of village societies has devolved almost entirely on the departmental inspectors and auditors. It would be no exaggeration to say that if their efforts were relaxed in this direction a number of central banks would have come to a crash due to the effect of depression."

The statement in the report that "the year continued to be gloomy though the movement was able to maintain its ground without any serious set back" should make all persons interested in the economic improvement of the country think more seriously of the fundamentals of the co-operative movement. The picture depicted in the report is by no means true of Bengal alone. Other provinces seem to be more or less in a similar position. The large amount under overdues, the inability of the villager to repay the loan and the inefficiency of primary societies and central banks should be matters of deep concern to earnest co-operators.

Floods, draught, epidemics and unfavourable seasonal influences may prove serious obstacles and even create difficult situations. But it is only on such occasions that the co-operative movement should show its strength and serve as a valuable property to the agriculturist. It will be regarded as a failure if it does not help the agriculturist to tide over such periods. What should people think of a health department if, at the onset of epidemics, the sanitary system should breakdown?

The report before us should therefore open our eyes to the need for a thorough re-examination of the problem. Makeshifts such as increase of the establishment, consolidation, reduction in the rate of interest etc., will be only treating the symptoms and may not touch the root of the problem. The strength of the co-operative movement is the strength which the ignorant villager is in a position to give to it. Others may and should be willing to associate themselves with him but it should be our aim to make the villager bear the responsibility.

M. S. S.

Proceedings of the General Body Meeting of the Provincial Co-operative Union.

The meeting of the General Body of the Madras Provincial Co-operative Union was held in the premises of the Union on Saturday the 31st October 1936 at 12 noon. About 120 delegates attended the meeting. Mr. V. Ramadas Pantulu, President of the Union, occupied the chair.

(1) *Election of Honorary Members.*

The following 20 gentlemen were elected as Honorary Members:

1. Mr. V. Ramadas Pantulu.
2. „ V. Venkatasubbaiya.
3. „ R. Suryanarayana Rao.
4. „ V. Viyanna Pantulu.
5. „ G. Gulam Ahmed.
6. Dr. P. J. Thomas.
7. Prof. K. C. Ramakrishnan.
8. „ S. K. Yegnanarayana Iyer.
9. Rao Bahadur A. Vedachala Iyer.
10. „ C. Gopala Menon.
11. „ T. M. Narayanaswami Pillai.
12. Diwan Bahadur C. S. Ratnasabhapathi Mudaliar.
13. „ K. Deivasikhamani Mudaliar.
14. Dr. P. Gurumurti.
15. Rao Sahib L. C. Guruswami.
16. Mr. K. V. Raghavachariar.
17. „ K. L. Narasimha Rao.
18. „ P. V. Krishniah Choudhary.
19. „ A. R. V. Achar.
20. „ Y. Narayanamurthi.

(2) *Adoption of the Administration Report.*

Since the report was sent to all members in advance it was taken as read. The President called for remarks from members.

Mr. K. C. Ramakrishnan, from his experience as an examiner, observed that the syllabus for the five months' course was so voluminous that it was physically impossible for the students to grasp even the fundamentals of it; and so he pleaded for a nine months' course, if the same syllabus is to be continued, and in the alternative for a considerable reduction in the syllabus to suit the five months' course. Diwan Bahadur T. A. Ramalingam Chettiar explained that a four months' practical preliminary training was added to the course and that the same was found sufficient for their purpose. Messrs. O. A. Narayanaswami Iyer and V. Ramamurthi Pantulu criticised the present scheme of the training of supervisors. Mr. V. Ramadas Pantulu in his reply explained the origin of the Peripatetic Schools and the scheme of co-operative education. In reply to the criticism that there was unemployment among the trained men, he said, that the fault lay with the appointing authorities who neither employed trained men nor sent their staff for training. At the request of one of the members, Mr. Ramadas Pantulu explained the scheme of education in Telugu also.

Mr. S. S. Sankara Mudaliar said that the tone of the *Journal* must be improved. Mr. Ramadas Pantulu said that he would very much welcome suggestions regarding the improvement of the *Journal* and that they would also be published in it. Mr. K. C. Ramakrishnan, as a member of the Editorial Committee, took very strong objection to Mr. Sankara Mudaliar's remark and said that in the whole of India there was not a single provincial co-operative journal to compare with the *Madras Journal of Co-operation* in point of efficiency of views and news. He requested Mr. Mudaliar to compare this with other Indian Journals, to which Mr. Mudaliar said that he was speaking from his knowledge of foreign journals. Mr. Ramakrishnan remarked that foreign journals dealt chiefly with consumers' co-operation.

Mr. Nagaswami Iyer spoke about the necessity for more active propaganda by eminent co-operators in Tamil Districts and suggested that a substantial amount should be set apart for propaganda.

The report then was adopted.

(3) *Election of Office-bearers.*

President:—Mr. S. S. Sankara Mudaliar proposed that Mr. V. Ramadas Pantulu be re-elected as President. This was unanimously carried.

Vice-Presidents:—Diwan Bahadur T. A. Ramalingam Chettiar was re-elected as Vice-President. Mr. V. Ramamurthi Pantulu of Razole was elected as Vice-President in the place of Mr. A. Ranganatha Mudaliar.

Secretaries:—Mr. N. Satyanarayana, Mr. V. Venkatasubbaiya and Rao Bahadur A. Rajabadar Mudaliar were re-elected as Secretaries.

4. *Resolutions*:—Mr. V. Venkatasubbaiya moved the following resolution of which notice had been given:—

Add the following para to By-Law VI (1) after (*g*) and before the para beginning with 'The annual subscription etc.'

> It shall, however, be competent for the Executive Committee to enrol a society of class (*a*) which is unable to pay the annual contribution prescribed above in class (*e*). A society so enrolled shall have the rights and duties of societies belonging to class (*e*)

An amendment was proposed by Diwan Bahadur T. A. Ramalingam Chettiyar, which was as follows:

Amendment.

"The Executive Committee, subject to the ratification of the Board, shall have power to exempt partly or wholly any affiliated society for such time as the Committee may think fit from the payment of fees prescribed for membership."

The amendment was accepted by the mover and the amended resolution was passed.

The other resolutions of which notice had been given were ruled by the President to be out of order, since they were not in conformity with by-law XXX.

(5) *Election of Central Banks' representatives to the Board.*

The representatives of the Central Banks of the Tamil and Telugu districts met separately under the chairmanship of Diwan Bahadur T. A. Ramalingam Chettiar and Dr. P. Gurumurthi respectively and the following were elected to the Board of Management.

1.	Mr. Thangaswami Thalaiver.	Tamil Districts.
2.	„ Mahalingam Pillai.	
3.	„ Sivananda Mudaliar.	
1.	Mr. V. Venkatachalapathi.	Telugu Districts.
2.	„ P. Venkatasubba Reddi.	
3.	„ Pappayya Chowdhri.	
1.	Mr. P. Govinda Menon. ...	Malabar „
2.	„ Ullal Mangesh Rao ...	S. Kanara „

News and Notes.

On the occasion of the general body meeting of the Madras Government Servants Co-operative Building Society held on 15th November last, a portrait of Diwan Bahadur V. N. Viswanatha Rao, a former President of the Society, was unveiled by Diwan Bahadur N. Gopalaswami Ayyengar.

* * *

On the motion of the Home Member the Central Provinces Legislative Council enacted into law a Bill seeking to protect debtors from money lenders who rely on threat of violence rather than the process of law. The measure makes molestation and intimidation of debtors punishable with three months imprisonment or a fine upto Rs. 500 or both.

* * *

The members of the Executive Committee of the Co-operative Central Bank, Conjeevaram, led by Rao Bahadur A. Rajabadar Mudaliar, the President, waited recently on the Hon. Mr. P. T. Rajan, Development Minister, and urged on him the necessity of appointing a separate Deputy Registrar for the Chingleput District as the work of the societies had increased very much. The Minister promised to consider the matter with sympathy.

* * *

The co-operative movement in Sind has suffered a great loss by the death of Seth Fadoo Peeroo Khalikdina, a veteran co-operator and a Director of Sind Provincial Co-operative Bank. "As a co-operator his name will ever live on account of the agricultural colony that he founded at Sultanabad, a place between Hyderabad and Mirkhaspur. It is an ideal colony which caters to the needs of the agriculturists in a model way," says the *Sind Co-operator*.

* * *

The new Maharaja of Gwalior State, on the occasion of his investiture on the 2nd November last, announced the following measures of relief to the agriculturists: (1) remission of the dues they owe to the State amounting to Rs. 60 lakhs, (2) setting aside a sum of Rs. 25 lakhs for affording emergency credit to them in view of the present depression, and (3) provision of one crore of rupees for rural uplift work. It will be recalled that in January last His Highness the Maharaja of Baroda, on the occasion of the celebration of the diamond jubilee of his accession, constituted a similar special fund of one crore of rupees for rural uplift work, to which a reference was made in our February number.

* * *

A press communication from the Director of Public Information, Delhi, states that with an expenditure of nearly Rs. 2½ lakhs incurred upto the end of June last out of the rural development grant received from the Government of India, Madras is likely to have nearly 300 roads

besides numerous bridges and culverts. The villagers in some cases have volunteered labour and also given free gifts of lands for construction. As the grants have been made in the year of silver jubilee of the late King Emperor, the roads have been called jubilee roads.

* * *

The Registrar of Co-operative Societies, Madras, who visited Tiruvannamalai on the 6th November last had an informal meeting with the directors of the local land mortgage bank, in the course of which he stressed the necessity for more propaganda in order to bring in a large number of deserving ryots into the bank as its area of operations extended to nearly 300 villages. He advised the directors to divide the whole area into groups so that each group could be represented by a director, thus eliminating the habit of most of the directors coming from the town itself. He also advised the authorities of the local urban bank to issue freely jewel loans to poor members.

* * *

The *Hindu* in the course of a leading article on the "Organisation of Industry" points out that the success of industry in Sweden is mainly due to the development of consumers' co-operative organisations and we reproduce below its observations which will interest our readers.

"The secret of Sweden's success would appear to lie in the fact that consumers' co-operative organisations have sprung up; and these, using the brains and machinery of capitalists, have broken down private monopolies. The Swedish Co-operative Union, thanks to the support it has had from capable businessmen who are alive to their social obligations, have successfully beaten in competition huge trusts in flour, margarine, electric lamps and other necessaries. The flour mills and lamp factories organised by and working under the Swedish Co-operative Union have been able to bring down the prices of flour and lamps considerably and yet pay their way. The problem of housing has also been tackled with similar success on co-operative lines."

* * *

A conference of the Malabar District Co-operative Bank Inspectors and Supervisors was held at Calicut commencing from 31st October last for three days and it was presided over by Mr. V. R. Nayanar, one of the directors of the Central Bank. The chairman in his opening address explained the general principles of co-operation and the working of the movement in the district. The Executive Officer of the Bank after reading out some of the important sections of the Co-operative Societies Act, dealt with the duties and responsibilities of Bank Inspectors and Supervisors, particularly when they act as managers of societies. The Deputy Registrar of Co-operative Societies, Calicut, commended the agency scheme of rectification which arrested decay of societies and proved a happy media between stagnation and liquidation. The conference also arrived at certain important decisions, such as the case of 106 societies in the year and including those in which the work was completed in previous years, the total member of societies examined under the scheme was 590. Mention is also made in the report of the steady and satisfactory progress of the Gray Free Reading Room and Public Library and also of the necessity for a separate Deputy Registrar for the Chingleput District. The working of the Bank during the year resulted in a net profit of Rs. 43,857-7-0.

* * *

The Directors of the Salem District Urban Bank in their last annual report state that, in spite of the present economic depression, though not upto their level of the expectations, the collections made during the year cannot be considered to be unsatisfactory. Of all the unions in the district, as in the previous year, the Rasipuram Union showed the best results in the matter of collections, thus retaining the cup for the third year in succession and so becoming the permanent owner of it. During the year under review the Bank issued loans to the extent of Rs. 9·93 lakhs and recovered Rs. 8·42 lakhs. The percentage of balance to demand worked out to 40·7 and 4·3 under principal and interest respectively as against 40·4 and 5·6 in the previous year. The working of the two trading societies at Rasipuram and Tiruchengode which are being financed by the Bank was quite satisfactory. With the starting of a similar society at Salem in the year under report, the directors hope that Salem District would soon take a prominent place in the matter of co-operative marketing of agricultural produce. No mention had been made in the report on the working of the rectification scheme. For want of funds the rural reconstruction work at Komaragoundan Valasai was stopped. Excluding the sum of Rs. 15,000 carried to the Bad Debt Reserve during the year under review, the Bank made a net profit of Rs. 18,096-10-0 as against Rs. 25,479-2-0 in the previous year.

Books and Reports Received.

1 Report of the Madras Civil Veterinary Department (1935-36)
2 Report of the Madras Labour Department (1935-36).
3 Report of the Madras Industries Department (1935-36).
4 Report of the Madras Agricultural Department (1935-36).
5 Report of the Bengal Agricultural Department (1934-35).
6 Madras University Journal (July Number).
7 Year Book of Agriculture 1936.
8 A Brief History of the Co-operative Movement in Surat District.
9 14 Co-op. Pamphlets of the Bengal Co-op. Organisation Society.
10 Economics of Lac Industry in the Punjab.
11 Farm Accounts in the Punjab (1933-34).
12 An Economic Survey of Bhadas (Punjab).

List of Societies Registered in October 1936.

Serial No.	Name of Society.	District.
1	Ongole Kalavanthula Co-operative Better-living Society, Ltd.	Guntur.
2	Kadiri Loan and Sale Co-operative Society, Ltd. ...	Anantapur.
3	Madras Provincial Marketing Society, Ltd. ...	Madras.
4	Madras Government Medical Store Department Employees' Co-operative Society, Ltd. ...	„
5	Madras Karunigar Co-operative Better living Society, Ltd.	„
6	Pattu Co-operative Milk Supply Society, Ltd. ...	Chingleput.
7	Thirunageswaram Co-op. Milk Supply Society, Ltd.	
8	Erayamangalam Co-op. Milk Supply Society, Ltd.	
9	Usannagaram Co-op. Milk Supply Society, Ltd. ...	
10	Kuttamabakkam Co-op. Milk Supply Society, Ltd.	
11	Padianallore Co-operative Milk Supply Society, Ltd.	
12	Pudur Co-operative Loan & Sale Society, Ltd. ...	Tinnevelly.
13	Palamcottah Co-operative Building Society, Ltd. ...	„
14	Tiruthuraipundi Co-operative Sale Society, Ltd. ...	Tanjore.

List of Societies Cancelled in October 1936.

Serial No.	Name of Society.	District.
1	Pakshikara Co-operative Society	S. Kanara.
2	Arani Co-operative Society	Chingleput.
3	Kondavaram Co-operative Society	East Godavary.
4	Arcot Depressed Class Co-operative Society ...	N. Arcot.
5	Medapadu Co-operative Society	East Godavary.
6	Karavad Co-operative Society	Malabar.
7	Manisseri Adi-Dravida Co-operative Society ...	„
8	Thattankulampatta Co-operative Society ...	Ramnad.
9	Kavathikulam Co-operative Society	Malabar.
10	Ayyankoilpattu Co-operative Society	S. Arcot.
11	Z. Sithikada Kumarappalayam Co-op. Society ...	Chingleput.
12	Mandavalli Co-operative Society	Madras City.
13	Kalakad Weavers Co-operative Society ...	Tinnevelly.

Registrar's Circulars.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
R. Dis. B. 6486/36. *Madras, Dated 18th November 1936.*

M. R. Ry. K. RANGASWAMI NAYUDU GARU, B.A.,
Joint Registrar of Co-operative Societies.

CIRCULAR.

Sub :—By-laws—managers appointed under by-law 62 (ii)--powers of —amendments to model by-law—suggested.

It has come to the notice of the Registrar that the working of societies under managers appointed under model by-law 62 (ii) is greatly hampered as the managers' powers are restricted and as they merely act as 'collection agents.' It seems necessary to invest the managers with powers to grant new loans to deserving members subject to the condition that the borrowing and lending of money by the manager is done with the previous approval of the financing banks. As regards the purchase and sale of lands on behalf of the society and the refund of share capital to members, the manager may also obtain the previous consent of the Central Bank. In the matter of admission of members and allotment of shares, filing of arbitration references and applications for execution of awards, the manager can act on his own responsibility in accordance with the by-laws.

2. In supersession of the model by-law (No. 62 (ii)) suggested in Registrar's Circular No. R. Dis. B. 911/34 dated 16-2-34, the Registrar is pleased to prescribe the revised by-law appended to this circular All the district officers are requested to see that societies in their districts adopt the revised by-law with the least possible delay. The Central Banks are also requested to advise societies affiliated to them to fall in line with this suggestion.

MODEL BY-LAW.

"Whenever it is found that the panchayat elected under the by-laws of the society does not function properly the general body may, for a specified period or periods, place the management of the society in the hands of a single person appointed by them from among themselves or outsiders. The appointment shall, however, be subject to the vote of the Registrar. The person so appointed shall be called the manager and he shall have all the powers of the panchayat under the by-laws. In the matter of admission of members and allotment of shares, filing of arbitration references and application for execution of awards, he shall act on his own responsibility in accordance with the by-laws. But he shall obtain the previous approval of the central bank in the following matters:

1. Borrowing money.
2. Grant of loans to members.
3. Refund of share capital to members either by adjustment or in cash.

and 4. Purchase and sale of lands on behalf of the society."

Second para same as in the existing model.