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The Late Sir Lallubhai Samaldas.

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Editorial Notes.

The Late Sir Lallubhai Samaldas.

The co-operative movement in India lost its oldest and most respected leader in the death of Sir Lallubhai Samaldas on the 14th of October. His lovable nature is well brought out in Mr. Adinarayana Chettiar's pen-picture of him, and the varied services rendered by him to the cause of co-operation and the building up of Indian industries are recounted in the speech made by Mr. V. Ramadas Pantulu—Sir Lallubhai's successor as President of the All-India Co-operative Institutes' Association—at the meeting of co-operators held in Madras under the auspices of the Provincial Co-operative Union to mourn the loss. The affection and gratitude of co-operators for Sir Lallubhai is enhanced by the fact that his son, Mr. V. L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank, is one of the ablest and most sincere leaders of the movement. To have produced two such leaders of co-operation is indeed a rare distinction for a family. Co-operators of this province have had the pleasure of holding their provincial conference under the presidentship of both of them. We convey their deepest sympathy to Mr. Mehta and the other members of the family in their sad bereavement.

Our Land Mortgage Banks.

The Central Land Mortgage Bank, which suffered an irreparable loss last May in the death of its indefatigable president, Sir M. Ramachandra Rao, had otherwise a very successful year. It was able to issue new debentures worth nearly Rs. 33 lakhs at 3½ per cent, and to convert Rs. 13·62 lakhs of 5 per cent debentures into those of 4 per cent. It issued loans to primary land mortgage banks to the extent of Rs. 33 lakhs and collected from them all the interest and instalments of principal due without there being any arrears under either head—an achievement on which it should be heartily congratulated. The total amount of outstanding loans due to the Bank was Rs. 78·66 lakhs; for which the properties mortgaged to it are valued by departmental officers at Rs. 253 lakhs, or nearly four times the mortgage amount. It is this wide margin of safety and the strictness with which dues are collected that form the foundation on which the reputation of the Bank is built. Its directors are able to say in its latest annual report. "The present borrowing rate of the Bank on its debentures is 3 per cent and therefore the present lending rate of the Bank is 4 per cent and the ultimate borrower will get his loan at 5 per cent." They also say that the Bombay market is taking interest in the Bank's debentures and that arrangements have been made to make payments to Bombay investors in Bombay. Its reserve fund rose during the year from about Rs. 44,000 to over a lakh of rupees.

All the primary land mortgage banks could not of course be expected to work as satisfactorily as did the Central Land Mortgage Bank. It is gratifying to note, however, that the large majority of them showed no arrears in interest or instalments of principal in the amounts due to them from their members. We are told in the report of the Central Bank that all these banks showed considerable activity and the directors have shown commendable energy in the working of their banks. The total amount in arrears to these banks was about Rs. 50,000, but nearly three-quarters of it was due to decreed and closed loans. Under a former by-law if an instalment became overdue for three months the loan itself had to be closed and an application filed for arbitration. The overdues thus became unduly bloated. The by-law has now been amended so as to permit the reopening of loans when the overdue instalments are paid. On the whole we have every reason to be satisfied with the work of our land mortgage banks.

Their Conference.

At the time of the annual general meeting of the Central Land Mortgage Bank it is usual for the representatives of the primary banks to hold a conference for the discussion of the problems affecting them. This year's conference was opened by the Hon. Sir Geoffrey Bracken, Finance Member. In requesting him to open the conference, Diwan Bahadur T. A. Ramalingam Chettiar gave a brief account of the progress of land mortgage banks in this province, complained that the Debt Conciliation Act had not yet been brought into force, pleaded for a lowering of the rate of interest on Government loans to agriculturists, and urged on the attention of Government the necessity to steadily pursue the policy of expanding land mortgage credit by organising new primary banks, appointing Sub-Deputy Registrars in an adequate number and raising the amount of guarantee on debentures. He also appealed to Government not to insist upon the payment of contribution for the services of Government officials who were helping the land mortgage banks. The Finance Member in his speech expressed gratification at the Central Land Mortgage Bank being able to float its debentures at 3 per cent. He pointed out that there was at present a difficulty in Government reducing its rate of interest on loans to agriculturists as it had itself borrowed from the Government of India at a comparatively high rate of interest. He expressed the hope that a reduction might be possible when it raised funds at cheaper rates of interest by means of provincial loans. As was to be expected, he gave no hope of Government waiving the contribution for the services of their staff, in view of the Bank's ability to pay and of the claims of other departments for funds. He pointed out that in trying to afford relief to the indebted agriculturist care should be taken not to undermine the basis of his credit by entertaining ideas like cancelling his debts in whole or in part; and that the real remedy lay in increasing his earning capacity and teaching him to live within his means. He suggested that the land mortgage banks should show in their reports how much of the loans issued by them to their members was for productive purposes and how much for unproductive purposes; and that before issuing loans for clearing unproductive prior debts, their scaling down reasonably should be insisted upon. We trust that the proceedings of the conference published elsewhere will be read with interest and profit.

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Amendment of Rules under the Act.

In the issue of this *Journal* for May last an instalment of amended Rules was published. Another instalment is now published. The amendments included in this instalment, it seems, were published in the *Fort St. George Gazette* of the 26th May last for eliciting public opinion on them. No objections or suggestions were received by Government within the period allowed in the notification, and so the amendments are confirmed subject to slight alterations. It has been the practice of the Registrar to draw the attention of societies and of co-operative journals to proposed amendments, with a view to elicit the opinion of co-operators on them. We do not know why in the case of the present instalment such action was not taken. Even the daily papers did not draw attention to them. Co-operators who, cannot indeed be expected to subscribe for the *Gazette* and scan its pages week after week, come to know of these amendments after the stage of suggestions is past. It is possible that the Department was under the impression that there would be no difference of opinion about these amendments and therefore did not send them to societies as usual. But co-operators will appreciate such references being made to them, irrespective of what their opinions are rightly or wrongly assumed to be.

Two of the amendments relate to the reserve fund. One of them permits the utilisation of the whole of it in the business of a society which is prohibited by its by-laws from borrowing either from members or non-members. The other one lays down in greater detail than formerly how the surplus reserve fund of a liquidated society may be utilised. In the case of a financing bank or a supervising union such surplus is to be handed over to the financing bank or union which serves the area concerned; and if none such exists, it is to be kept waiting till another financing bank or union is formed for the area. In the case of a society other than a financing bank or a supervising union, the surplus may be used as formerly for a local object of public utility, but with the added restriction that it should be 'within the area in which the dissolved society carried on its operations.' This restriction seems to us to be unnecessary and even undesirable. After all, the surplus can be utilised only for an object approved both by the general body of the dissolved society and the Registrar. Outside its area of operation, yet near enough to form a local object, there may be a deserving institution like a hostel or an industrial school, benefiting the people

of the village where the dissolved society was. Why should its members and the Registrar be deprived of the right to help such an institution? The effect of the new rule will be that such surpluses will be frittered away on less deserving objects.

Of the other amendments, one sets out the disabilities of a defaulting member in a form which is an improvement over the previous rule on the subject. The others deal with some matters of detail concerning the execution of decrees and the sale of properties. We dare say these amendments were dictated by the practical difficulties encountered in the execution of decrees and the sale of properties. But when such amendments are proposed it is better that the need for them in each case is explained and, as we have already said, the opinions of co-operators, at least of their representative institutions, are specifically invited.

Rules under the Debt Conciliation Act.

Draft rules under the Debt Conciliation Act have at last been published. Objections and suggestions, it is notified, will be received upto the 20th November. From the nature of these rules we do not expect there will be much objection to them from any quarter. They purport to come into force from the 1st December next. We take it to mean that the Government propose to constitute some boards early enough for them to begin work about the 1st December. If that be done we should indeed be thankful, especially as the Government have taken such a long time to frame the rules, which by their nature do not at all justify the time taken. In all administrative matters the Conciliation Boards in each district will be under the Collector, who will appoint and control the staff required for each Board. But the success or failure of a Board will depend chiefly upon the suitability or otherwise of the Chairman. The success of the Boards in the Central Provinces is due to the happy choice of the Chairmen and the tact and devotion which the latter have brought to bear upon their work. There are many retired District and Subordinate Judges in our province who would make excellent Chairmen and who would be glad to serve their countrymen in this capacity. We hope that in constituting these Boards, the Government will not be swayed by political or communal considerations but will choose only tactful and earnest men in whose fairness the creditors will have confidence. Otherwise the Boards may prove a failure.

Bombay Provincial Bank.

Referring to our comments last month in comparing the working of the Provincial Banks of Bombay and Madras, Mr. V.L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank, writes:

"I regret that the figures of the income and expenditure on interest earned and paid shown in the profit and loss account of the Bank are so presented as to lead you to conclude that the average rate of interest earned by the Bank is over 8 per cent and the average rate of interest paid on deposits is over 6 per cent. In the figures as shown in the statement, the amount of interest received from and paid to Branches is included. These gross figures do not, therefore, convey a correct idea of the position, and in future it is proposed to show only the net figures. I may note for your information that the average rate of interest paid on borrowings is about 3 per cent as in Madras, and the average rate of interest earned on advances and investments is in the neighbourhood of 4½ per cent."

We confess we do not understand, even after Mr. Mehta's explanation, by what process the gross and net figures are worked out. But we are glad to publish the fact that the rates of interest on both deposits and lendings are about the same in Bombay as here. In fact, one would expect them to be a little lower there, as Bombay has far more money to invest than Madras.

Supervisors' Conference.

We have received interesting reports of conferences of supervisors held at Vellore and Madura in the months of September and October respectively. The Deputy Registrars of the districts and the Presidents and Secretaries of the Central Banks concerned took part in these conferences and offered sound and useful advice to the supervisors calculated to make them more efficient workers in the field. Interesting as the proceedings are, we are unable to publish them for want of space. One piece of advice given to the supervisors at both the conferences, to which we would like to draw prominent attention, is that the work of collection should be attended to at all favourable seasons, that is, throughout the year and not concentrated at the fag end of the co-operative year, as is now generally done with a view to bring down the figures of overdues in the administration report. It is interesting to note that at the Vellore conference, supervisors whose work in the matter of the revision of property statements, the rectification of the defects shown in audit reports etc., was unsatisfactory, were invited to relate without reserve the practical difficulties encountered by them. But from what they said it turned out that the unsatisfactory state of their work was mostly due to their own neglect, and they were consequently warned to be more careful in the future at the risk of losing their jobs. At that conference clear instructions were given about the preparation of loan applications, the securing of ill-secured loans, the proper maintenance of registers etc. New forms were also introduced to help the supervisors to carry out their varied duties. The proceedings of the conference have been drawn up in detail and copies supplied to the supervisors and others concerned for reference and

guidance. We recommend that this practice be followed by other banks also when they call such conferences. The proceedings show how useful these conferences could be.

The Debate on Agricultural Indebtedness.

On the 24th September Mr. N. C. Chunder moved a resolution in the Assembly urging the appointment of a committee of officials and non-officials with a majority of the latter, to enquire into the causes of agricultural indebtedness and to suggest remedial measures. It was opposed by Government but passed by a majority of 74 to 41 votes, constituting almost a record defeat for Government. The main arguments adduced by those who opposed the resolution were that the causes of the Indian agriculturists' indebtedness were fairly well known, that they had been dealt with by the Royal Commission on Agriculture and by the Central and Provincial Banking Enquiry Committees, that various remedial measures, including special pieces of legislation, had been taken by several provinces, that it was not yet time to appraise their results and that as the subject was a provincial one it was not desirable to appoint an All-India committee within a few months of the time when the provinces would begin to enjoy a great measure of, if not complete, autonomy. If inspite of these arguments the elected representatives of the people, and some others also, solidly voted for the resolution, it was because they felt that the importance of the subject demanded action on a country-wide scale, and that an enquiry of the kind suggested would help and not hinder the provincial Governments in adopting remedial measures. Our province, for instance, should welcome the appointment of the enquiry committee suggested by Mr. Chunder, though only last year an enquiry into the agricultural indebtedness of this province was conducted by Mr. W. R. S. Sathianathan, I.C.S. His report was very interesting, but almost all his recommendations had to be set aside by Government when examined with the help of departmental experts. The recommendations of a committee have the advantage of being made after a due consideration of different points of view and therefore of being more balanced.

Of special interest to co-operators is the fact that Mr. M. L. Darling, the well known former Registrar of Co-operative Societies in the Punjab and writer on co-operative subjects, made an important contribution to the discussion in the Assembly. He admitted that the Indian agriculturists' debt was excessive compared to his resources, but it was also the case in twenty other countries. Compared with the Punjab ryot, the Italian peasant was more indebted. Among remedial measures Madras had made a success of Land Mortgage Banks, the Central Provinces of Conciliation Boards and the Punjab of the consolidation of holdings. He would have despaired of a permanent solution, said he, had the co-operative movement not shown the way. His speech was much appreciated and applauded. But if anything, it made out a case for the suggested enquiry.

Consumers' Co-operation in U.S.A..

Consumers' Societies have made astounding progress in the United States of America in recent years, especially during the depression. There are at present 6,500 societies with a total membership exceeding 2 millions and an annual turnover of 365 million dollars. The first successful societies were of the Rochdale type established by the Finnish and Czechoslavak emigrants in the North Central States in 1910. In 1917 they started a tiny wholesale society with a capital of only 15·50 dollars. In 1935 it had 100 societies affiliated to it and a trade of nearly 2 million dollars. There are more important other regional wholesale societies in the country. Recently there has been a most interesting development in the Western States in societies of farmers for the distribution of petrol, rubber tyres, feeds, fertilizers and other farm requisites, in spite of the opposition of big oil companies. Now an organisation known as the Consumers' Distribution Corporation has been started by Mr. Edward A. Filene who has given a capital of a million dollars. It has a directorate consisting of the leaders of the consumers' movement with himself as president. Its object is to link up the societies in a central unit for purchase and management, to supply expert staff, to carry on research and render other services demanded by modern business conditions. The Western countries and Japan are so energetic. That is what we have yet to learn to be.

Dr. Kagawa.

We have much pleasure in publishing in this number two extracts, one an article on 'Some fundamental principles of Co-operation' by Dr. Toyohiko Kagawa from *The Review of International Co-operation* and the other an article on Dr. Kagawa from *The Co-operative Review.* Dr. Kagawa is a very interesting personality who is exercising a spiritual influence on his countrymen in Japan which is compared to that exercised by Mahatma Gandhi in India. He is an earnest Christian who believes the profit motive to be incompatible with a true Christian view of life. He has lived and worked in the slums of Japan and has been sent to prison for having been the friend of labourers when they went on strike, by a Government which looked upon labour troubles as a hindrance to the industrial development of the country. Dr. Kagawa obtained his Doctorate in Divinity in an American University and is listened to with much respect by American audiences. In his recent tour in America he preached the message of co-operation from numerous pulpits to people brought up in the economic doctrines of competition and made them think. To us he represents a powerful cultural influence in a sister Asiatic country, of whose work and teachings we should possess some knowledge at least.

The Mysore Co-operative Committee

By V. Venkatasubbaiya.

The Committee on Co-operation in Mysore, of which Diwan Bahadur K. S. Chendrasekhara Aiyar, retired Chief Judge of the Mysore High Court, was president, should be congratulated on the excellence of their report. Though it has not reached the level of the Maclagan Committee's report, the classic of Indian co-operative literature, it certainly reminds one of it by its range and lucidity of exposition. Studends of co-operation even outside the Mysore State will do well to study it carefully. The total cost of the Committee was less than Rs. 9,000. We should think no other committee has produced a valuable report at so little cost to the tax-payer. The report proper and the minutes of dissent cover some 240 pages. The Government have done well in making it available to the public for 0-12-0. Below are discussed some of the opinions and recommendations of the Committee.

The report naturally begins with a brief survey of the development of the movement in the State since its inception thirty years ago. The number of societies went on steadily increasing upto 1930-31 when it reached the figure 2,213; but thereafter it has fallen from year to year to 1998 it 1934-35. There has, however, not been a corresponding decrease in the total membership and working capital of societies, though there was a decrease in membership in 1934-35 and in working capital in 1933-34. This decrease in the number of societies during the last five years is due to the policy of rectification, and consolidation followed in the State as elsewhere in India, in consequence of which few new societies were registered and a number of dormant and bad societies were liquidated. The number of societies liquidated during 1933-34 and 1934-35 was particularly large—110 in each year. One of the most important findings of the Committee is that this policy of caution in starting new societies and of liquidating old ones has been carried too far. The Committee say:

> "Nor is it one which can be indefinitely pursued if the movement is to grow and thrive. As a matter of fact, it is to be feared that the stress laid on caution and consolidation is having the untoward consequence of starving even good

societies and honest members. The danger of stagnation has become real; and the question whether the pace of advance in organisation and development cannot now be accelcrated is assuming importance."

While admitting that there is, indeed, much in the present aspect of the movement which requires correction, many points that demand additional attention and some directions in which a change of system is called for," they are of the opinion that "the movement itself is sound at the core. The monies invested in it at present are, generally speaking, safe." They therefore recommend that liquidation, which is not a preventive but a punitive measure, should be postponed as far as possible till milder remedies have been tried and found ineffective.

> "It should only be resorted to when all methods of recovering arrears—persuasive or coercive—are exhausted and most of the outstanding debts are either bad or irrecoverable. Indeed after liquidation the process of recovery becomes even more formidable than before. Alienation of properties and combinations among villagers are very common. Further, the economic depression and the fall in land values have brought about a scarcity of bidders and added to the difficulties of liquidation. To resort to hasty and indiscriminate proceedings for liquidation in order to recover sums due is to adopt the policy 'of kill rather than of cure.'"

The Committee recommend further in this connection that a rule should be prescribed requiring two months' clear notice to be given to the society which it is proposed to wind up, specifying the ground for the proposed order.

It is an interesting fact that unlike in other parts of India the co-operative movement in the Mysore State is more non-agricultural or urban than agricultural or rural, as the following figures for 1934-35 show:

		Agricultural.	Non.Agricultural
No. of Societies	...	1,527	440
„ Members	...	64,165	75,883
		Rs. in Lakhs	Rs. in Lakhs
Share Capital	...	11.29	33.54
Reserve Fund	...	11.81	13.96
Deposits	...	5.19	50.68
Total Working Capital	...	53.50	109.00

The recommendations applying to non-agricultural societies will therefore be looked upon by co-operators in the State as of more than usual importance, and such difference of opinion among the members of the Committee as found expression was regarding some of them. But it must be said to the credit of the Committee as a whole that the points on which there has been dissent are very few and in our opinion of minor importance. One such point is the general body's power of revising the decisions of the managing committee. The whole Committee recommend that the respective functions of the general body and the managing committee should be clearly specified in the by-laws. The whole Committee also agree that the general body has the power of revision. But while the majority hold that this power is inherent in the general body and need not be specifically reserved for it by the by-laws, the minority hold that when certain functions are delegated to the managing committee by the by-laws they can be exercised only by the managing committee, and if the general body wants to revise the actions of the managing committee it should reserve to itself that power specifically in the by-laws. The minority say, "If the general body has got the inherent power to interfere with the actions of the committee done in the exercise of powers conferred by the by-laws, then the allocation of functions in the by-laws, instead of being clear and difinite in these respects, will be vague and indefinite......... ...Whenever the general body feels that any power conferred on the managing committee is not properly exercised by that committee, the proper course for the general body is to dismiss that committee and install a new committee who would carry out their wishes or to amend the by-law withdrawing that power or reserving for itself the power of revision." Both for logic and expediency this view commends itself to us.

Another point of dissent is the desirability of requiring members of managing committees to possess a certain number of shares or to keep a deposit of a certain amount with the society, so that only men with some stake in the society may be put in charge of its management. The majority of the Mysore Committee are opposed to the imposition of such restriction or qualification, holding the view that it is undemocratic and also likely to be ineffective. The minority believe that in the conditions prevailing in urban societies at present, where the electorate does not always act with a full sense of responsibility and where all kinds of electioneering methods are employed, a special qualification is desirable. It is natural for opinion to be divided on this point. The practice in societies also is not uniform. At the recent conference which the (Acting) Registrar of Madras held with selected representatives of urban banks, there was difference of opinion on this point, the majority being in favour of restriction. Another subject of dissent is the size of a society, the majority of the Committee recommending that when the membership of a credit society reaches 1500, or in special cases with the permission of the Registrar 2000, it should not be allowed to admit new members. The minority point out that even a membership of 1500 is too unwieldy to enable each one of the share-holders to make his voice felt in the meeting and that the remedy lies not in curtailing the number of members but in introducing the representative system which obtains in the larger societies of European countries and of Japan. Co-operative opinion in this province is in agreement with this view.

The report contains a very useful paragraph on unlimited liability. It says:

> "The law does not specifically define unlimited liability and occasionally all the obligations involved in the term are not well understood. The "liability" of members is in law their liability for the debts, if any, of the society, and it only arises when the society is wound up and the assets prove insufficient. Where the liability is unlimited, that is, not limited by shares or guarantee, the deficit is recoverable by a series of *per capita* levies upon the members to the full extent of their property."

While reiterating the orthodox view that unlimited liability is the proper kind of liability for small villages, the Committee have however recommended that 'in special cases, where members are prepared to take adequate reserve liability on their shares, an agricultural credit society may be permitted to be formed on a limited liability basis.' This is no doubt going some distance in the right direction, in our opinion. But we wish that the Committee had taken note of the fact that in Japan unlimited liability has been recently substituted with limited or reserve liability and that they had recommended freedom to members to choose their liability—unlimited, reserve or limited.

One of the recommendations of the Committee is that provision should be made in the by-laws of Societies for the compulsory retirement by rotation of a certain proportion (between a third and a fourth) of committee members every year, and their replacement by

new members. While retirement of a portion of the committee each year by rotation is a good provision, we do not think the disqualification of a retiring member from seeking re-election is healthy. The Committee have given their approval to a rule recently passed by the Government that "no person shall be elected or appointed as Honorary Secertary of a Society, if he has acted as such Secretary for a continuous period of three years preceeding such election or appointment except on the sanction in writing of the Registrar or the Assistant Registrar." We guess the object of this rule is to save societies from those secretaries who for the sake of the honorarium bring to bear unhealtsy influences on the electorate. But we fear the remedy thought of is worse than the evil. It will lead to secretaries going after the officials for certificates and canvassing votes on their strength. It will needlessly prevent good men from being re-elected to office. In societies which cannot afford to employ competent paid staff the enforcement of this rule may convert success into failure.

The store societies are a particularly important class in the Mysore State—more important than anywhere else in India, relatively to its size and population. In 1934-35 there were 84 store societies with a membership of 17.488 and a working capital of 22,18 lakhs. Their turnover during the year was Rs. 27 lakhs. It is common for store societies in the State to have a banking or credit department. The Committee note that this combination has both advantages and disadvantages. Their recommendation is that "when the store section has established itself as a growing concern with adequate capital, there is every reason why it should separate itself and arrange for expert management." The store societies in Mysore differ from those elsewhere, *e.g.*, in Madras Presidency, in that the prices of articles are fixed on cost price and not with reference to the prices prevailing in the market, and in that they allow credit sales. With reference to prices, the Committee recommend that they should be fixed with reference to market rates and should be altered from time to time so as not to vary markedly from market rates. With reference to sales, they recommend that cash sales should be the rule, but where credit is allowed it should be restricted to members and to the extent of their share or other assets in the society. We welcome these recommendations. The Committee have discussed the question of starting a Central Store or Wholesale, but recognise that there is no real demand for it and that the required capital and skill in management may not be forthcoming.

2. For societies with a working capital exceeding Rs. 10,000 but not exceeding Rs. 20,000.	Eight annas per hundred rupees for the first Rs. 10,000 plus 4 annas per hundred rupees of working capital in excess of Rs. 10,000.
3. For societies with a working capital exceeding Rs. 20,000 but not exceeding Rs. 50,000.	At the above rate upto Rs. 20,000 plus 2 annas per hundred rupees of working capital in excess of Rs. 20,000.
4. For societies with a working capital of over Rs. 50,000.	At the above rate upto Rs. 50,000 plus 1 anna per hundred rupees of working capital in excess thereof, subject to a maximum of Rs. 350.

It will be observed that different scales are not fixed for Central Banks and primary societies as here and that Rs. 350 is the absolute maximum. There is no reason why the Mysore system, with the scale of fees recommended above, should not be adopted in this province also.

The Scheme of Co-operative Education.

BY MR. K. G. SIVASWAMY, B.A.

The Government order on the Scheme of Co-operative Education has recently been published. It states that the Government of India have ear-marked a sum of three lakhs of rupees to the Madras Presidency, (i) to train the existing staff, official and non-official, employed in the various provinces and (ii) to educate members of co-operative societies more especially the office bearers and members of committees on the by-laws and elementary principles of co-operation. It should be noted that the grant is a non-recurring grant and therefore the purposes chosen should be such that they automatically extinguish themselves within the period of the grant and secondly they lay sound foundations for the recurring work from year to year of co-operative education. The scheme sets apart a sum of Rs. 15,000 annually for the training of Junior Inspectors. 48 Inspectors are to be paid every year a stipend each roughly Rs. 310 for a practical course of three months and a theoretical course of ten months. One wonders why, when young men are willing to spend their own money and get trained in co-operation and pass tests, Government should be so solicitous to spend the tax-payer's money on every young man selected by the Public Service Commission not for any special qualifications but on the basis of his general qualifications. The scheme provides for the training in non-credit work of thirty men for two months every year at an expenditure roughly of Rs. 2,800. This amount is to be spent on the travelling expenses of 10 departmental Inspectors and the pay of the substitutes when they attend this course. If the object of the course is to give sufficient training to Inspectors, it can be better done by visits to good societies. Non-credit societies are not going to be better managed by this training for two months for non-official employees. A Refresher course at the Central Institute for discussion of practical questions by the non-credit staff, official and non-official, is no doubt desirable. Possibly these temporary courses are intended as such. But they cannot take the place of a permanent arrangement for training in non-credit work.

The scheme, again, provides for a three months' training in the Institute for Secretaries and Managers of Central and Urban Banks.

District Central Banks have been a failure in Mysore. The Committee therefore recommend that the Provincial Apex Bank should serve as the finaning bank of all the primary societies in the State, starting branches gradually in all important places beginning with Mysore City. They rightly recommend that it should discontinue issuing loans to individuals. They do not approve of the giving of loans to non-member depositors on the security of their deposits, a practice which is found also in the Madras Presidency. They however recommend that facilities may be offered to depositors to withdraw portions of deposits before maturity at reduced rates of interest at the discretion of the Bank. Monies so withdrawn would not be loans. To the depositors this course should be even more acceptable than taking regular loans.

One of the problems of the co-operative movement in Mysore is the Bangalore Central Co-operative Bank. As a central bank it was older than the Provincial Apex Bank. After the latter was started it competed with it for some years. The Lallubhai Samaldas Committee recommended its amalgamation with the Apex Bank, and on its refusal to amalgamate itself with the latter, the Government permitted it 1925 'to be converted into an urban bank with a provincial jurisdiction, dealing solely with individual share-holders throughout the State, with the restriction that, to avoid competition with primary societies in rural areas, it should not grant loans below Rs. 2,000 to individual share-holders outside the Bangalore City.' To an outside observer its continued existence as a co-operative institution appears to be a concession made to the vested interests of certain influential persons. By contenting themselves with expressing the hope that it may become in future the financing bank of industrial societies, the present Committee seem to have only evaded the problem of its anomalous existence.

The Committee note that the rates of interest charged by the Provincial Bank range between 5 and 7½ per cent and those charged by primary societies between 7½ and 12 per cent. They observe that a margin of 2½ to 3 per cent is ample and a reduction of interest on agricultural loans is particularly desirable. They recommend that a general revision of rates should be taken up by the Department under the orders of Government and necessary action taken with the co-operation of the Provincial Bank and the principal urban banks. It should be possible for the Provincial Bank to issue loans at present to all primary

societies at 5 per cent and even less, as the Madras Provincial Bank is doing, and for the primary societies to make loans available to their members at 7 or 7½ per cent. Mysore has an advantage over Madras and Bombay in that the money does not have to pass through intermediary Central Banks wanting a margin for themselves. The Committee recommend that when in the future the rates are lowered, a similar benefit should be given to the existing borrowers by means of a rebate.

Writing about the employment of the reserve fund, the Committee observe, "In societies of unlimited liability, the bulk if not the whole of the reserve fund may be used in their ordinary business as working capital." If we had no problem of overdues and bad debts to face in our primary societies, this recommendation might have been unexceptionable. But that is not the case. "The first function of the reserve fund is, of course, to cover bad debts," as the Committee recognise. If the reserve fund is used as working capital and is itself involved in bad debts, how is it to be available to cover them? In an article published in this *Journal* recently the Registrar of Co-operative Societies in Burma deplored that the reserve fund had been permitted there to be used as working capital and was not available to be set off against bad debts and for mitigating the enforcement of unlimited liability. Whatever the practice in Mysore may have been hitherto, the Government will do well to order hereafter that the reserve fund of credit societies shall be invested outside.

Members of non-agricultural societies in this province are very much exercised over the scale of audit fees levied by the Government. They should be very much interested to know the scale recommended by the Committee for societies in Mysore. Under orders passed by Government in 1925, say the Committee, Provincial and Central Banks and Urban Credit Societies are required to get their accounts audited by certified auditors selected by them from a list approved by the Registrar. The following is the remuneration recommended for them by the Committee, based on the working capital and fixed on a sliding sclale.

1. For societies with a working capital of or exceeding Rs. 5,000 but not exceeding Rs. 10,000.	Eight annas per hundred rupees of the working capital.

2. For societies with a working capital exceeding Rs. 10,000 but not exceeding Rs. 20,000.	Eight annas per hundred rupees for the first Rs. 10,000 plus 4 annas per hundred rupees of working capital in excess of Rs. 10,000.
3. For societies with a working capital exceeding Rs. 20,000 but not exceeding Rs. 50,000.	At the above rate upto Rs. 20,000 plus 2 annas per hundred rupees of working capital in excess of Rs. 20,000.
4. For societies with a working capital of over Rs. 50,000.	At the above rate upto Rs. 50,000 plus 1 anna per hundred rupees of working capital in excess thereof, subject to a maximum of Rs. 350.

It will be observed that different scales are not fixed for Central Banks and primary societies as here and that Rs. 350 is the absolute maximum. There is no reason why the Mysore system, with the scale of fees recommended above, should not be adopted in this province also.

The Scheme of Co-operative Education.

BY MR. K. G. SIVASWAMY, B.A.

The Government order on the Scheme of Co-operative Education has recently been published. It states that the Government of India have ear-marked a sum of three lakhs of rupees to the Madras Presidency, (i) to train the existing staff, official and non-official, employed in the various provinces and (ii) to educate members of co-operative societies more especially the office bearers and members of committees on the by-laws and elementary principles of co-operation. It should be noted that the grant is a non-recurring grant and therefore the purposes chosen should be such that they automatically extinguish themselves within the period of the grant and secondly they lay sound foundations for the recurring work from year to year of co-operative education. The scheme sets apart a sum of Rs. 15,000 annually for the training of Junior Inspectors. 48 Inspectors are to be paid every year a stipend each roughly Rs. 310 for a practical course of three months and a theoretical course of ten months. One wonders why, when young men are willing to spend their own money and get trained in co-operation and pass tests, Government should be so solicitous to spend the tax-payer's money on every young man selected by the Public Service Commission not for any special qualifications but on the basis of his general qualifications. The scheme provides for the training in non-credit work of thirty men for two months every year at an expenditure roughly of Rs. 2,800. This amount is to be spent on the travelling expenses of 10 departmental Inspectors and the pay of the substitutes when they attend this course. If the object of the course is to give sufficient training to Inspectors, it can be better done by visits to good societies. Non-credit societies are not going to be better managed by this training for two months for non-official employees. A Refresher course at the Central Institute for discussion of practical questions by the non-credit staff, official and non-official, is no doubt desirable. Possibly these temporary courses are intended as such. But they cannot take the place of a permanent arrangement for training in non-credit work.

The scheme, again, provides for a three months' training in the Institute for Secretaries and Managers of Central and Urban Banks.

It has provided for an expenditure of Rs. 4,000. It looks rather doubtful whether such a training for a short period of three months, to be continued for five years only as in the case of non-credit training, will be a substitute for a permanent arragement for the supply of trained men in agricultural banking, production and marketing.

The Refresher course costing Rs. 2,500 for Inspectors is to be twice a year as montioned in the scheme. It is intended tor auditors for discussion of points relating to audit and again after the completion of the audit. In this province the auditors are mainly concerned with the audit of accounts. This provision of Rs. 2,500 looks more like an addition to the audit side of the budget of the Co-operative Department than of direct benefit to co-operative education. The principle underlying state subsidies for co-operative education is that the management of co-operative societies being in the hands of the ignorant and poorer classes, the latter should be helped to learn the business, and that the profits from the business itself cannot be sufficent in the early stages to educate them. Strangely enough Central Banks are asked to meet the cost of the Refresher course for supervisors, while the cost of the six-monthly conference of auditors is to be met out of these grants for co-operative education.

The scheme is valuable in one sense. It has recognised the need for training in banking and also in non-credit work. But it should also be recognised that the course should be longer and that there should be a recurring provision in the Central Co-operative Institute for these two sets of staff and not a temporary arrangement of a short course and that too only for five years.

The Registrar perhaps desires to gain two points of policy under the present scheme, though they have no connection with co-operative education. One of them is to dilute the recruitment of Junior Inspectors by the Public Service Commission by taking powers for himself to declare some recruits as unfit after the preliminary training of four months, and by requiring them also to pass the examinations of the Co-operative Institute. If it is the idea of the Registrar to select Co-operative Inspectors tempermentally fit for the work, the better method would be for him to ask for a revision of the Public Service Commission Rules that the preliminary recommendation of the recruits for the Public Service Commission should be made by him. The better procedure would be for the Registrar to select from

among those who have passed out of the Institute, instead of training a recruit at such a heavy cost. The second is that Central Banks should hereafter appoint Sub-Deputy Registrars as their secretaries. We are not concerned as to how the recruitment for the Secretaryship of the Central Bank should be made, but those who are appointed should be experts in commercial and agricultural banking. The present scheme makes no provision for this kind of training. Secondly no manner of recruitment should interfere with the financial responsibilities of the Central Bank and the Provincial Bank in the discharge of their duties.

The scheme provides for a course of nine months for the training of supervisors while it is thirteen months in the case of Inspectors. There is no need for this differentiation and supervisors may have the same training as co-operative Inspectors. The scheme proposes that the stipends to supervisors should be paid by the central banks for which they may get a subsidy and it would only be for 4 months of field training and not for the training period in the Peripatetic Institutes. By similar reasoning the stipends in the case of Junior Inspectors may be restricted also to the period of four months of practical training. The Peripatetic schools which are maintained probably to show the existence of educational administration in non-official hands may be replaced by two co-operative Institutes for the Tamil and the Andhra districts. The number of supervisors and Inspectors who are to be paid stipends may be restricted to those required during the next 5 years. With the amounts thus released by cutting down the number and the period of stipends for Inspectors,the course for supervisors may be extended to 9 months in theory and the annual expenses for Refresher courses for supervisors may also be provided. But money is required for two more urgent purposes as ear marked by the Government of India. One is for the training of office bearers of village societies and the other for the equipment charges for co-operative education.

The scheme egregiously errs by providing no training for office bearers of village co-operative societies. The Government of India have ear-marked this amount to educate the members of the co-operative societies more especially the office-bearers. Bombay has found that short term credit, the only form of useful credit which village societies may dispense, is possible only with a paid clerk who is paid at least Rs. 20 a month. There should be a three months' course for office-bearers and a certificate examination. The Department may select them and those who pass only should be premitted to function as secretaries or clerks of village societies. The absence of a trained staff in every village who can write the accounts and understand co-operative principles and practice being the weakest spot of the movement, provision should have been made mainly for this purpose.

The scheme seems to assume that the appointment of a Junior Inspector will spread mass education in co-operation. What is required is as proposed by the Royal Commission on Agriculture a change in the outlook of the ryot. The latter should be in a position to receive ideas. He should have self-confidence to use the society for his economic uplift. His wants should be many so as to impel him to raise credit and this could only be by spreading a desire for better living. He should understand in his own self-interest the value of loyalty to his society. He should feel and exercise due vigilance over the affairs of the society thereby keeping its leadership honest and helpful. The inculcation of these four habits in the place of fatalism, simple life, indifference to corporate activities and absence of self-assertion will have to be done through movies, dramas, charts and pictures. The Junior Inspector can only send lifeless reports and diaries, and cannot show results without these aids.

Even though these points were pressed at the time the scheme was formulated, both before the Registrar and the Government, they were not heeded. And I can only repeat them again.

The Provincial Co-operative Bank, I am sure, will agree to pool its Common Good Fund with the resources of Government if the scheme were revised on these lines.

The Late Sir Lallubhai Samaldas Mehta

BY MR. T. ADINARAYANA CHETTY, BAR-AT-LAW.

The Bombay telegram, "Sir Lallubhai Samaldas, the well known businessman of Bombay, died" is both criptic and prosaic. It cannot convey any idea as to the greatness or the goodness of the man. Even if it added that he was a towering personality or that he was a popular figure in the public life of Bombay, it can hardly convey an adequate idea of Sir Lallubhai. He was a keen businessman; but he did not make millions. He was a popular figure; but he did not turn his immense popularity to any selfish advantage. But to those of us who had the privilege of calling him "Lallukaka" and of partaking of his pleasant company and his generous hospitality, he had other virtues to exhibit. His optimism was contageous. If one pleaded the excuse of 'business' for not joining in a game of bridge, at once the reply would come, "business be blowed; do come and join us". His heart had the simplicity of that of a child; but his counsel was always sage and sympathetic. There was not one new enterprise in which his co-operation and help were not sought. Of both he freely gave. So much so the complaint in business circles was that he too readily lent his name when an appeal was made to him. But his connections with flourishing business concerns were not a few. Once, when I ran short of some money at Bombay, I told Sir Lallubhai with whom I was staying that I wanted a small sum. His reply was characteristic. "In the long coat hanging near my cot, you will find some half-a-dozen envelopes with sums ranging from Rs. 25 to Rs. 250 marked on each. Take whatever sum you want—only leave the envelop in the pocket so that I may know later what sum you have taken" and he at once left for Jamshedpur.

He was mainly responsible for the Bombay Insurance Company, the Bank of Baroda and also for the Bombay Provincial Co-operative Bank. He was also a Director of Tata's Jamshedpur concern and Chairman of the Shahabad Cements. Even the great industrialist Sir M. Visveswaraya had a high regard for Sir Lallubhai's judgment and I personally know that he sought his advice regarding the Bhadravati Iron Works, at a time when that concern was passing through a crisis. His interest in agriculture was keen. He was responsible for the Nira Valley Sugar Scheme so largely financed by the Bombay Provincial Co-operative Bank. But, the instance of several business friends, he undertook a journey to Japan in his seventieth year (he was seventy-three when he died) and has written an admirable book in which he has successfully refuted many of the charges that had been levelled against the business methods of the Japanese manufacturer and exporter.

Sir Lallubhai took great interest in co-operation. He was a member of the Maclegan Committee (1915) and Chairman of the Mysore Committee (1921-23). I was closely associated with him during the three years of the Mysore Committee and in drafting the Report, to the soundness of which the recent Chandrasekhara Iyer Committee has paid its tribute of praise. The number of co-operative and industrial conferences over which he presided would easily occupy a page; but it is enough to state he ably presided over the Provincial Conference at Madras and at Trivandrum.

Sir Lallubhai was considered to be a "Liberal" in politics. His admiration for the late Gopal Krishna Gokhale was immense. But he was also a great admirer of Gandhiji and his affection for Mahadev Desai was remarkable. One would often hear in the intimate domestic circle of Lallukaka. "It is hard to say whether Lallubhai cares for his son Vaikunth half as much as he cares for Mahadev." Mr. Brelvi, editor of the "Bombay Chronicle," has always been considered a member of Sir Lallubhai's genial house. So, Sir Lallubhai although he called himself a "Liberal" was as go ahead a Nationalist as any one else at heart, although his vast business connections naturally prevented his declaring himself as such.

His personality was magnetic. His tall and slender frame, his acquiline nose, broad forehead and the mobile eyes which spoke as eloquently as his mouth and, more than all, his bewitching ready laughter won and kept him many a friend in all parts of India. He had a high idea of human dignity. In Bhavnagar State (where he was Revenue Officer as his father was before him) a servant once massaged his feet (without being asked). He always used to recall the incident with horror. When I first went to stay with him, in his simple house at Andheri, he previously told me not only the name of his head cook but also the proper way of addressing him. I have never seen him lose his temper. His sense of humour was keen. He would shout and laugh at any humorous and funny incidents and recall them for days and months together enjoying the remembrance keenly every time. Whenever he found me indulging in an extra sweet or two at any 'party', he would gently lay his finger on my

sleeve and with mock severity in his tone, would say, "Now, you must stop eating. I promised to Mrs. Chettiar to take you back sound and healthy."

He knew Sanskrit and was fond of refurbishing his old studies whenever he met a congenial spirit. Once, while travelling in Malnad area, the discussion turned on the advantage of butter-milk drinking and he labored out a couplet in its praise of which the second line "Thkram Sakrasya durlabham," meaning that butter-milk is highly prised by Lord Siva, still sticks to my memory. He would occasionally condescend to play some practical jokes on fellow-guests—often the late Mr. G. K. Devadhar being the victim during our Mysore Committee days.

In him the public life of Bombay losses a great and picturesque personality. He was also for a short while member of the Bombay Government and earlier, a member of the Council of State. His simple orthodox life of a Nagar Brahmin, his noble bearing and his unique head-dress, we shall see no more. He has fourtunatly left, in the country's service, three sons. The eldest, Mr. Vaikunth L. Mehta, is the Managing Director of the Bombay Provincial Co-operative Bank and also Trustee of the All-India Village Industries Association. Sir Lallubhai has left a large legacy of public service and he will be long remembered by many.

(From the Hindu.)

Chit funds.

BY MR. P. SUBBA REDDY, B. A.

The Chit fund system is an ideal form of prudential deposit, popular in South India, among the middle and lower classes, easy to work and highly co-operative in character. It deserves the close study by all co-operators for adoption and development in co-operative societies. It has lived the test of time and needs no further experimenting. Its method of working is simple.

A few persons who are known to each other, with sufficient saving capacity, join and agree to subscribe a certain sum periodically, say, once a month or a quarter, the number of instalments being equal to the number that join the fund. On each due date of the instalment, the subscriptions from all the members are pooled and the man in need of money offers a premium to use that money. If there are more than one, desirous of taking the money, there would be open competition among them to determine the premium and the person who offers the highest would be eligible to take the money. The premium would be divided equally among all the subscribers. If there are none to bid for premium, it would be determined by lot.

There are several good points about the system, one of them being its compulsory nature. When a subscriber joins the fund, he has to continue to subscribe all the instalments till its completion. There is no provision for default. In other words the subscriber is compelled to save the estimated amount without fail in the course of time.

Secondly whenever there is need for money, a loan can be raised from the fund itself, without going elsewhere, and this loan is automatically liquidated by the end of the period on account of the compulsory and regular subscriptions to the fund. Further, the money borrowed is raised from among the subscribers themselves with mutal obligation to one another and equal risk to all.

Nidhis in Southern India work on this principle, without the bid system for borrowing. A person proposing to raise a loan in a Nidhi, must first subscribe for a Chit and thus demonstrate his saving capacity to be eligible for a loan.

The Chit funds work successfully in the urban areas among persons with regular income, especially among the salaried class, wage earners and the like. It has not yet been tried in rural parts, among the agricultural class, with seasonal income. It is a pity that co-operative societies have not yet paid serious attention to the development of this highly co-operative chit fund system among their members. This is now a monopoly of joint stock banks and a few private individuals in several places. The urban co-operative societies can vary well take some interest in this direction and try to develop and popularise this system to the great advantage of their members. The rural co-operative societies can also try them. It can very safely be laid down that members in all co-operative societies should first subscribe for a few chits and demonstrate their saving capacity before they can apply for a loan just as in Nidhis. By this the members can raise a portion of the funds that are needed to meet their demands from among themselves.

Conferences.

LAND MORTGAGE BANKS CONFERENCE.

The VII annual conference of the Primary Land Mortgage Banks was held on the 10th October last in the premises of the Central Land Mortgage Bank, Madras. There was a large gathering of the representatives of the primary banks in addition to a large number of prominent co-operators. This occasion was availed of to unveil the portrait of the late Sir M. Ramachandra Rao. Diwan Bahadur T. A. Ramalingam Chettiar, President of the Central Land Mortgage Bank, welcomed the delegates and the visitors and the Conference was opened by the Hon. Sir Geoffery Bracken, Finance Member to the Government of Madras. Mr. Ramalingam Chettiar in welcoming the delegates made the following speech:

WELCOME ADDRESS.

At the outset I have to refer to the very sad demise of Sir M. Ramachendra Rao who was the President of the Central Land Mortgage Bank from 5th January 1930 up to the date of his death on 16th May 1936. He was in charge of the Bank almost from the beginning and if to-day the Madras Co-operative Central Land Mortgage Bank is leading in the provision of long-term credit to agriculturists in India, it is due to the devoted labours and the unremitting attention he paid to the work and improvement of this Bank. His anxiety to make long-term credit available to the agriculturists, especially during the depression period and the several representations he made to the Government, are well known. So the Bank has, in his death, sustained a very great loss and the ryot a very considerate and helpful friend.

The problem of helping the ryots to discharge their enormous debts has been considered from time to time and sustained efforts were begun soon after the report of Sir Frederic Nicholson—whose death recently is being mourned all over India—was received in the nineties of the last century. The Co-operative Societies Act of 1904 was passed with a view to meet this problem. But the co-operative societies were dealing with moneys left with them for short periods. It was not possible to help the ryots to pay their accumulated debts in easy instalments and thus save their properties. How best to meet this was considered for a long time. There was a difference of opinion whether the same society should function to finance the short-term needs as well as the long-term needs or different societies should be formed to deal with these loans and what was the best method of finding money for financing long-term loans mainly for the purpose of discharging the old debts of the ryots. The late Mr. Hemmingway formulated a scheme of floatation of debentures for meeting the needs for long-term money. It was finally decided that different institutions should be established to deal with the short-term loans and the long-term loans. The Government was not prepared to shoulder responsibility for finding or guaranteeing all the debenture money wanted. So a scheme was framed whereby land mortgage banks were started in the mofussil on the understanding that if they found local capital for the debentures to be floated by these banks, the Government will take debentures to an equal amount. A few banks were started and worked on this basis. It was soon realised that unless a central institution was formed to find the money needed and the Government guaranteed the debentures, there was no possibility of expansion. After a very anxious and prolonged discussion the establishment of the Central Land Mortgage Bank was decided upon and was started in December 1929. Dr. Swaminathan contributed not a little to the achievement of this object and he was naturally elected as the first President of the Bank. But unfortunately he died in January 1930. Sir M. Ramachandra Rao took up the presidentship and with his usual earnestness and steady perseverance he brought the bank to its present position as an example for other provinces and Indian States to follow.

It has been recognised that the agricultural occupation does not support the agricultural population adequately and that as things are at present, the position of the ryot is very deplorable and any hope of improving his standard of life is out of the question. While it is recognised that the sources of his income should be widened by finding subsidiary occupations and that he should be enabled to get all the benefit out of his produce by the elimination of middlemen's profit and bringing the producer and the consumer together and by helping him to improve the quantity and quality of his produce by the utilisation of the results of scientific and practical investigations, it is axiomatic that he will not be in a position to take advantage of any of these schemes intended for his benefit unless the great burden of his long accumulated debt is lifted and the heavy charges of interest rent and revenue are reduced. The recent depression has made his position worse. While the produce fetches in money value only 50 per cent of what he got before and the ryot is finding difficulty in finding markets for his produce, the charges he has to pay for interest, rent and revenue in money have remained the same and amount to more than double his old liabilities. The assets in the shape of lands have depreciated in value, while his debts remain the same. For this, it is now recognised that a scheme of debt conciliation, backed by some financial arrangement by which a consolidated amount may be paid by some agency and recovered by easy instalments, is necessary. In this scheme the position of Land Mortgage Banks in an indispensable one and without it schemes of conciliation cannot succeed very much. It is to the great credit of the Madras Government that they came forward with their special loans policy to

help the smaller ryot, up to a maximum of Rs. 2,000 each. Now that the Debt Conciliation Act, which I took the responsibility of introducing into the Local Legislative Council has been passed into law, with the backing given by the Government and the Land Mortgage Bank, it will be possible to save a large body of agricultural ryots.

Debt Conciliation Boards.

Even though the Debt Conciliation Act was passed early this year, it has not yet been brought into force in any part of this province. It is unfortunate that a measure intended as an urgent measure should be delayed so long in being brought into force. I request you, Sir, and the Madras Government to allow no further time to lapse before action is taken under that Act. I may mention that in Bengal where the Bill was introduced long after and passed after ours, the Boards have already begun to function. In this connection, it is also necessary for me to state that if the Act is to be beneficial and the ryot is to reap the benefit of it, the association of those responsible for the running of the Land Mortgage Banks and of the revenue authorities who disburse the agricultural loans, is necessary. The Boards to be constituted should provide for a person with legal training as the procedure is a bit complicated, a person with revenue experience and a person connected with the Land Mortgage Banks. We have in most areas retired judicial officers and retired Deputy Collectors who will, I have no doubt, be willing to devote a portion of their time for the benefit of their fellow countrymen. It is only by taking great care in the formation of these Boards and working them in co-operation with land mortgage banks that we can deal with this problem promptly.

The Central Bank's usefulness depends on the ease with which and the terms under which they are able to raise money. I am glad to be able to report that our debentures have become popular in the market and have a secured steady demand. With the alterations in the conditions relating to redemption before time that is being considered, they will be in a position to compete with the guilt-edged securities. I need not say that this position is due to the guarantee given by the Government for principal and interest and also to the efficient management of the Central Land Mortgage Bank and the Primary Banks by those responsible for their administration. The rate of interest paid for debenture money has deen reduced within the last three years from 5 per cent to 3 per cent. I am very happy to inform you that our 3 per cent debentures issued with great diffidence have been over subscribed without even a public announcement, and so far as we can read the conditions of the money market, it seems there will be no difficulty to get money at this rate. We have been progressing by slow and cautious steps taking advantage of the market by reducing our rates and converting the old debentures issued at higher rates, so that now there is no debenture outstanding which bears more than 4 per cent interest. As the interest paid on debentures has been reduced, the benefit of the same has been passed to the borrowers, so that even though loans were first advanced at rates varying between $7\frac{1}{2}$ and 8 per cent, no loan outstanding bears a higher rate than 6 per cent at the present moment. The Board has also made a general rule for the future that the Central Land Mortgage Bank shall charge for the loans only 1 per cent over the debenture rate and as the Primary Bank is also allowed to charge only 1 per cent more the ultimate borrower will now get money to discharge his debts at 5 per cent. I will, in this connection, appeal to the Government to reduce the rate of interest they are charging to the ryots to 4 or $4\frac{1}{2}$ per cent.

Necessity for more Banks.

There are at present 80 banks working in the province. As each bank serves one whole or portion of a taluk, there are vast areas in the province which are still without Land Mortgage Banks. There have been demands from all quarters for more banks. So there was a great disappointment in the Board when they heard that the Government did not want any expansion in the current year. Luckily there has been a change in the attitude of the Government and they have now decided to open 14 more banks in the Presidency. I will impress on the Government the need for a settled policy of expansion so that the whole province may be covered without much delay. The provision for 14 new banks is still inadequate.

Originally it was thought that a Sub-Deputy Registrar can deal with three banks. But there are areas in which a Sub-Deputy Registrar is in charge of 5 banks, with the result that there is great delay in the investigation of loan applications and their disposal. This leads naturally to a lot of legitimate complaint. It is necessary that the Government should without any further delay sanction the establishment necessary for the prompt disposal of applications. I have already addressed the Government on the matter and I hope they will pass early orders sanctioning the additional establishment required.

Our transactions already extend to Rs. 80 lakhs. The loan applications disbursed every month amount to about Rs. 3 lakhs and this will increase as more banks are started and as the maximum borrowing power of the banks is increased from Rs. 5,000 to Rs. 10,000. The maximum amount guaranteed by the Government, *viz.*, one crore will soon be reached. So I have already addressed the Government to increase the maximum to at least a crore and a half. I request you, Sir, and the Government to examine the position and have the maximum raised at the next meeting

of the Legislative Council, as the available resources will be exhausted by January or February next and the new Legislative Council will not meet for some months after that.

Reserve Fund.

As our transactions increase in volume it is absolutely necessary that there should be a strong reserve fund build up to meet contingencies. We are making every effort to build up this reserve, and the Board has appealed to the Government for its help to build up this reserve. From what I have said, it will be clear that the bank is performing one of the chief functions of the Government in helping the ryots and the Government is justified in spending money for the work that has to be done. The Government is at present employing two Deputy Registrars and 20 Sub-Deputy Registrars for the investigation of the loan applications. This will have to be done by the Government itself if it was part of their special loans policy. These officers are not lent to the bank or the primary banks ; but they are Government officers who are supervising and looking after the work of the banks. There is also the interest of the Government and the Trustee who are watching the interest of the debenture holders. Such being the case, it is only fair that the cost of these officers should be debited to the Government. But the Government have decided, inspite of the earnest entreaties and protestations of the bank, that the cost of the Deputy Registrars should be paid by the bank. In view of the fact that in this time of depression the ryot should get money at as low a rate of interest as possible, and as it is necessary that a strong reserve should be built up as soon as possible, I will appeal once again to the Government not to insist upon the payment of contribution for the services of the Government officials helping in the working of the land mortgage banks.

I am very happy to be able to report that the Primary Banks are being managed very efficiently on business lines and that they have paid all their dues to this bank during the year.

When the bank was started there were not many anxious to take shares in the bank and by persuasion and by personal influence, those in charge of the bank induced people to take shares. Last time when the matter of raising the amount of the guarantee of debentures came up before the Legislative Council, some members raised the question of issue of further shares to individuals. I must state that there is no need for raising more share capital from individuals, as we have more than enough shares being taken up by the societies themselves. The Hon'ble Minister stated in the Council that he would ask the bank to issue further shares to the extent of Rs. 20,000, with a view to secure as wide a representation of individual members as possible. Applications were called for by notification in the dailies and one share per each individual was allotted to every applicant residing within the province who did not hold shares in the bank either in his own name or in the name of other members of his family.

Before concluding, it is my duty to tender to the Madras Government our gratitude for the prompt and sympathetic manner in which they always responded to our requests. I appeal to you, Sir, and through you to the Government to consider the few matters in which we do not see eye to eye with each other in a liberal way and help the growth of this bank. To you, Sir, we are specially indebted for the warm interest you have been taking in the affairs of this bank. It is a matter of gratification to us that both you and the Hon'ble Mr. Rajan who is in charge of the Co-operative Department and as such in charge of the affairs relating to this bank, have been able to come here to-day and help us. I now request you, Sir to open the conference.

OPENING ADDRESS.

Sir Geoffrey Bracken in opening the Conference said as follows :

I must begin by thanking you for the honour you have done me by your invitation to open this Conference. It is a great pleasure to me to be present to-day both in my official and in my private capacity. As Finance Member I am concerned with all that affects the credit and prosperity of this Province. But my connection with the Land Mortgage Bank movement dates back even earlier to its beginning. I may recall that I was Secretary of the Development Department in 1926 when the first Bank was started.

I have listened with interest to the address that has just been read and I have carefully studied the annual report. I must congratulate both the Central Bank and the Primary Banks on another year's successful working and an excellent record of sustained and steady progress. I consider that the greatest credit is due to all the non-official gentlemen connected with the movement who have devoted so much time and trouble to ensuring the success of the banks under their management.

Before dealing with the various requests and suggestions put forward in the address, I wish, first of all, to associate myself with all that has been said of my old friend Sir M. Ramachandra Row. He and I were in constant touch and I am therefore, in a position to know the amount of unselfish work he put in for the benefit of the Land Mortgage Banks and to appreciate the loss the movement has sustained by his death. I have, however, no doubt that your new President is worthily carrying on the tradition of his predecessor and will live up to the high standard set by him.

It is most satisfactory to know that debentures can now be issued at a rate as low as 3 per cent and that the benefit of the reduction in the rate will be passed on to the ultimate borrowers. The Government, I can assure you, will take into consideration this reduction, but the rates at which the Government has borrowed from the Central Government must be taken into account and they are higher than 3 per cent. Management expenses and allowances for bad debts have also to be considered. In future, Madras will have to arrange its own loans and the rate at which it can borrow must govern the rate at which it can relend. Let us hope that the first Provincial loan will be an unqualified success at a rate of interest more favourable than Madras has had to pay in the past. As regards a further guarantee of debentures beyond the present figure of one crore, an announcement will be made shortly.

In the matter of subsidies towards staff, in the initial stages, no doubt, some Government assistance is justified. But though the main object of Land Mortgage Banks is not to earn dividends (and I trust that to all of you dividends are a minor consideration) yet the fact remains that Land Mortgage Banks are commercial institutions capable of earning substantial dividends for the share-holders. Your Central Bank is already strong enough to stand on its own legs. It has earned a dividend of 6 per cent and already put a substantial sum to its reserve fund. The case for a Government subsidy cannot be considered strong when there is a crying need for more money for other at least equally desirable objects, the improvement of public health, the spread of education and so on.

Rural Reconstruction.

I now pass to the general question of rural indebtedness, and to what to my mind is an allied subject, rural reconstruction. It must, I fear, be reluctantly admitted that indebtedness is chronic in rural India. Probably it is no exaggeration to say that one quarter of the rural population are born, live and die under a load of debt, fluctuating in amount but never finally redeemed. Looking back thousands of families must regret that they did not take advantage of the boom in prices which occurred in the years following the War to pay off their debts. Unfortunately nearly everyone believed that the high level of commodity prices would continue indefinitely and many people, instead of reducing their indebtedness, entered into new commitments by the purchase of land and so on often at exaggerated prices. When the slump in commodity prices came in 1929 the result to the agricultural population was in many cases disastrous. Take, for example, the man who borrowed to purchase land for Rs. 1,000 expecting to get a return of Rs. 80 per annum from the produce. When the slump came and the cash value of the produce fell by 50 per cent, the borrower found himself unable to pay even the interest on the money borrowed, still less to make any repayment of principal. As for the creditor, he found that he could not longer realise the interest for which he had bargained and that the value of the security on which he had lent the money had fallen far below the original sum borrowed. Thus the problem arose of thousands of debtors unable to meet even the interest charges on their obligations, and thousands of creditors unable to get back their money even by foreclosing on mortgages except at a sacrificial loss. What then is the remedy? One school of thought, the extreme socialist, favours the complete or at least partial cancellation of debts as the only remedy, regardless of consequences. This line of thought seems to me to be based on a confusion of ideas. There is, to start with, an underlying assumption that all creditors are blood sucking scoundrels who deserve no consideration and all debtors are pure innocent victims of oppression who have every right to be relieved of their liabilities. Now no one denies that there are some creditors who are hard-hearted and extortionate. But I am afraid all debtors are not the innocent victims that the Socialist picture would feign present. You, Gentlemen, know the facts. The truth is that the great majority of both creditors and debtors are just honest ordinary citizens on the one side not unreasonable in their demands, and, on the other side, anxious to meet their obligations to the best of their abilities. Nor must it be forgotten that in rural areas the same man may be and often is both a creditor and a debtor. On the socialist theory, I suppose, one half of him must be a villain and the other half an innocent victim and he had better be chopped in two to decide which half is to win or lose. In truth, the problem is not nearly so simple as some people would have us believe. Let us, for a moment consider the matter as affecting the debtor ryot. The total or partial cancellation of debts must inevitably mean the weakening of confidence as between man and man and so the destruction of the whole delicate fabric of credit. No business on credit would be possible and consequently the marketing of agricultural products would be dislocated, with the result that the price would inevitably fall. Again with the prospect of further cancellation of debts who would be fool enough to lend money? Much better bury it under the floor than virtually make a present of it by lending. The sources of rural credit would at once dry up and no money would be forthcoming for ordinary day to day transactions. You, gentlemen, who are well acquainted with the internal economy of the village, can at once see what a disaster this would be to the ordinary ryot, accustomed as he is to borrow in advance of the harvest. If credit is denied, many ryots could not, for example, purchase seed grain for sowing and would die of starvation if they could not borrow small sums before harvest. I need not labour the point further. We may dismiss this specious remedy as worse than the disease.

Scaling down debts.

What then is to be done? I think you will agree with me that sure and steady, if slow, methods are to be preferred to spectacular short cuts which can have only one end, the worsening of the position of the class supposed to be benefited. It may, I think, be fairly said that Madras has led the way in tackling the problem of rural indebtedness through its net-work of land mortgage banks, the first of which was started ten years ago. The Government are now supplementing the work of the Banks by the grant of takkavi loans for the benefit of the small debtor. There remains the Debt Concilitation Bill, for which your President is responsible. A begining will shortly be made with Debt Conciliation Boards. Now, however desirable the scaling down of debts may be, I must sound a note of caution. It is an extraordinary remedy devised to meet the extraordinary situation created by the world-wide economic depression and it has its disadvantages and dangers. I have already alluded to the danger of destroying the delicate fabric of credit. That this danger is real can be illustrated by the experience of some of the Loans Officers now engaged in scaling down debts as a preliminary to the grant of loans. Though the arrangements made between creditors and debtors are purely voluntary, it has been reported that some debtors are reluctant to come forward to get their debts scaled down, because they fear that their creditors, who generally speaking have treated them fairly, will hesitate, if debts are once scaled down, to make any further advances. Evidently the rural population is more alive to the realities of the situation than some of our doctrinaire socialists. If such is the case with the voluntary scaling down of debts, I leave it to you to consider what will happen if an element of compulsion is introduced. It is for this reason that the Government have to be cautious in framing rules for Debt Conciliation Boards. Actually the Special Loans Officers have been doing debt conciliation work by scaling down debts before granting loans. The experience gained will be valuable in framing rules, but, as you know, the time most of the Loans Officers have been engaged in the work has been short. This explains the delay in bringing the Debt Conciliation Act into operation to which the address alluded and, I hope, the explanation will satisfy your President.

Organization of more Banks.

Criticism has, I know, been directed against Land Mortgage Banks and the Government on the ground that their methods of procedure are slow and cumbersome My answer is that both Land Mortgage Banks and the Government are in the position of trustees of the money they have borrowed, and there is a definite obligation on them to see that proper enquiry is made into the adequacy of the security offered by would be borrowers. Such enquiry from the nature of the case must be slow and laborious. Another line of criticism is that this process of debt consolidation is so slow that it is no real contribution to the problem of rural indebtedness, a mere drop in the ocean. My reply to this are facts and figures. By this time the amounts advanced for the consolidation of debts by land mortgage banks and the Government must be in the neighbourhood of a crore of rupees. And it must be remembered that the amount advanced is considerably less than the total amount of debt consolidated in cases where debts have been scaled down. With the opening of 14 new land mortgage banks this year and more, I hope, next year, the employment of 8 additional Loans Officers, and the bringing into operation of the Debt Conciliation Bill, progress in future will, I trust, be far more rapid. But in delicate matters of credit, "make haste slowly" is a sound maxim. Better steady and orderly progress than rush down a precipice. In my opinion and this opinion is confirmed by the enquiries of the Special Loans Officers, both the total amount of rural indebtedness and its dead weight as judged by the rates of interest have been exaggerated, and the situation is not in reality quite as bad as it is sometimes painted.

Far be it, however, from any of us to be self complacent. The problem is immense and difficult. And let us not be under any illusion. The remedies we are attempting are in the nature of palliatives, rather than final solutions. The consolidation of debts on long term mortgages on easy terms is, of course, a very real benefit to the debtor. But the debt or most of it remains and much of the debt is, I fear, of an unproductive nature. That, I am afraid, is a weak spot in the present working of Land Mortgage Banks that so much of the money lent is for past debts of an unproductive character and so little for financing productive expenditure, such as land improvement, the consolidation of holdings and so on.

Present economic depression.

If it has been granted that in regard to the economic situation created by the depression, the help that Land Mortgage Banks can give is more of palliative than a complete remedy, what then is the ultimate solution? I feel certain that there is no possible short cut to economic salvation ? The process of recovery must be slow and gradual. First of all, there is the hope of a recovery in the price of agricultural products. Some recovery has already occurred, but not as much as could be hoped. But the outlook for the future seems to be definitely brighter in consequence of the recent move to stabilise exchanges. It is generally agreed that the stabilisation of exchanges at a natural instead of an artificial level is a most important step towards a general re-establishment of confidence and a real recovery of world trade. The immediate effect of

a readjustment of exchanges may be a temporary dislocation of business and a temporary set back in prices, but in the next year or two, if no disturbing factor appears, we may look forward with some confidence to a gradual recovery of world commodity prices from which mainly agricultural countries such as India stand to gain most. If prices recover, the danger is that the agricultural population, forgetful of the bitter lessons of the recent depression may fail to learn wisdom by experience and make the best use of returning prosperity. To my mind, the chief need of the agricultural population is a complete change of economic outlook. Instead of accepting chronic indebtedness as a natural and inevitable condition of life, now is the time to put up a fight to get clear of debt in a period of rising prices when better marketing facilities will, we may hope, give the actual cultivator a more adequate return for his labour. One good, at least, has come out of the evil of the depression. Hard facts have compelled the curtailment of wasteful expenditure. Let us hope that the habit of thrift will continue and that in future less money will be wasted in unnecessary extravagance on marriage ceremonies, factions and factious litigation.

Face realities.

In another respect a change of outlook is necessary, I would suggest, and that is, a disposition to face up to the facts. For too many debtors deliberately shut their eyes to disagreeable realities and live from day to day and from month to month in almost complete ignorance of how they really stand. One day they may pay back a little, another day they may borrow a little and so it goes on till neither creditor nor debtor are quite sure how matters really stand. One of the advantages of the scaling down and consolidation of debts is that it has forced both parties to tally their accounts. In this connection I would like to tell you a story that came to my personal knowledge. One of the Special Loans Officers was trying to arrange an adjustment of debts. Creditor and debtor appeared and the accounts were worked out. The result was placed before the creditor and he was asked to fill in a form stating how much he claimed. He hesitated for a moment and then wrote a large round '0' and answered "Poojyam". The truth was that neither creditor nor debtor realised how much had been repaid and when the creditor grasped the truth he could not in decency claim anything.

I have taken up too much of your time and must hasten to my conclusion. Some of you must have wondered why I have joined rural reconstruction with rural indebtedness as the subject of my speech. To my mind there appears a close connection between the two. There are two sides to rural reconstruction, the material and what I may call the moral, or the external and the internal. On the material side, better water supply, better roads, better housing are tangible objects which time and money can achieve. I suggest that what is far more difficult of attainment and yet far more important, is the intangible object of improvement in the moral outlook of the village. To put briefly, what, I think, is required is that the average ryot should have more pride in himself, his family, his village and his surroundings with a greater consciousness of his duty as a citizen. With the growth of self respect and civic consciousness, ambitions will appear and one of these ambitions, let us hope, will be to get clear and to keep clear of debt. May I adopt a quotation I had occasion to make in my Budget speech last March. If a man has twenty rupees income a month and spends nineteen rupees eight annas he will be happy, but if he spends twenty one rupees he will be miserable. In other words, what we want in the village is a habit of thrift to replace a habit of improvidence.

In this work of rural reconstruction it is to you non-official gentlemen, that we must almost entirely look. Our new District Economic Councils can perform a useful function in co-ordinating the activities of the various Government departments and working out programmes of material improvements, but in the more vital matter of bettering the real life of the village, officials can do little more than set the ball rolling. It is on you, non-official gentlemen, that the burden of responsibility rests and the privilege of making some contribution towards the general good of your country and your fellow citizens.

I have now the pleasure of declaring this Conference open. I wish it every success and hope that your deliberations will be fruitful. I have two suggestions to make, One is that you should consider whether your future reports should not give some indication as to how much of the money Land Mortgage Banks lend is for what may be called productive expenditure and how much for unproductive. The second suggestion is that in the case of consolidation of unproductive debt, the possibility of making the grant of loans dependent on some scaling down of old debts be examined.

RESOLUTIONS.

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

(1) This conference is of opinion that garden lands such as cocoanut, arica nut, orange, mango, betel leaf, are by no means inferior to paddy yielding wet lands either in their market value or in their productive capacity. It accordingly recommends to the Board to adopt in the case of such lands the same percentage of loan accommodation as is generally adopted for wet lands. They may be treated as wet land for purposes of advance, i.e , 50 per cent may be advanced on the valuation. On rain fed lands on which 25 per cent maximum was fixed by the Board for advance it may be raised to 40 per cent.

(2) The maximum advanced of loan may be raised to 50 per cent of the valuation in practice and the procedure and principles of valuation may be investigated by a committee and rules framed.

(3) The period of loan may be extended to 30 years in suitable cases.

(4) After a bank has worked satisfactorily for a year and advanced at least Rs. 50,000 loans, the individual maximum borrowing power may be raised to Rs. 10,000.

(5) The Registrar be moved to request the Government to give grants to primary banks for propaganda work.

(6) The Government may be asked to sanction more Sub-Deputy Registrars and one more Deputy Registrar for dealing with the increasing number of applications for loans.

(7) Where there is a serious difference of opinion between the Sub-Deputy Registrar and the Deputy Registrar on the one side and the Primary Bank on the other and the primary bank wants it, one Director of the C.L.M.B. may be sent for personal enquiry and report.

(8) This conference is of opinion that it is desirable to have a loan and sale society working at the headquarters of every land mortgage bank and it accordingly recommends to the Board and the Registrar to establish them wherever the necessary facilities exist.

(9) Resolved that primary banks should have proper representation in the composition of the Debt Conciliation Boards.

(10) Resolved to request the Government that the exemption of registration charges for Land Mortgage Banks may be extended at least for a further period of two years.

(11) Resolved to request the Registrar of co-operative societies to arrange for the free supply of taluk maps of such of the taluks as are comprised within the jurisdiction of the land mortgage banks.

(12) Resolved to request the Registrar of co-operative societies for the free supply of old diglot registers, or in case the same is impossible to obtain, for permission for the bank's staff to take the information from the taluk officers.

(13) Resolved that the Revenue Board be addressed to make it obligatory on the part of the village karnam to give all necessary information and help land mortgage banks.

(14) Resolved to request the Registrar to reduce the fees by at least 50 per cent.

Amendments to the Rules under the Co-operative Societies Act.

Fort St. George, 2nd October, 1936.

(G. O. No. 1711, Development).

No. 504:—In exercise of the powers conferred by sub-sections (1) and (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor acting with Ministers is hereby pleased to make the following amendments to the rules published with Development Department Notification No. 264, dated the 1st August 1933, at pages 1178—1185 of Part I of the *Fort St. George Gazette*, dated the 1st August 1933, as subsequently amended, the same having been previously published as required by sub-section (3) of the said section:—

Amendments.

1. After the second proviso to rule XIII of the said rules, the following proviso shall be added, namely:—

"Provided also that when a society is prohibited by its by-laws from borrowing either from its members or from others, the whole of its reserve fund may be utilized in its business."

2. Fore rule XIV of the said rules, the following rule shall be substituted, namely:—

Object of reserve fund and disposal thereof after dissolution of society.

"XIV. (1) The reserve fund shall belong to the society as a whole and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to a share in it. It may be drawn upon with the special sanction of the Registrar to meet unforeseen losses.

(2) On the dissolution of the society, the reserve fund together with other funds constituted by the society in accordance with its by-laws including the common good fund and the dividend equalization fund shall be applied by the liquidator to the discharge of such liabilities of the society as may remain undischarged out of the assets of the society, in the following order, namely:—

(*a*) the debts of the society;

(*b*) the paid-up share capital; and

(*c*) the dividend upon paid-up share capital, at a rate not exceeding 9 per cent per annum in the case of a society with limited liability and 6¼ per cent per annum in the case of a society with unlimited liability for any period or periods for which no dividend has been paid.

No dividend shall, however, be paid on share capital if the by-laws of the society do not provide for payment of dividend.

Exception.—This sub-rule shall not apply to the Dividend Equalization Fund built up by the Trichinopoly District Co-operative Central Bank, Limited, prior to the 1st July 1920. The amount to the credit of that Fund on that date shall be kept separate and dealt with in accordance with the conditions on which it was built up.

(3) Any surplus funds remaining after the payments mentioned in sub-rule (2), shall be utilized in the following manner and subject to the following conditions, namely:—

(a) In the case of a society other than a financing bank or a supervising union.

(i) The surplus funds shall be applied to such object of public utility within the area in which the dissolved society carried on its operations as may be selected by its general body at a meeting and approved by the Registrar. The funds shall, until they are disbursed for such object, be kept invested in a financing bank; and it shall be the duty of the committee of such bank to see that any amount withdrawn is spent properly and to allow withdrawal of funds in instalments as the work for which they are intended progresses to its satisfaction.

(ii) If within 30 days after the issue of notice by the liquidator appointed to wind up the affairs of the society, the general body fails to make any selection that is approved by the Registrar, the Registrar may place the surplus funds on deposit or otherwise with a financing bank working in the area in which the dissolved society carried on its operations, until a new co-operative society with similar objects in registered in such area, in which case the funds shall be credited to the reserve fund of such society. If, in the opinion of the Registrar, there is no prospect of a new society being formed in such area within a reasonable time, the Registrar shall assign the amount to the bad debt reserve or the reserve fund of the financing bank working in such area.

(b) In the case of financing bank.

The surplus funds shall be assigned by the Registrar to the reserve fund or funds of any other financing bank or banks to which the societies working in the area in which the dissolved financing bank carried on its operations, are affiliated or transferred. If there is no financing bank working in such area, the Registrar shall invest the amount on interest in the Madras Provincial Co-operative Bank, until a new financing bank is formed in such area, in which case the funds shall be credited to the reserve fund of such financing bank.

(c) In the case of a supervising union.

The surplus funds shall be handed over to the financing bank or other supervising body which undertakes the supervision of the societies which were affiliated to the dissolved supervising union."

3. For sub-rule (5) of rule XV of the said rules, the following sub-rule shall be substituted, namely :—

"(5) (*a*) The Registrar shall have power to require the person referring a dispute under sub-section (1) of section 51 of the Act or a revision petition under sub-section (5) of that section to deposit in advance the fee prescribed by the Registrar for deciding the dispute or revision petition, as the case may be.

(*b*) The Registrar, arbitrator or body of arbitrators or other person deciding the dispute under sub-section (2) of section 51 aforesaid and the Registrar deciding a revision petition under sub-section (5) of that section shall have power to order the expenses incurred in determining such dispute or revision petition to be paid either out of the funds of the society or by such party or parties to the dispute or the revision petition as he or they may think fit.

(*c*) The Registrar may in his discretion remit the whole or any part of the fee collected under clause (*a*)."

4. After sub-rule (7) of the said rule XV, the following sub-rule shall be added, namely :—

"(8) The Civil Court to which a decision or award has been sent for execution under clause (*c*) of sub-rule (7) shall, on the application of the person in whose favour the same was passed or of the Registrar of the district, return such decision or award to such person or Registrar, as the case may be, in the manner provided in rule 6 of Order XXI of the First Schedule to the Code of Civil Procedure, 1908.

5. For rule XVIII of the said rules, the following rule shall be substituted namely :—

Disabilities of defaulting members.

"XVIII. No member who at the time is in default to the society, in respect of any loan or loans taken by him, for such period as is prescribed in its by-laws or in any case for a period exceeding three months shall be appointed by the society to its committee or to the committee of another society or to represent the society in another society and vote; and any member of a society who has been appointed to its committee or to the committee of another society or to represent the society in another society and vote, shall cease to hold his appointment as such, if he is in default to the society of which he is a member, for the period prescribed in its by-laws or in any case for a period of three months."

6. In clause (*a*) of sub-rule (4) of rule XXII of the said rules, the third and fourth sentences beginning with the words "During the interval" and ending with the words, "made good by the decree-holder" shall be omitted.

7. After clause (*a*) of sub-rule (4) of the said rule XXII, the following clause shall be inserted, namely :—

Custody of distrained property.

"(*aa*) After the distress is made, the sale officer may arrange for the custody of the property attached, with the decree-holder or otherwise.

If the sale officer requires the decree-holder to undertake the custody of the property he shall be bound to do so and any loss incurred owing to his negligence shall be made good by the decree-holder. If the attached property is livestock, the decree-holder shall be responsible for providing the necessary food therefor.

The sale officer may, at the instance of the defaulter or of any person claiming an interest in such property, leave it in the village or place where it was attached, in the charge of such defaulter or person, if he enters into a bond in the form prescribed by the Registrar with one or more sufficient sureties for the production of the property when called for."

8. For clause (i) of sub-rule (4) of the said rule XXII, the following clause shall be substituted namely :—

Sale how conducted.

"(i) At the appointed time, the property shall be put up in one or more lots, as the sale officer may consider advisable, and shall be disposed of to the highest bidder:

Provided that it shall be open to the sale officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons.

Where the property may sell for more than the amount due, the excess amount, after deducting the interest and the expenses of process and the other charges, shall be paid to the defaulter."

9. In sub-rule (5) of the said rule XXII, after the word 'allowances' wherever it occurs, the words 'or wages' shall be inserted.

10. To clause (*b*) of sub-rule (7) of the said rule XXII, the following proviso shall be added, namely :—

"Provided that where the Registrar is satisfied that a defaulter with intent to defeat or delay the execution proceedings against him is about to dispose of the whole or any part of his property, the demand notice issued by the Registrar under sub-rule (2) shall not allow any time to the defaulter for payment of the amount due by him and the property of the defaulter shall be attached forthwith."

11. For clause (*f*) of sub-rule (7) of the said rule XXII, the following clause shall be substituted, namely :—

Sale to be by public auction.

"(*f*) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall, when the amount for the realization of which the sale is held exceeds Rs. 100, furnish to the sale officer within such time as may be fixed by him or by the Registrar of the district, an encumbrance certificate from the Registration department for a period of not less than twelve years prior to the date of attachment of the property sought to be sold. The time for production of the encumbrance certificate may be extended at the discretion of the sale officer or the Registrar of the district, as the case may be. The sale shall be by public auction to the highest bidder, provided that it shall be open to the sale officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons. The interval between the actual date of sale and the service of the notice of attachment of the property shall be at least 30 days. The time and place of sale shall be fixed by the Registrar of the district and the place of sale shall be the village where the property to be sold is situated or such adjoining prominent place of public resort as may be fixed by the said Registrar."

Fort St. George, October 9, 1936.

(G. O. No. 1771, Development).

No. 506.—In exercse of the powers conferred by sub-sections (1) and (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor acting with Ministers is hereby pleased to make the following amendment to the rules published with Development Department Notification No. 264 dated the 1st August 1933, at pages 1178-1185 of Part I of the *Fort St. George Gazette*, dated the 1st August 1933, as subsequently amended, the same having been previously published as required by sub-section (3) of the said section :—

Amendment.

Rule XVIII-A of the said rules shall be renumbered as rule XVIII-B and the following shall be inserted as rule XVIII-A, namely :—

Restriction on admission of persons as members.

"XVIII-A. (1) No person shall be eligible for admission as a member of a society if he is an applicant to be adjudicated a bankrupt or an insolvent or is an uncertificated bankrupt or undischarged insolvent.

(2) Any member of a society who applies to be adjudicated, a bankrupt or an insolvent, shall cease to be a member of the society.

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Draft Rules under the Madras Debt Conciliation Act.

The Government have published the draft of the rules which they propose to make in exercise of the powers conferred by sub-sections (1) and (2) of Section 29 of the Madras Debt Conciliation Act, 1936.

Any objection or suggestion which may be received from any person with respect to the draft before the 20th November will be considered by the Governor-in-Council.

The following are the draft rules (appendices omitted) :—

1. (1) These rules may be called the Madras Debt Conciliation Rules, 1936.

(2) They shall come into force on and from the 1st December 1936.

2. In these rules,—

(*a*) "the Act" means the Madras Debt Conciliation Act, 1936 (XI of 1936).

(*b*) "The Collector" means the Collector of the district within whose jurisdiction the Board is established.

(*c*) "A Board" means a Board constituted under the Act.

3. The quorum necessary for the transaction of business at a meeting of the Board shall be two, of whom one shall be the Chairman.

4. The Chairman shall preside at every meeting of the Board, and shall regulate the course of all business.

5. (1) The headquarters of the Board shall be the headquarters of the officer who is its Chairman.

(2) The Board shall ordinarily sit for the transaction of its business at its headquarters but may sit at such time and place as may be fixed by the Chairman, regard being had to the convenience of the Board and of the parties, and may adjourn its proceedings as may be deemed desirable for the proper conduct of its business.

6. Applications under Section 4, notices under sections 8 and 10 and certificate under Section 18 of the Act shall be in the forms in Appendix I to these rules.

7. An application should be presented in Court during office hours by the applicant in person or by an agent authorised in writing, to the Chairman or, during his absence, to the person authorised by him to receive such applications on his behalf.

8. If applications for the settlement of the debts of the same debtor are made to more than one Board, the Collector of the District, if the Boards are within a district, and the Board of Revenue, if they are in different districts, shall call for the applications from the different Boards and decide which Board can most conveniently deal with all such applica-

tions, and transfer for disposal by such Board all such applications presented to the other Boards.

9. Every application to the Board under Section 4 of the Act shall be stamped with a Court Fee stamp of the value of twelve annas.

10. The proceedings of the Board shall be recorded in English.

Examination of Parties.

11. The substance of the examination of parties shall be reduced to writing by the Chairman of the Board and this and the statement of the parties shall form part of the record.

12. In making an enquiry under this Act the Board may examine orally any person supposed to be acquainted with the matter under enquiry or any fact relevant thereto and the Chairman shall reduce to writing the statement made by any person so examined.

Such person shall be bound to answer truly all questions relating to such matter put to him by the Board other than questions the answers to which would expose him to criminal charge or to a penalty or forfeiture.

13. All certificates granted by the Board shall be signed by the Chairman and shall be dated and sealed with the seal of the Board.

14. A copy of the notice under sub-section (1) of section 10 of the Act should be served on each known creditor. A copy shall also be posted on the notice boards of the Collector's office, of taluk office and of the office of the Debt Conciliation Board.

A copy shall also be posted in a conspicuous place in the village where the debtor ordinarily resides and all the villages, within the area for which the Board has been appointed in which any holding or land of the debtor or any part thereof is situated.

15. Every summons issued under the Act shall be in writing and shall require the person summoned to appear at a stated time and place and shall specify whether his attendance is required for the purpose of giving evidence, or to produce a document, or for both purposes, and any particular document, the production of which is required, shall be precisely specified.

16. Any person may be summoned to produce a document, without being summoned to give evidence; and any person summoned merely to produce a document shall be deemed to have complied with the summons, if he causes such document to be produced, without attending personally to produce the same.

Service of Summons.

17. (1) The service of summons under the Act on any person may be effected in any of the following ways:—

(*a*) by giving or tendering it to such person; or

(*b*) if such person is not found, by leaving it at his last known place of abode or business, or by giving or tendering it to some adult member of his family; or

(*c*) if the address of such person is known to the Board, by sending it to him by post registered; or

(*d*) if none of the means aforesaid is available, by affixing it in some conspicuous part of his last known place of abode or business.

(2) When the serving officer delivers or tenders a copy of the summons to the debtor or creditor or a party or a witness, personally or to an agent or other person on his behalf, he shall require the person to whom the copy is to be delivered or tendered to sign an acknowledgment of service endorsed on the original summons.

(3) The serving officer shall in all cases in which the summons has been served add or cause to be added to the original summons an endorsement or annexure stating the time when, and the manner in which the summons was served and the name and address of the person (if any) identifying the person served, or the place of abode or business and witnessing the delivery, posting on tender of the summons.

(4) All processes issued by the Board shall be served through the agency of the revenue establishment.

18. When the person whose evidence is required is unable, from sickness or infirmity to attend before the Board issuing the summons, or is a person whom by reason of rank or sex it may not be proper to summon, the Board issuing the summons may, of its own motion or on the application of the party whose evidence is required, dispense with his appearence, and order him to be examined by a person deputed by the Board for the purpose.

19. Where the person whose attendance is required is a public officer, or is the servant of a Railway Company or local authority, the officer issuing the summons may, if it appears that the summons may be most conveniently so served, send it by registered post prepaid for acknowledgment for service on the person whose attendance is required, to the head of the office in which he is employed together with a copy to be retained by that person.

20. (1) A party who desires the attendance of witness either to give evidence or produce a document shall deposit with the Board—

(*a*) in court-fees stamps, process fees in accordance with the scales prescribed in the Civil Rules of Practice and Circular Orders, Volume I; and

(*b*) in cash, allowances for travelling to and attending at Court in accordance with the scales laid down in rule 50 of the Civil Rules of Practice, Volume I.

(2) If the party required to make such deposits fails to do so within 15 days his application shall be dismissed. But he may within one month of such dismissal apply to have the dismissal set aside and the Board may in its discretion restore the application and deal with it.

(3) When the Board causes the attendance of a witness of its own accord and not at the instance of a party, the Board shall make such order, as it thinks fit, in regard to the payment of expenses to the witnesses according to the circumstances of the case.

21. The stamp duty on an agreement drawn up under sub-section (2) of section 14 of the Act shall be paid by the debtor. The cost of registering the agreement shall be paid by the creditors who are parties to it, the amount payable by each creditor being proportionate to the compounded debt stated to be payable to him under the agreement and on default shall be recoverable from him as an arrear of land revenue.

22. Every applicant for a copy shall be addressed to the chairman. The rules regarding grant of certified copies in Board's Standing Order No. 173 shall be followed in granting copies of the records maintained by the Board.

23. The following registers and books shall be maintained by a Board :—

(1) Register of applications; (2) (*a*) Process register ; (*b*) Nominal Roster of Process Servers; (3) Diet-money register; (4) Register of copy applications; (5) Receipt book (in duplicate foils); (6) Register of contingent expenditure ; (7) Cash book ; (8) Remittance register.

These registers and books shall be maintained in the forms prescribed in Appendix II to these rules.

24. The Board shall submit through the Collector to the Board of Revenue, a monthly progress return in Form No. VI in Appendix I to these rules.

Reports on working of Boards.

25. Each Board shall submit by the 15th of October every year through the Collector to the Board of Revenue, a report on the working of the Act, containing the following particulars :—

(1) progress of work and results achieved ;

(2) difficulties experienced in working the Act ; and

(3) amendments, if any, that appear to be necessary to the Act or the rules.

The Board of Revenue shall submit to the Local Government, not later than the 15th of December every year, a consolidated report showing the results of the working of the Act, based on the reports received from the Debt Conciliation Boards.

26. The chairman or a member of the Board, if a non-official, shall be entitled to draw travelling allowance for any journey performed by him in connexion with his duties as such chairman or member at the rates admissible and subject to the conditions applicable to a Government servant of Grade IV under the Madras Travelling Allowance Rules. Subject to the same conditions, he shall be entitled to daily allowance at rupees three and annas eight only.

27. The chairman or a member of a Board, if an official, shall be entitled to draw for any journey travelling allowance and halting allowance at rates to which he would be entitled by virtue of his official position.

28. The Collector shall be the controlling officer empowered to countersign the travelling allowance bills of the chairman and members of a Board.

29. The Local Government may provide such ministerial and menial staff as the Board may from time to time require and may regulate the conditions of their employment and fix the salaries and allowances payable to them.

30. In all administrative matters, the Board shall be subordinate to the Collector, subject to the control of the Board of Revenue and the Local Government. The Collector shall appoint, punish and generally control the staff of the Board. But the Board shall be competent to appoint and punish the menial establishment.

31. The Collector shall inspect the Board's records at least once a year, but he may inspect them more frequently if he sees fit to do so. He shall submit a report to the Board of Revenue on the results of such inspection, once a year.

32. In every case in which a debtor or a creditor is a minor, or a person of unsound mind, the procedure laid down in Order XXXII of the First Schedule to the Code of Civil Procedure, 1908 shall be applied.

Extracts.

EAST MEETS WEST.........THE CO-OPERATIVE WAY

TOYOHIKO KAGAWA'S INFLUENCE.

It is not unique for co-operation and religion to be associated. In Great Britain we have seen the influence of the Christian Socialists on the early development of Co-operation; to-day, in India and Canada we find Jesuit fathers teaching Co-operation in their schools and colleges; we find missionaries of various denominations taking out to Africa and the East the Christian Gospel, and along with it introducing the economic principles of Co-operation.

Toyohiko Kagawa is a great Christian influence in Japan. He is a convert to Christianity. He is a missionary in a country which, alas, has adopted the Western industrial life, in its worst form. Kagawa's task is no simple one. He finds that he has to give his people not only a belief, but also a social mode of conduct in an industrial system; one which will make Christian justice possible. He has with his belief in the Christian Gospel turned to Co-operation for the secondary part of his message. Indeed that is what many people most do. If in the nineteenth and early twentieth century people argued on theological questions, to-day they inquire as to how this faith or that faith improves man's relations with his fellow creatures.

Kagaw's story is quite a romance in itself. Miss Helen Topping, in a pamphlet, "Introducing Kagawa," tells the story of this poor orphan who has grown to be one of the most powerful influences in Japan to-day. Kagawa's father, we are told, was at one time a member of the Emperor's Privy Council. His mother, however, was a child of the slums. She died at Kobe when Kagawa was four years old, and he was entrusted to the care of his father's legal wife. His childhood was an unhappy one. He was permitted by his Buddhist guardians to go to an English Bible class so that he would learn English. Kagawa, however, was more anxious to learn something of Christianity. A brilliant scholar, he managed to obtain a good education, and eventually he migrated to the United States and graduated in Divinity at Princeton University. On his return to Kobe he proceeded with his social work in the slums. He lived, loved, and helped the slum dwellers. He organised the labourers in the slums to do things for themselves. Being educated he was able to advice them. On more than one occasion he was sent to prison for being friendly with men who had come out on strike, although Kagawa was and is himself an absolute pacifist. He took to writing, and his books were immensely popular. So much so in

fact that the Tokio publishers had to work on a co-operative basis when he came to issue his autobiography. With the famine and the earthquake, social conditions in Japan took a serious turn, and the Government found that Kagawa, with his knowledge of the social life of the people, would be a valuable adviser. Thus from being a "black-listed" citizen, Kagawa became a recognised leader of social organisation. It is this man who has converted thousands of Japanese people to Christianity; who is one of the most potent influences in Japan to-day; and who has espoused the cause of Co-operation. In 1918, after studying the social history of England and other countries, he set up co-operative societies guided by the Rochdale principles.

Kagawa fully appreciates the significance of Co-operation in its wider aspect. He has grasped clearly the idea that profits are unnecessary, that the profit motive will, unless controlled, disrupt economic society and even disturb world peace.

Kagawa has got a firm grip of the fundamentals of Co-operation. The societies which have been started as a result of his work include not only consumers' societies but also credit, assurance and medical societies What is perhaps most interesting to note is that Kagawa's influence is strong with the younger generation. That portends well. It is rather interesting to note too that Kagawa is an extremely popular figure in the United States, and there, too, he has given the co-operative idea impetus.

For those of us who perhaps are inclined to take Co-operation so much for granted it is a new inspiration to find this voice raised in the mysterious East in a plea for Christianity and in an appeal for Co-operation as a solution to the social problem. (*Co-operative Review*).

SOME FUNDAMENTAL PRINCIPLES OF CO-OPERATION.*

By Dr. TOYOHIKO KAGAWA.

It is quite an honour and privilege for me to speak to you, on some Fundamental Principles of Co-operation. You have heard many important things about the Co-operative Movement here, but I think the most vital point about it is the psychological interpretation of economic values. Many economists want to claim that economic principles are based on matter, but the Co-operative Associations lay emphasis more on the character and personality of the member of the Co-operative. Why so? Because where we have the principle of Co-operation in economics, what we are concerned about is the preservation of *Life*. For that we need food, clothing and shelter. Then we need labour. Karl Marx laid emphasis on the importance of the labour value, but when we go farther, when we have enough food, clothing and shelter, we want some change, and exchange also, and there develop the economics for: 1. *The Eye*—glasses, mirrors, eye-glasses, window-glass, and dyestuffs to please the eye with the colours of clothing, and paintings and movie pictures, &c.;

* An address given by Dr. Kagawa to the International Co-operative School at Saltsjobaden, Sweden, on 14th July, 1936.

2. *The Ear*—radio, gramophones, pipe organs, concerts, &c.; 3. *The Nose*--cigarettes, perfumes, &c.; 4. *The Taste*—here we need to remember that economics for nutrition, for food, and economics for taste, are two quite different matters: for the latter purpose we have wine, spices, sugar, soft drinks, &c.; they are not important at all for nutrition; 5. *Touch*—fine soft wool, fine cotton materials in clothing, are not for warmth but for pleasing the sense of touch; 6. *Economics of Sex.*

All these are what we may call *sense economics*, in contrast to the physical economics previously mentioned, of food, clothing and shelter, and also in contrast to the third stage in economics which I shall now proceed to describe as *conscious economics*.

Conscious economics develop somewhat as follows: When the processes of exchange increase, we can grow more things for commodities, and when we have power to grow, with inventions of machines and motor powers, we climb up to this next plane of conscious economics. In this conscious economics, advertisements are for *attention*; souvenirs, memorials, including war memorials, and statues are for *association*; while book-keeping is for memory, and the more you advance in psychological economics, the more you need of book-keeping. The United States has lent a lot of money, billions of dollars, to European nations, but they do not pay it back. It is an instance of the economics of memory, of book-keeping. Judges, Lawyers and all the appurtenances of the legal system are parts of the economics of *judgment*, which is related to many important factors in economic management. For instance, we had to depreciate the standard in our Japanese currency, and more than thirty nations have had to desert the gold standard. Hence, the need of judgment in connection with the currency system, and of many lawyers in this same connection. For *speculation*, there develops the stock exchange, also an element in conscious economics.

Then in this same realm of "conscious economics" there are the expressions of various desires for attainment: for the attainment of *learning* we have the school system and many colleges; for the attainment of *new knowledge*, scientists and scientific laboratories of various kinds; for the attainment of *beauty*, the fine arts and painters, sculptors, beauty parlours, and movie stars; for the attainment of *goodness*, the boy scouts, and ethical culture societies, such as the Y. M. C. A. and Y. W. C. A.; and for the attainment of *holiness*, the churches. In the U. S. A. before the depression they had invested nearly four billion dollars in church buildings.

So the higher we go, the more conscious economics develop, and the various kinds of occupations multiply. Therefore we need *selection* of occupations and social *order*, and *purpose* in life. Thus we have here the seven types of value, and can easily see that they are not materialistic at all. These seven of types of value are psychological, and so unless we have Co-operation in the economic system, the economic system faces a crisis—recurrent crises, panics and depressions.

Now the present capitalistic system is based on the exchange system—capitalism is based on the exchange system. As a result life values, labour values, growth values, selection values, order values (including taxation and all economics coming from law)—all of these values are based on the exchange value, and even the purpose value,

all of them are handled through the exchange system and dominated by it. That is a complete mistake. Yet as it is at present, whoever sits in the midst of the exchange system can dominate every other thing. He can do anything he wishes to do.

Now the exchange system is well organised in production, but consumers are not well organised and so production and consumption do not fit in together. The man who has capital invests it so as to get more capital, and thus practises capital *accumulation* and *concentration* of capital. Others who have capital do the same, and the friction between them, their mutual competition, is the beginning of depression and panic. Capitalism is destined to produce conflict and depression. It has this destiny by its very nature. Capitalism is the most terrible *waste* of social energy. So we need a new system of Co-operation and Co-ordination, to get rid of this terrible waste and conflict.

The labour movement and the labour party, lay emphasis on the importance of the *labour value*, but when you lay emphasis only on labour, although labour is raised to a new standard, that does not solve the problem. In 1871 the Paris Commune produced and produced for six months without any market, so the Paris Commune failed. They had a similar experience in the Russian revolution. In December, 1917, Lenin and Trotsky, after taking control of the whole state, destroyed the exchange system and adopted a rationing system, but in 1920 Lenin confessed he had made a serious mistake and so revived the Co-operatives. Labour must learn that it is not necessary to destroy the exchange system, but only to do away with its connection with exploitation. If we start Co-operatives, exploitation can be destroyed.

The labour party in Great Britain could not get rid of unemployment, because unemployment is not so much related to labour as to the *selection of occupations* of *conscious economics*. Labour is related to muscle movements, but unless we have good Co-operatives it is absolutely impossible to get rid of the problem of unemployment.

Fascism cannot do much either, even though it maintains *order* in the state. None of these values standing alone can ever do justice to the economic situation. We must have seven types of Co-operative Organisation working together:—

for *life* we need Life Insurance and Health Insurance Co-operatives;

for *labour* we need Producers' Co-operatives;

for *exchange* we need Marketing Co-operatives;

for *growth* we need Credit Co-operatives (investments);

for *selection* (of occupations) we need Mutual Aid Co-operatives; because with more division of labour there will be need of providing for waiting periods between jobs;

for *order* we need Public Utility Co-operatives;

for *purpose* in life we need Consumers Co-operatives.

So we need all seven types of Co-operatives, and these seven types of Co-operatives must be joined to gether into one system

(*Review of International Co-operation*).

Madras Milk Supply Co-operative Union.

PROGRESS STATEMENT FOR 12 MONTHS.

(Statement showing the quantity of milk purchased, sold and converted into by products).

Year & Months.	Quantity of milk purchased (measures).	Quantity of milk sold (measures).	Quantity converted into by products (measures).	REMARKS.
1935				
October ...	35,620	34,153	1,467	
November ...	34,859	32,802	2,057	
December ...	36,727	34,845	1,882	
1936				
January ...	36,156	34,134	2,022	
February ...	33,150	31,419	1,731	
March ...	36,222	34,636	1,586	
April ...	41,193	39,431	1,762	
May ...	45,320	43,408	1,912	
June (30 days) ...	43,583	41,580	2,003	
July ...	46,607	45,571	1,036	
August (31 days)	47,966	47,205	761	
September (30 days)...	48,023	46,855	1,168	We should add 1700 to both purchase and sale as the quantity represents only 30 days sale as against 31 days in August.

Sir Lallubhai Samaldas.

[The following is a report of the meeting of the co-operators of Madras to express their sorrow at the demise of Sir Lallubhai Samaldas.]

Under the auspices of the Madras Provincial Co-operative Union a public meeting of co-operators was held on Saturday the 31st October last at the Servants of India Society, Royapettah, Madras, to express their sorrow at the demise of Sir Lallubhai Samaldas, the veteran Co-operator of Bombay. Prof. S. K. Yegnanarayana Iyer presided on the occasion.

Mr. V. Ramadas Pantulu said: "Sir Lallubhai Samaldas, who died on 14th October, 1936, at the ripe age of 73, was the oldest and the greatest of co-operators in India. He was the poineer of the co-operative movement in the Bombay Presidency, and had an abiding faith in its potentalities in ameliorating the condition of the masses. He took life-long interest in the co-operative movement and was responsible for its sound progress and development in the Bombay Presidency. He served on the Maclagan Committee on Co-operation (1914-15). The report of this committee is still considered to be the Bible on Co-operation in India. He was also the promoter of the Bombay Provincial Co-operative Bank (1911), which he served as Chairman from 1922-25, and under his guidance the Bank made systematic progress and became the leading Provincial Co-operative Bank in this country. He was one of the founders of the Bombay Provincial Co-operative Institute and was its Vice-President from 1918-1921. He was the Chairman of the Mysore Co-operative Committee (1921-23). He presided over co-operative conferences in many provinces and states including Bombay, Bihar, Orissa United Provinces and Mysore. He was the first President of the All-India Co-operative Banks' Association (1926). He promoted the formation of the All-India Co-operative Institutes' Association and was it first President from (1927-34). He continued to take active interest in the co-operative movement till his death and became the Founder-President of the Bombay Provincial Co-operative Mortgage Bank (1935-36), which he served with paternal care. He was a prominent businessman of Bombay. He helped in starting the Bank of India, the Bank of Baroda, and Indian Cement Company. He served as director of several commercial firms and banks. He was nominated to the Bombay Legislative Council in 1910-1913, and 1916. He presided over the Industrial Conference in 1913. He was a fellow of the Bombay University and President of Indian Merchants Chamber (1917-18). He was elected to the Council of State, (1920). He served as a member of the Indian Mercantile Marine Committee (1923-24). He acted as Member of the Executive Council of the Bombay Government (1925).

"Addressing the All-India Co-operative Conference held at Amraoti in 1934, the last which he attended, Sir Lalubhai Samaldas referring to the criticism that the co-operative movement had strayed away from the true principles of Co-operation, remarked, 'I have had the good fortune of being connected with this movement not only from its inception but to a certain extent even before the first Co-operative Bill was introduced in the Imperial Legislative Council. I have also had the good fortune of studying the growth of the movement at different stages in some provinces and had the privilege of working on the Maclagan Co-operative

Committee. I may also add that both on the Committee and later as President of the Provincial Co-operative Conference in three Provinces and two Indian States, I have always received the confidence of both the official and non-officials. Nearing the grave as I do, I have no personal feelings in this matter; my sole object in referring to the past history of the movement and drawing conclusions therefrom is to put before the younger generation of co-operators the history of the growth of the movement and its setbacks that I have been able to see till now, so that the young co-operators may be able to carry on the movement for the economic advance of the agriculturists and small industrialists on correct lines.' When he retired from the presidentship of the All-India Co-operative Association in 1934, the Conference placed on record its grateful appreciation of the very important services of Sir Lallubhai Samaldas to the co-operative movement in general throughout the country and to the Association in particular and regretted that he was unable on considerations of health and age to continue to be at the helm of affairs of the Association. In his death the co-operative movement in India has lost its greatest leader and it will be difficult to replace him for a long time. Our sympathies go to his son Mr. V. L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank in his sad bereavement."

Mr. L. Gangadhara Sastry of Hindupur recalled that when he went to Bombay once he was the guest of Sir Lallubhai Samaldas who inspite of the difference in age and status between them, took him round the city and showd him all the important places himself. In his hospitality Sir Lallubhai made no distinction between the rich and the poor.

Mr. V. Venkatasubbaiya said that he as a member of the Servants of India Society had every reason to be grateful to Sir Lallubhai Samaldas. He was a great friend of the Servants of India Society and came all the way from Bombay to Poona to attend the last annual session even though in poor health, just to give the Society his blessings and encouragement.

The Chairman said that he came in contact with Sir Lallubhai for the first time at Madura when he presided over the Provincial Co operative Conference. The impression which he left on the youngsters was that he never made them feel the awe which they invariably felt in the presence of a great man. Eventhough he was not an out and out co-operator, for he was connected with many joint stock concerns He had given his eldest son, Mr. V. L. Mehta, to the movement, who has a hundred per cent co-operator and who was highly national in his out look. He also observed that he largely influenced the authorities in Madras to use Indian cement for the Mettur Project.

Mr. V. Ramadas Pantulu then moved the following resolution:

> This meeting of the co-operators in the Madras Presidency places on record its high sense of appreciation of the valuable services rendered by Sir Lallubhai Samaldas to the co-operative movement in particular and to the other progressive movements in the country in general and conveys its respectful condolence to Mr. V. L. Mehta and other members of the bereaved family.

It was put to the meeting and carried, the audience standing. The meeting then terminated.

News and Notes.

The Punjab Legislative Council at its recent session passed the Punjab Consolidation of Holdings' Bill, which is one of the main measures of rural reconstruction.

* * *

In the recent elections of the Madras Central Land Mortgage Bank, Diwan Bahadur T. A. Ramalingam Chettiar, Diwan Bahadur T. Raghaviah and Rao Bahadur C. Gopala Menon were elected as President, Vice-President and Treasurer respectively.

* * *

The portrait of the late Sir M. Ramachandra Rao was unveiled by the Hon'ble Mr. P. T. Rajan at the premises of the Central Co-operative Land Mortgage Bank, Madras on the 10th October last. Mr. Rajan in doing so paid a tribute to the work of the late Sir Mocherla as President of the Bank.

* * *

The portraits of the late Diwan Bahadur R. Ramachandra Rao, Rao Sahib T. Srinivasa Rao and Mr. V. C. Rangaswami were unveiled by Sir Vepa Ramesam on Sunday the 1st November at the premises of the Madras Provincial Co-operative Bank, Mylapore. The portraits which have been well executed are the work of Mr. C. Nageswara Rao of Bombay.

* * *

It is reported that the Conference of the All-India Registrars of co-operative societies will be held this year at Delhi in December next, probably starting from 2nd December. Mr. Vishnu Sahayal, Registrar of co-operative societies, U. P. will be the Secretary of the Conference.

* * *

Diwan Bahadur T. A. Ramalingam Chettiar speaking on the occasion of the Mysore Co-operative Conference, which took place at Mysore last month, observed that the co-operative movement suffered very much for lack of sufficient advertisement. It would be no exaggeration to say, said he, that even Government servants had not understood the movement properly. It seemed to him that a certain amount of advertisement would go a long way to place the movement on a strong foundation.

* * *

The next All-Travancore Co-operative Conference is proposed to be held during the Christmas Week under the joint auspices of the Travancore Co-operative Institute, the Parur Co-operative Union and the Parur Taluk Bank. The venue of the Conference will be the Union Christian College, Alwaye. Arrangements are made to hold also an agricultural, industrial and a health conference. It is expected that either Sir C. P. Ramaswamy Iyer or Sir R. K. Shanmukham Chetty will open the Conference.

A Rural Reconstruction Centre which was organized under the auspices of the All-India Women's Conference was opened by Her Highness the Princess Karthika Thirunal at Mahila Mandir, situated on the outskrits of Trivandrum on the 26th October last. The Secretary of the Mahila Mandir, speaking on the aims and objects of the centre, said they would concentrate their attention on popularising bee-keeping, poultry-farming, gardening, child welfare and adult education.

* * *

A meeting of the promoters of the Madras Provincial Co-operative Marketing Society was held on the 12th October last at the office of the Registrar of Co-operative Societies, Madras. The objects of the Society are to arrange for the marketing of agricultural produce and co-ordinate the working of the loan and sale societies. It is proposed to take up the marketing of vegetables and fruits in the beginning. The directors who have been nominated by the Registrar elected the following to the Executive Committee :—Messrs. T. A. Ramalingam Chettiar (*President*). V. Ramadas Pantulu (*Vice-President*), P. N. Marthandam Pillai (*Treasurer*), T. Adinarayana Chettiar, R. V. Sundara Reddiar and N. Satyanarayana. The Government have lent the services of a Sub-Deputy Registrar and a Senior Inspector to the Society.

* * *

At a meeting of the Trichinopoly District Board held at Kulitalai on the 26th September last, a scheme for the improvement of cattle was discussed. Mr. K. V. Srinivasa Iyengar to whom the matter had been referred submitted a report in the course of which he suggested the formation of cattle co-operative societies in which the District Board could take shares to the extent of Rs. 750 in each society, as the villagers were too poor to subscribe to the whole capital. The idea is that each society should purchase about 20 cows and a bull and that the cows should be given to individual members for cost price. The amount should be treated as a loan from the society and the repayment should begin as soon as the cows begin to give milk. Thus the members could easily liquidate their debts in one or two seasons. The President of the Board assured the House that he would provide Rs. 3,000 in the next budget for the purpose.

* * *

Judgment was delivered on the 28th September last by Mr. P. Ramalingam, I.C.S., District Judge, Ganjam, in a case in which Krishna Chowdary, former Deputy Nazir of the District Munsif's Court, Aska, P. M. Patnaick, then Sub-Registrar, Aska, and B. Jaggarao, President, Secretary and clerk respectively of the Government Employees Co-operative Society, Aska, were charged with having entered into a conspiracy to commit criminal breach of trust in respect of the funds of

the society to the extent of Rs. 3,300 during the year 1930-31. It was alleged that the accused drew moneys from the Central Bank, Aska on the pretext of having had to advance loans to members, collected moneys from the debtors and did not credit them in the accounts, created false loans and acknowledgments. The Judge found all the accused guilty of criminal breach of trust and misappropriation of the funds of the society and sentenced the President and Secretary to two years R. I., and the clerk to three years R. I.

* * *

The Tirupathi Co-operative Town Bank had at the end of the last co-operative year 1,297 members with a share capital of Rs. 87,310. There was an increase of nearly Rs. 56,000 in the deposits of the Bank eventhough the Bank was offering low rates of interest at 2 to 4 per cent. It issued loans during the year to the extent of Rs. 2.08 lakhs and recovered Rs. 1.48 lakhs. The percentage of overdues on loans has increased from 8.6 per cent to 15¼ per cent under principal loans and 3.7 per cent to 5.5 per cent under interest. The working of the Bank during the year resulted in a net profit of Rs. 13,216-8-0.

* * *

The 24th half-yearly report ending 30th June 1936 of the South Indian Co-operative Consumers' Society, Matunga, shows another six months of steady and satisfactory progress. The total sales for half-year amounted to Rs. 46,641-6-6 as against Rs. 42,770-9-3 during the previous half-year. The Directors in the report state that the credit that is offered by all shops is one of the impediments for the spread of the consumers' co-operation. They also state that efforts are being made for educating the people in the benefits of co-operative stores. The reserve fund of the Society stands at Rs. 3,096-9-11, the building fund at Rs. 2,321-4-9 and the net profit for the period is Rs. 1,854-14-5.

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At the end of the last co-operative year the Anantapur District Co-operative Central Bank had 137 individual share-holders and 406 society share-holders with a paid-up share capital of Rs. 32,530 and Rs. 1,71,718-12-0 respectively. The Bank issued during the year loans amounting to Rs. 2,31,535 and recovered Rs. 2,61,740 towards repayment of loans. The percentage of balance to demand was 76.4 under principal and 16.7 under interest as against 79.5 and 26.3 at the end of the previous year. These high percentages are partly due to the famine conditions that prevailed in the district for the last three years. Exclusive of Rs. 10,000 carried to Bad Debts Reserve, the Bank made a net profit of Rs. 13,369-8-0 as against Rs. 1,389-6-0 in the previous year.

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The pepper farmers of a district in Jamaica recently constructed a road fit for heavy motor traffic by voluntary co-operative labour without waiting for the convenience of the authorities. At first the workers were few but as the pioneers went on steadily more and more men joined them and completed the work. There are many villages in our country which await such co-operative construction of roads.

interest was due not only for the year 1935-36 but also for the previous years provided the interest was paid before the 30th June 1936.

2. Subsequently, in Registrar's circular B. 5260/35 dated 1-11-35, printed copies of amendments to the model by-laws of societies for th deletion of the provision regarding penal interest and for changi interest at the reduced rate on outstanding loans were supplied Deputy Registrars and Sub-Deputy Registrars in independent charge f distribution to the societies. It was made clear in the printed amen ments that interest on loans outstanding should be charged at t reduced rate from the date of last payment to 30-6-36 whether or not interest was paid before the 30th June 1936.

3. The economic depression still continues and the Registr considers that the borrowers require relief. All the concessions which were suggested in the previous year may therefore be extended for th current year also 1936-37. Deputy Registrars and Sub-Deputy Registrar in independent charge are requested to intimate the societies accordi ly. Central banks and primary societies which have not yet delete provision for the levy of penal interest may be advised to delete the vision as early as possible. They may also be advised to adopt trans by-laws providing for the collection of interest on outstanding loans the reduced rates upto 30-6-37. Deputy Registrars are requeste register the amendments promptly and see that the concessions affo are availed of by the borrowers.

4. In addition to these concessions, central banks may lend to lo and sale societies at a favourable rate of interest.

5. Deputy Registrars and Sub Deputy Registrars in independe charge are requested to advise central banks to try the system of co trolled credit also during the current year at one or two favourab centres in their jurisdiction.

III

No. D. Dis. B—1. 7105/36. *Madras, Dated 13th October, 19*

Sub : Land Mortgage Banks—transfer of debts from village credit soc ties—instructions.

Read : Registrar's circular No. B-1. 4734/32 dated 24-8-32.

In Registrar's circular quoted, it was suggested that an intensi campaign should be launched to transfer to Land Mortgage Banks tho debts of ordinary credit societies which could not obviously be cleared 5 years. Central Banks, Federations, Unions and Societies were reque ed to examine loans in primary societies and to send up a list of su debts which could be so transferred to the Land Mortgage Banks work in the area. Again, in the Registrar's scheme of rectification of societ the importance of village societies transferring such debts as could taken over by Land Mortgage Banks was emphasised.

2. The Registrar considers that the investigation of the transfer of debts from village societies to Land Mortgage Banks can be expedited if the field staff of Central Banks and of the Land Mortgage Banks (Supervisors) tour together, select cases of long-term loans fit for transfer and send up a list of such loans to their respective institutions. Central Banks and Land Mortgage Banks are therefore requested to regulate the tours of their supervisors in the manner indicated above.

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(1)	(2)	(1)	(2)