



JL
XNM211, N10M
N36.28.4
127749.

153



THE
Madras Journal of Co-operation

VOL. XXVIII.]

OCTOBER 1936.

[No. 4

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

Editorial Notes.

The Scheme of Co-operative Education.

The Local Government have at last published the scheme of co-operative training and education which is to be financed out of the special grant of Rs. 3 lakhs made by the Government of India for this purpose. We have published the Government order and the whole scheme in this number, as it is bound to be of immense interest and importance to co-operators of this province. Though it has taken nearly 18 months to mature, we believe that the vast body of non-official co-operators will look upon it as a very imperfect and unsatisfactory scheme, and, if it should achieve its object, it must be materially improved in several important respects. We hope that the suggestions we have made below in this direction will receive the earnest consideration of the Government.

Its Main Defect.

The main defect of the scheme is that it is too official in conception and execution; that is, that it has been framed without non-officials being consulted and that it is intended to be worked almost entirely by the official agency. To put it very mildly, this is very surprising; since it is admitted on all hands that education and propaganda are the special province of non-official co-operators, even as

registration, audit and some other functions are admitted to be the special province of the official machinery. Quite a year ago our Provincial Co-operative Conference passed a resolution requesting the Registrar to consult the Provincial Co-operative Union, on which every kind of co-operative experience is represented, in drawing up the scheme, but the appeal was not needed. The Townsend Committee on Co-operation was very clear in expressing the opinion that the education of non-officials should be left in the hands of the Provincial Co-operative Union. On page 94 of their report they wrote as follows :—

“ Dealing first with the education of non-officials in co-operative principles, we consider that this should be the duty of a central non-official body working through the federations and co-ordinating their activities. We consider that the P.C.U., if reorganized (as we understand is proposed) on a larger basis, so as to represent federations and central banks, would be a suitable body to undertake this work. Government should give it a grant-in-aid in the proportion of Rs. 3 to every Re. 1 raised by the P.C.U. by subscriptions and contributions, until the grant made by Government reaches Rs. 20,000, when the position should be reconsidered. The present income of the P.C.U. from contributions is Rs. 4,600. We recommend in addition that Government should give a grant of Rs. 1,000 per annum to each federation affiliated to the P.C.U. to be spent on education and training. The grant to the P.C.U. should be conditional on its giving representation on its governing body to each federation. Each course of instruction, whether arranged for by the P.C.U. or federations, and the list of instructors, should be determined in consultation with the Registrar.

The function of the P.C.U. would be the organization of classes both in Madras and in the districts, through the federations, for the training of supervisors and of private individuals, in the latter case at their own cost. There should be an examination at the end of the course, and in the appointment of supervisors preference should be given to men who have passed the examination. The course of training should be approved by the Registrar. Other functions of the P.C.U. will be to publish as at present, a monthly co-operative magazine, to organize periodical conferences and to arrange for adequate propaganda by means of lectures and classes, aided possibly by the magic lantern and the cinematograph, working whenever possible through the federations.”

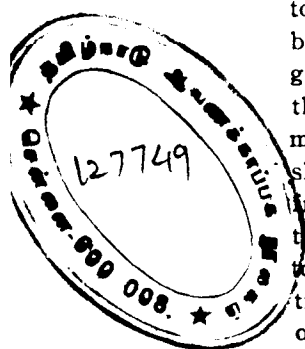
Year after year appreciative reference is made in the Registrar's administration report to the Provincial Union's work of education and propaganda. Yet in the present scheme, which is as largely concerned with the training of the non-official staff as of the official staff—with the training of the managers and secretaries of central and urban banks, of the employees of non-credit societies, and of the supervisors of unions, as with the training of Deputy Registrars, Sub-Deputy Registrars and Inspectors—and which specially provides for the education of panchayatdars and members of primary societies, the Provincial Union is given a place only in the training of supervisors. This, too, because it is already in charge of the training classes for supervisors, and it would therefore be more correct to say that so far as that part of the scheme is concerned, the Union's connection is retained and not cut off. This deliberate omission—it cannot be otherwise, at any rate, after the resolutions of the Provincial Conference—is neither fair to non-official organizations nor conducive to the harmonious and efficient working of the movement in this province. Why the department and the Government should have flouted the weighty opinion of the Townsend Committee, let alone that of the Provincial Conference, it is difficult to understand.

Courses of Training.

The scheme provides for seven different kinds of training :

- 1 Training of Junior Inspectors.
- 2 Training in non-credit work.
- 3 Training of managers and secretaries of central and urban banks.
- 4 Refresher courses for inspectors and supervisors.
- 5 Training of supervisors.
- 6 Training of panchayatdars.
7. Education of members.

Of these the first three are concentrated in the Central Co-operative Institute, the regular staff of which is intended only for training Junior Inspectors. Special temporary staff is to be provided for giving training in non-credit work and in the functions of managers and secretaries of central and urban banks. The latter two courses will be of two and three months respectively. They will each train 30 persons per year, of whom 10 are to be chosen from the official staff and the others are to be employees of co-operative institutions. Though the majority of the persons to be trained are



thus non-officials, there is no provision made for the association of non-officials in giving this training. It is well known that the work of non-credit societies is varied, difficult and complicated. In the course of two months instruction is to be given in respect of stores, sale societies, weavers' and other artizan societies and in all other forms of non-credit work. The provision that is made in the scheme for giving this varied instruction is the temporary appointment of a Deputy Registrar—not a series of lectures by persons engaged in the management of these different kinds of societies. It seems to be an article of faith with the officials that when one becomes an official, whether a high or a low one, one becomes the repository of every kind of knowledge and capacity. Yet the Department has not been able to devise even a suitable audit form for the audit of non-credit societies after all these years. Similarly, in providing training in the functions of managers and secretaries of central and urban banks, the association of persons engaged in conducting these banks is not thought of, though our province may claim to be as strong as any in this country in respect of central banks; and the instruction is to be given by the staff of the Central Co-operative Institute assisted temporarily by a tutor. Such arrangements do not impress one with their efficiency. The managers and secretaries of central and urban banks being non-official staff, their training should be entrusted to the Provincial Co-operative Union as recommended by the Townsend Committee. The Union could arrange for the training at the six Co-operative Institutes, which on account of the introduction of the peripatetic school system have now a curious existence of short activity followed by long hybernation. In co-operation with the central and urban banks, the Union would be able to arrange for a really useful course of training.

Wrong Policy.

We should in this connection refer to a statement of policy which is contained in the scheme. It is presumably approved by Government, though it is found in the annexure for which the Registrar was responsible. In the paragraph relating to the training of secretaries and managers of central and urban banks occurs this sentence: "The Central Banks may be asked to take the services generally of qualified Sub-Deputy Registrars from the Department, but in special cases they may be permitted to take men from outside the Department, if there are qualified and competent men." So the policy of

Government is to force Sub-Deputies on central banks, and that is why 10 of them are to be given so called special training at the Central Institute. We are told that in special cases—they must be very special indeed—the central banks will be *permitted* to appoint men from outside this sacred order, '*if there are qualified and competent men.*' (Italics ours) In view of this mentality one is tempted to ask whether it is possible to make the Department believe that qualified and competent men can be found outside the category of Sub-Deputies, say, among the graduates of commerce, accountancy etc.? We had supposed that central banks were independent institutions which like other banks in the country were free to appoint their staff and which were to be judges of the competency or otherwise of their staff; and also that in exceptional cases, if they wanted the loan for some time of departmental employees, their request would be favourably considered by Government. Apparently that is not the policy of Government for the future. We deeply deplore this change. The function of the Department is to be the auditor, friend and guide of societies, not their uncontrollable managing agents. We can only hope that all that is implied in the sentence quoted above from the scheme is not intended by the Department and the Government.

Refresher Courses.

The scheme provides for separate refresher courses for Inspectors and Supervisors at the headquarters of each district to be held twice a year in January and June, each course lasting for a week. We do not think June is a suitable month, as both the official and non-official staff will then be specially busy with collection work. Inconvenience there is also bound to be, if the two separate courses are held in the same place (district headquarters) and at the same time. We do not think two courses in the year are really needed; one should suffice, especially as it extends over a week. The two courses should be held at different times—we would suggest March for Inspectors and September or October for Supervisors—and the instructors and lecturers for either course should be neither entirely officials nor entirely non-officials. All will agree with the Registrar in holding that the refresher courses are imperative.

In respect of the training of Supervisors, which as during the last few years will be given at the peripatetic schools, the scheme specifies the mode of selection of candidates and some details regarding the preliminary and practical training, which are to be welcome. The schools are now conducted under the auspices of the Provincial

Co-operative Union, a committee of which appoints the examiners in consultation with the Registrar. The examiners are drawn from both officials and non-officials. The preliminary and post-study practical training provided in the scheme will undoubtedly enhance the efficiency of the training given in the schools.

Training of Panchayatdars and Education of Members.

We should think the weakest part of the scheme is that which relates to the training of panchayatdars and the education of members of societies. For the training of panchayatdars what is provided is that a Senior Inspector and a Junior Inspector should conduct 6 or 7 classes of two or three days' duration in each district, one set of Inspectors being appointed for the Telugu districts and another set for the Tamil districts. Travelling allowance and batta would have to be paid to the panchayatdars and so a sum not exceeding Rs. 9,600 is to be made available to the central banks which have to arrange for these classes, provided they contribute at least an equal amount from their own resources. For the education of the members of societies the scheme provides that 8 Junior Inspectors should go from village to village in the districts and explain the principles of co-operation and the objects of societies to the members. This sort of education was tried some years ago in some of the districts and was found to be an utter failure.

There is no point in providing one kind of instruction to the panchayatdar and another kind to the mere member. The distinction between them is only theoretical. The panchayatdar has not had any preliminary general or co-operative education to fit him for office better than an ordinary member, and one who is a panchayatdar to-day becomes an ordinary member to-morrow and *vice versa*. Therefore we think only one course should be provided for both of them, instead of two separate courses. The classes will have to be held when the villagers find it most convenient to attend them, that is, when the agricultural season is off. The two Inspectors who under the Government scheme will take district after district are bound to find the season unsuited in some of the districts. The co-operation of non-official agencies is more indispensable and fruitful of good results in the education and training of panchayatdars and members than in the other cases, though there too it is quite necessary. Therefore what we would suggest is that the distinction between the panchayatdar and member be dropped, that only one

course of two or three days be provided for the education of the members, that a small committee of 3 or 5 persons consisting of the Deputy Registrar, the President or Vice-President of the central bank, an educationist and one or more representatives of unions be formed in each district, and that the arrangements for conducting the classes, including the appointment of staff if necessary, be left to them. A committee of the Provincial Co-operative Union, in co-operation with the Registrar, may be entrusted with the preparation of the syllabus and the synopsis of lectures or lessons, and the co-ordination of local committees. The amount ear-marked in the scheme for the training of panchayatdars and the education of members may be placed at the disposal of the Provincial Union and the local committees for utilisation. If this be done, the Provincial Union would perhaps be able to get a liberal grant from the common good fund of the Provincial Co-operative Bank and add it to the Government grant, say, in the proportion of 1 to 3, as recommended by the Townsend Committee quoted above. In any scheme of training of members of societies extending beyond a few hours, arrangements should be made for their boarding and lodging, and these are best made by non-official agencies. We expect that each district committee will be able, with the funds made available to it from Government and other sources, to arrange for more than 20 classes each year, in the course of two or three convenient months.

Owing to the depression and lack of profits in societies, there has of late been very little education and propaganda in the districts. After the announcement of the Government of India grant was made, people have been eagerly waiting for the scheme. If in framing it non-official co-operators had been consulted, we have no doubt that it would have been very much better than it is. We have made above some suggestions for its improvement in necessary directions. They are made in a helpful spirit. We trust they will receive the earnest consideration of the Department and of the Government and will be found worthy of acceptance. We hope, above all, that the education of the member, which has been neglected all along and to which is attributed no small share of the blame for the present unsatisfactory state of societies, will be taken up enthusiastically and carried out efficiently.

Bombay and Madras Apex Banks.

Even a superficial comparison of the great co-operative apex banks of Bombay and Madras reveals some interesting points of

difference. The Bombay bank has 29 branches in 9 districts—there being 8 and 7 branches in the West Khandesh and Satara districts respectively. Though in some districts independent central banks and the branches of the apex bank exist side by side, competition between them is prevented by seeing that their jurisdictions do not overlap each other. There are also some districts in Bombay where there are no central banks. Unlike the Madras apex bank, therefore, the Bombay bank ordinarily finances a number of primary societies. The advantages of the branch system, in economy or efficiency, are not so clear as to lead to its adoption by other provinces. According to the balance sheets of the two banks as on 30th June 1936, the working capital of the Bombay bank was nearly Rs. 256 lakhs, while that of the Madras bank was Rs. 200 lakhs. The difference is not much and is due to the policy of restricting deposits followed by the Madras apex bank. The Bombay bank had lent out to co-operative societies Rs. 85.63 lakhs, whereas the amount lent out by the Madras bank was only Rs. 35.11 lakhs. The amount held as deposits from all sources by the Bombay institution was Rs. 205 lakhs while that held by the Madras one was Rs. 165 lakhs. The interest paid, however, on deposits by the Bombay bank amounted to Rs. 13.28 lakhs, averaging $6\frac{1}{2}$ per cent, while the Madras bank paid only Rs. 4.51 lakhs, which averages less than 3 per cent. The interest earned by the Bombay bank on its lendings and investments amounted to Rs. 17.90 lakhs, while that earned by the Madras bank was only Rs. 8.34 lakhs. From these figures it is apparent that both the borrowing and lending rates of the Madras apex bank are lower than those of the Bombay bank. Both the institutions had large surplus funds which were invested outside the co-operative movement. The Madras bank invested more in Government paper and the Bombay bank invested more in deposits in approved banks.

The Madras bank had to pay a heavy income-tax of Rs. 68,000 which does not seem to have been demanded of the Bombay bank. The nature of the business in both being the same, one fails to understand why there is a difference in the applicability of the tax. The Madras bank earned a net profit of Rs. 202 lakhs during the year 1935-36 as compared with Rs. 1.29 lakhs of the Bombay bank. On account of the large number of its branches the administrative expenditure of the Bombay bank, both in salaries and in inspection charges, was very much higher than in the case of the Madras bank. The usual rate of dividend paid by the Madras bank is 9 per cent while that of the Bombay bank is only 5 per cent. The former is indefensibly high for a co-operative institution. The Bombay bank has no common good fund like the Madras bank from which grants are made for education and propaganda, nor does it seem to have given subventions for rectification work like the latter.

Structure of the Madras Provincial Co-operative Bank.

STORY OF THREE DECADES

INDIVIDUAL SHARE-HOLDERS—THEIR PAST, PRESENT AND FUTURE.

BY MR. V. RAMADAS PANTULU.

The Madras Provincial Co-operative Bank Ltd., then called the Madras Central Urban Bank Ltd., was registered under the Co-operative Societies Act of 1904 on the 23rd November 1905. The shareholders were all individuals, though the object of the Bank was to finance other co-operative societies in the province. As the law then stood, one society could not be made a member of another society, which became possible only under Act II of 1912. From its establishment in November 1905 to April 1917, the share-holding in the Bank was confined entirely to individuals. The initial share capital was Rs. 25,000 and this was raised to Rs. 2 lakhs gradually, as business increased. The maximum number of shares which an individual could hold was 50 of the face value of Rs. 100 each; in other words, the maximum share-holding of an individual was limited to Rs. 5,000. The entire authorised share capital of the Bank which was held by 348 individuals was subscribed and paid up on 30th June 1917. Though no new shares were allotted after 1917, the number of individual share-holders reached the maximum of 402 on 30th June 1922, by a process of partial transfer of some of the shares held by certain share-holders to others.

The MacLagan Committee on Co-operation, which reported in 1915, described the position of the M.C.U.B. thus, in para 167 of their Report: "In Madras, the Central Urban Bank has begun to undertake functions of accepting surpluses from and lending money to Central Banks, but it is not in a position to exercise any control over these banks. As a matter of fact, 27/28th of its loans, which are approximately one-half of the total loans in the province, have been made to primary societies and it can in no way be said to be in charge of the direction of the provincial finance." The Committee proceeded to say in para 170 of their Report that it was essential in their opinion, that co-operative institutions should be represented in the Provincial Banks. In pursuance of this recommendation of the Committee, the then Registrar of Co-operative Societies, Dewan Bahadur L.D. Swamikannu Pillai, put forward his proposals for the amendment of the

constitution of the Bank. After a great deal of controversy, the Bank agreed by the resolution of the General Body, dated 31st March 1917, to admit co-operative societies also (*i.e.* primary societies and central banks) as shareholders on the following conditions:

(i) The existing shares (all of which were then held by individuals) be converted into preference shares carrying a preferential right to dividend at 9 per cent and to the capital in the event of liquidation.

(ii) The surplus profits, if any, after meeting the obligations as regards Reserve Fund, Dividend and Building Fund, may be utilised with the sanction of the Registrar in the extinction of individuals' shares, by paying off Rs. 160 per share as against the face value of Rs. 100 per share.

(iii) The sum of Rs. 25,000 then outstanding to the credit of the Dividend Equalisation Fund should be reserved for the exclusive benefit of the preference share-holders to be drawn upon should the annual profits be insufficient to pay in full dividend at 9 per cent.

(iv) New ordinary share capital be created; such capital to be issued at par to co-operative societies *only*. The maximum of the ordinary share capital then created was fixed at Rs. 4,00,000. The preferential share capital held by individuals on the date of the resolution stood at Rs. 2 lakhs.

(v) Three out of the nine seats on the Board to be reserved to co-operative societies.

The by-laws were suitably amended and on 1st April 1917 the new constitution came into effect.

In 1920, another constitutional change was introduced. Between 1917 and 1920, both primary societies and central banks could become share-holders and borrow. But from 1st July 1920 onwards central banks alone were admitted as share-holders.

Between April 1921 and February 1922, the loans due from primary societies in the province to the Madras Central Urban Bank Ltd., amounted to about Rs. 19 lakhs. These loans were gradually transferred in 1921-22 to the 13 Central Banks in whose areas of operation the societies indebted to the Central Urban Bank were situated.*

*Those Central Banks were: (1) Anantapur, (2) Conjeevaram, (3) Chittoor, (4) Cudapah, (5) Amalapuram, (6) Kurnool, (7) Nellore, (8) Vellore, (9) S. Arcot, (10) Srivilliputtur, (11) Tinnevely, (12) Hospet and (13) Cocanada.

When the loans were thus transferred, the understanding was that the central banks concerned should collect them within ten years. By February 1932 the ten years' period then fixed expired. Nevertheless, there is still a balance of about Rs. 53,000 uncollected by two out of the 13 central banks, namely Hospet and Anantapur. The number of primary societies which were members of the Madras Central Urban Bank and which borrowed from it at the commencement of the above said operations in 1921-22 was 89, of which 24 were central banks and the rest other classes of societies. Besides these a large number of primary credit societies, rural and urban, were financed as non-members. Even to-day some societies other than central banks continue to be members of the Madras Provincial Co-operative Bank and their number is 25. The share capital held by them is Rs. 8,150. They are not permitted to borrow from the Provincial Bank and after 1920 they ceased to enjoy any representation on the Board of Management or the Executive Committee of the Bank. Their existence as members of the Provincial Bank is a mere historical relic and serves no useful purpose. Under the proviso to by-law No. 5 of the Bank* these societies may themselves withdraw their share capital and cease to be members of the Provincial Bank by giving a calendar month's notice, or the Provincial Bank itself may redeem the ordinary shares held by these societies and terminate their membership by giving not less than a calendar month's notice. Action under this by-law in regard to these 25 societies, whose membership neither benefits them nor the Provincial Bank, is long overdue.

The scheme in substance, therefore, was that the Madras Central Urban Bank should function as a real Provincial Co-operative Apex Bank for the Central Banks. Consistently with this policy of placing the Bank on the footing of a true financing agency and balancing centre for the central banks and assuring to the latter a decisive voice in its management, the redemption of the preference shares held by individuals, was started in 1923 in pursuance of a resolution of the General Body dated October 1922, and continued till March 1927, until each individual share-holder was left with only one share of the face value of Rs. 100 and redemption value of Rs. 160.

* *Proviso to By-law No. 5*:—All ordinary shares allotted prior to 1st July 1919 to societies registered under Act X of 1904 or 11 of 1912 other than Central Banks shall continue to be held by such societies unless and until transferred under by-law No. 7 or withdrawn by such societies, or redeemed at par by the Bank; such withdrawal or redemption may be made by giving not less than one calendar month's notice.

The procedure adopted for redemption of shares held by individuals was as follows. By-law No. 6 of the Bank vests in the Registrar of Co-operative Societies the power to fix the number of preference shares to be bought up by the Bank each year. Accordingly in the Audit Order, he used to fix the number of shares to be so bought up. The manner of selecting the shares to be redeemed is also prescribed in the same by-law. There is still a sum of Rs. 2,040 in the Preference Shares Redemption Fund. The provision for redemption is contained in by-laws Nos. 6 and 8 of the Bank.*

To-day the membership of the Bank consists of 31 central banks and 184 individual share-holders. The share-holding of the individuals which was Rs. 2 lakhs in 1917 and which was the maximum held at any time now stands at Rs. 18,400. Till 1923, the ordinary share capital of the Bank was limited to Rs. 4 lakhs. But when the scheme

**By-law No. 6.* The preference shares shall be gradually bought up by the bank and eventually extinguished. For the purpose of such buying up, the value of each Preference Share of Rs. 100 (one hundred), shall be fixed at Rs. 160 (one hundred and sixty). The number of shares to be so bought up each year shall be fixed by the Registrar, and a portion of the net profit of that year, which may remain after meeting the charges connected with (1) Reserve Fund, (2) Payment of Dividend, (3) Building Fund, and (4) The estimated working expenses of the Bank for a period not exceeding three months, shall, if the Registrar so requires, be devoted to the buying up and extinguishment of Preference Shares, or be added to the Preference Share Redemption Fund, provided that such fund at no time exceeds the aggregate premia payable on Preference Shares calculated at Rs. 60 per Preference Share.

In buying up and extinguishing Preference Shares, to the extent fixed by the Registrar, the following order shall be observed:—(a) The Preference Shares of minor heirs or minor legal representatives shall first be bought up and, if the number is more than that fixed by the Registrar, lots shall be drawn. (b) The Preference Shares of individuals willing to surrender their shares shall be bought up, to the extent remaining after the shares under (a) are bought up. If all the shares so surrendered cannot be bought up, lots shall be drawn from among those surrendered. (c) If further shares have to be extinguished after those under (a) and (b) are bought up, lots shall be drawn from the remaining shares.

By-law No. 8. Should the holder of a Preference Share die, and should his heir or representative in interest or nominee be willing to join as a share-holder and the Executive Committee be willing to admit him as such, it shall be open to the Executive Committee to transfer such share held by the deceased share-holder to his heir or representative in interest or to his nominee. Should however the heir or representative in interest or nominee of a deceased preference share-holder be unwilling to join as a share-holder, or should the Executive Committee be unwilling to admit him as such, it shall be the duty of the Executive Committee to request the Registrar to permit the redemption of such share.

of redemption of preference shares was started in 1923, the preference shares so redeemed were converted into ordinary shares and allotted to central banks at par, the balance of Rs. 60 of the redemption value of each preference share being taken out of the Preference Shares Redemption Fund, to which reference has already been made. The authorised ordinary share capital was raised from Rs. 4 lakhs to Rs. 6 lakhs. In 1928, when necessity was felt to allot more shares to central banks, the authorised ordinary share capital was raised from Rs. 6 to 7 lakhs; and to-day the paid up ordinary share capital stands at Rs. 6,40,450.

In order to secure an absolutely predominant voice to the central banks, votes at the meeting of the General Body were taken on the basis of shares held by the members, voting by proxies being also permitted, for there was nothing in the Co-operative Societies Act II of 1912 to prohibit it, if the by-laws of the Bank provided for it. This feature is however retained even after the passing of the Madras Co-operative Societies Act (VI of 1932), section 16 of which lays down that, "No number of any registered society shall have more than one vote in the affairs of the society". By virtue of a special order of the Madras Government under section 60 of the Act the Bank was exempted from the operation of Section 16. The result of these developments was that while a single representative of most central banks could record as many as 200 or more votes at the General Body meeting, all the individual share-holders, even if present in a body (a rare possibility) could record no more than 184 votes. The Bank is thus practically a federation of Central Banks, owned and controlled by them. In June 1931, the name of the Bank was also changed from the Madras Central Urban Bank (M.C.U.B.) to the Madras Provincial Co-operative Bank (M.P.C.B.) in order to convey a more correct idea of its true position in the Movement at present.

The Individuals and the Directorate.

The administration of the affairs of the Bank was in the hands of a small Board of Management consisting of five members from 1906 to March 1910; they were elected by the General Body once in every three years. This number was raised to seven in March 1910. As part of the constitutional changes made in April 1917, the number was further raised to nine, three places being reserved for representation to co-operative societies, the remaining six being held by the individuals.

From 1st July 1920, the Bank was virtually transformed into an Apex Bank for the District Central Banks; but as a large number of individual share-holders and some primary societies remained as members, the Board of Management had to be reconstituted on an entirely new basis, for it obviously became necessary to give to the affiliated Central Banks a preponderating voice in the management of the Bank. Every share-holding Central Bank was allotted a representative to the Board of Management, and the proportion of the individual share-holders elected from among themselves was fixed at one-half of the number of central banks' representatives, subject to a minimum of 12. Such individual representatives, were actually 15 in number, as the number of central banks was 30. The representatives of individual share-holders on the Board of Management were always elected and are still elected by individuals themselves at a meeting of their own held once in three years. Thus the Board of Management consisted of Central Banks' representatives and representatives of individual shareholders in the proportion of 2 to 1, till 1925. The large size of the new Board necessarily led to the creation of a smaller body to carry on the day to day administration of the Bank. The reconstituted Board, therefore, elected an Executive Committee consisting of nine members, six of whom including the President and the Vice-President were to be residents of Madras—and the remaining three could be non-residents and were always elected from the representatives of central banks. They held office for *three years*. In 1925 the by-laws were again substantially amended reducing the representation of individual share-holders on the Board of Management, which stood at one-half of the representatives of Central Banks till then (15 in effect) to a fixed number—5. It was also provided that the majority of the members of the Executive Committee should be representatives of central banks. To-day the Board of Management of the Bank after the formation of a new central bank for the District of Madras in 1930 consists of 31 representatives of central banks and five representatives of individual share-holders; and the Executive Committee consists, as a matter of fact, of six representatives of central banks and three representatives of individuals. In other words, in the constitution of the Executive Committee, the proportion of representatives of individuals and central banks was thus actually altered the other way round, that is to say, from 6:3 to 3:6. It is provided in the by-laws that the President, Vice-President and another member of the Executive Committee shall be residents

of the city of Madras, but not necessarily individuals; there is no provision in the by-laws making it obligatory to reserve or allot any places on the Executive Committee to individual share-holders. These have so far been however generally drawn from individual representatives on the Board of Management, for the representatives of central banks mostly reside outside the city of Madras. If there are any representatives of the central banks on the Board of Management who are residents of the city of Madras, they are eligible to be drawn into the Executive Committee, and individuals may be completely excluded from the Executive Committee, as the by-laws now stand.

It will be seen from the above resume of the history of individuals in the Provincial Bank that since 1917 no new shares have been allotted to individuals, and that since 1925 all the shares, held by individuals who were on the list on the date of the resolution of the General Body dated 23rd May 1925, in excess of one were redeemed. Even the single shares held by many an individual after the redemption process was completed, were extinguished by their surrender. The position to-day, as already stated, is that the number of share-holders has come down from 402 to 184 who are left with one share each. Of the 184 share-holders, about two-thirds live in the city of Madras and the rest are scattered all over the province; and roughly about one half of the members residing in the city of Madras attend the meeting of the share-holders held once in three years to elect their five representatives to the Board of Management. The number attending the ordinary annual general meeting is considerably less. This body of individual share-holders is thus by no means a representative one and no co-operator who wished to get a chance for the last two decades of getting into the general body of the Bank was able to do so, except by a transfer of an old member's share—an event arising very occasionally and of which the outsiders can have no knowledge.

In view of this disparity of the number of individual share-holders (184) and the Central Banks' representatives (31) in the Provincial Bank, the rule of "one man, one vote" and "no proxy" had to be abandoned, as already stated, and voting at the general body meeting had to be based on the number of shares held by each member and proxies permitted, in order to ensure a majority of votes to the central banks. It cannot be denied that this is a very unsatisfactory and anomalous position. The abandonment of the

essential principles of co-operation in regard to voting has been necessitated by retaining a large number of individuals with virtually negligible financial interest in the Bank, utterly ineffective representation on the Board and precious representation on the Executive Committee which may be wiped out in practice, for it is not secured by the by-laws. In regard to the utility of the individuals generally in a Provincial Bank, the MacLagan Committee said that "Individual men of business who take shares form a very important element in the Bank, as they brought to its management the necessary *commercial skill and ability without which it would be difficult to raise sufficient capital from the Public*". This assumption has obviously no application to the Provincial Co-operative Bank of Madras in its present stage of evolution. Even if it is assumed that the individual share-holders had hitherto sent to the Board representatives who possessed those qualifications, it is difficult to presume that such representatives will always be returned even in future to the Board from an ever-diminishing group of a handful of individuals, specially if the voting at such election proceeds on party or communal or sub-communal lines—a contingency neither remote nor unlikely. Moreover, the Provincial Bank no longer depends on the commercial skill and the ability of the individual members to raise its working capital in the money market, even if it did so once. The central banks who are virtually the owners of the Provincial Bank have therefore little justification or incentive to retain the individuals in the general body of the Bank. On the other hand the present arrangement operates as a serious handicap in the choice of their Executive Committee. The Board of Management as already stated consists of 36 members of whom only five are elected by individuals, and under the by-laws of the Bank three of the members of the Executive Committee, namely, the President, Vice-President and another member have to be selected from the resident members of the Board in the city of Madras, and these have in practice to come from the five individual share-holders elected to the Board and who live in the city of Madras. The choice given to the central banks to elect their chief executive officers is thus very limited, for even if there is no suitable person in these five who, in the opinion of the central banks' representatives, will administer the affairs of the Provincial Bank to their satisfaction they still have to confine their choice to this small group. If there is a combination among these five individual representatives they can make one who is selected by them the President or Vice-President or

member of the Executive Committee without even giving an opportunity to the Board to propose another name, as none of the other four will agree to be nominated, and no one outside the group of five can be proposed. It will thus be a case of 'hobson's choice' for the helpless representatives of the central banks, who must accept the nominees of the five individuals for any of those three places and look on. If there is an interim vacancy in the Executive Committee among the members required to be residents of the city of Madras, the choice becomes even more restricted as can be easily seen. Thus the surviving element of an ancient and decaying body of individuals is in a position to-day to force on the central banks a President, a Vice-President and another member of the Executive Committee of the Provincial Bank whom the central banks' representatives may not like to elect if they had freedom to do so or a wider field for choice. Most of the co-operators living in the city of Madras are not share-holders of the Provincial Bank and even if the central banks desire to secure the services of any of them on the Board of Management or the Executive Committee it is simply impossible for them to do so. This is a position which no one can justify either on principles of co-operation or on grounds of business efficiency and interests of the Movement.

There is, therefore, in my opinion, an unanswerable case for ending this state of affairs. There seem to my mind to be only two solutions for the removal of this anomalous and extremely unsatisfactory position. One is to enlarge the number of individual share-holders by allotment of fresh shares to co-operators on some wide and representative basis and to enlarge their number on the Board to give a wider field of choice to central banks to select the chief office bearers and the other member of the Executive Committee from, if they wish to do so. The other is to eliminate the individual share-holders altogether.

The fresh admission of a large individual element into the Bank by issuing additional ordinary shares to them will, in my opinion, run counter to the whole trend of reform since 1917. By-law No. 6 of the Bank, as already stated, envisages a time when the preference shares allotted to individuals will be fully extinguished, and much has been done in that direction in these two decades. Now to go back on the entire policy which regulated the action of the Bank in the last 20 years will, in my opinion, be wholly unjustifiable. Moreover, the distribution of shares on a wide and representative basis and

securing through election by individuals themselves proper and effective representation of the individual element on the Board and the Executive Committee are not easy of accomplishment in practice as time goes by. Again, under such a system, the Bank will have to perpetuate the system of voting on share basis and allowing proxies. It will also involve the payment of additional dividend on fresh share capital, which is not wanted by the bank except for the very limited purpose of drafting some individuals into the Board which can be done without a change in the established policy of the bank, leading to the admission of a large number of new individuals into the General Body.

If I may express my own view, in my individual capacity as a co-operator and preference share-holder of the bank, I think the time has now come to carry the policy of eliminating the individuals to its logical and final conclusion and make the Provincial Bank a pure type of apex bank for the central banks, as in Bengal, the Punjab and some other provinces. This does not require any amendment to the by-laws of the Bank for they give ample power to the Bank acting in collaboration with the Registrar to extinguish all the 184 preference shares, which still linger on the share list. All that is needed is a resolution of the general body giving direction to the Board and the Executive Committee to carry out the scheme.

In order to secure the services of prominent co-operators on the Board and the Executive Committee, provision may be made in the by-laws for co-opting a few individuals, say up to a limit of 5 or 7, as the representatives of the central banks may desire. There is a similar provision in the by-laws of the Madras Provincial Co-operative Union where individuals are only co-opted members both on the general body and on the board. The by-laws of the Punjab and Bengal Provincial Banks also contain a similar provision for co-option of a few individuals to be taken into the Committee of management, if necessary. If such a device is adopted the anomaly of 'one share, one vote' and voting by proxies will disappear. The central banks also will be in a much better position to secure the services of such eminent co-operators as they may desire to serve on the Board and the Executive Committee. A small amendment to the by-laws of the Provincial Bank providing for co-option of five or seven individuals to the Board of Management by the representatives of the 31 central banks, is all that is needed to achieve this reform which is undoubtedly a very far-reaching one. If this provision for co-option is made immediately and the process of elimination of individual share-holders is carried on gradually, we shall soon attain the position of a real apex bank not only in practice but in theory as well. I therefore commend this suggestion for the serious consideration of co-operators of this province, specially the central banks, who are the virtual owners of the Provincial Bank to-day.

Section 4 Proviso (ii) of the Madras Co-operative Societies Act and its effect.

By MR. P. K. SRINIVASARAGHVACHARYA, B. A.

Proviso 2 to section 4 of the Madras Co-operative Societies Act corresponds to proviso 2 to section 4 of Act II of 1912. There are similar provisions in Acts which relate to societies in other provinces. Proviso 2 to section 5 of the Bombay Act VII of 1925 and sub-section b to section 10 and sub-section 1 to section 26 of the Burma Act VI of 1927 are provisions in the legislature of other provinces similar to the proviso under consideration. This proviso seems to have been introduced with a view to safeguard the interests of the creditors of the societies, many of the members of which are agriculturists and who on account of the all in the price of lands and similar other circumstances may not be able to repay the amounts which they partake of the sums advanced by the financing Bank. It was also intended to ensure honest administration of the affairs of societies by holding out to the members the possibility of their being forced to contribute to the debts of the society in case the panchayatdars whom they return prove dishonest.

This intention of the legislature may be good. But it is to be regretted that the working of the proviso has in no way helped the agriculturists for whose benefit the Act has been introduced. It is wellknown how an unscrupulous individual is able to influence the electorate in getting himself and a band entirely devoted to him returned as panchayatdars. It is also within the experience of all that have got anything to do with the workings of co-operative societies that the panchayatdars or at least a majority of them get loans sanctioned which though ostensibly are for some others are in reality for the panchayatdars themselves. The individual borrowing power is taxed to its utmost and members subservient to the panchayatdars with no stake for themselves to lose, are made to lend their names to loans which are raised for meeting the necessities of the panchayatdars. The result is that sums obtained as loans from financing Banks are being distributed mostly among the panchayatdars. Default in repayment of these loans is at first visited with action under section 38 and succeeded by the inevitable action of liquidation under section 44 and the appointment of a liquidator under section 47. Two years prior to liquidation many of the

panchayatdars whose action has brought that state of affairs get their names removed from the list of members and the liquidator finds himself helpless to proceed against those on account of the bar imposed by section 25. The unlimited liability of the other members most of whom are quite innocent and might not have even borrowed from the society is enforced and they are forced to pay for the debts of their clever and unscrupulous bretheren.

This certainly is what is happening every day. This state of affairs could never have been anticipated by the framers of Act II of 1932. When after 20 years of working of societies the Madras Legislature thought of Act VI of 1932, it is not unreasonable to expect the framers to rectify the defects that were found in the previous Act. Certainly this sort of enforcement of vicarious liability cannot be said to be for the better living among villagers. It can be stated with a certain amount of confidence that the existence of the proviso under consideration is a clear indication of the callousness of our legislators to the unmerited sufferings of innocent villagers. Every month is adding more societies to the list of those that have been liquidated. With the coming into existence of section 28 (now section 57-a) of the Act and the Rules relating to execution of decrees through the department, officers of the Co-operative department both Gazetted and Non-Gazetted are forced to go to villages for realising the dues to the financing Banks. Only persons with experience of rural parts and the working of societies can realise the troubles of these gentlemen. The financing Banks never consulted the department and on many occasions acted against the well intentioned advice of the Deputy Registrars when they sanctioned loans to rural societies. For no fault of theirs and for the fault of those that did not take their advice the officers of the department are made to suffer. With the near approach of the last day of a co-operative year the efforts of the officers for the realisation of the dues to the financing Banks become greater.

The task of collection is by no means easy. When loans were being advanced the officers were being welcomed. Their presence gave the ryots life. When loans are tried to be realised the very presence of the officers becomes hateful and it is within the experience of many that neither food nor drink can be had in many of the villages on such occasions either for love or money. The attachment by the sale officer of properties in the house of one of the defaulters is a signal for other defaulters to make away with every

movable that they can boast of. This results in the return of the sale officer without executing all or at least a majority of the warrants entrusted to him for execution and a consequent black mark or two for his pains.

The task of enforcing the unlimited liability of members is not a very pleasant one. Deputy Registrars are also human and many of them, it cannot be doubted, feel such a task too trying for them. It cannot be expected of gentlemen of their status and training to refrain from sympathising with poor villagers who though innocent themselves are forced to pay for the mere fault of their having once become members of a co-operative society.

This state of affairs should not be allowed to continue by the powers that be. The staff entrusted with the execution work is meagre. The staff should at least be doubled and amply paid. The village officials should on pain of their being punished be made to help the sale officer. The directorate of the financing Bank should be made an advisory body. Responsible officials should be placed at the helm of affairs of each Bank with powers to veto the resolution of the Directorate in matters connected with the grant or the realisation of loans subject of course to ratification by the Deputy Registrar. The officers in charge of Districts should be empowered to remove for reasons to be recorded in writing the directors of the financing Banks subject to the results of an appeal to the Registrar or the Local Government. Section 49 should be so amended as to include cases of negligence on the part of the directors among cases for which they can be surcharged. The Deputy Registrars should be given power to nominate a portion of the Directorate from out of desirable persons with certain educational qualifications. The dual control that is at present being exercised over the supervisors should be taken away and they should be made directly responsible to the Deputy Registrars, even though the Central Banks are their paymasters. Loans should be disbursed only to those that are able to mortgage their unencumbered immovable property and that too to the extent to which the supervising Inspector recommends and in his immediate presence. All societies should be made limited societies. Inspectors should see that the sums lent are properly utilised for the purpose they have been raised. If such and similar methods are adopted it may be hoped that the co-operative movement may live for some more years without harming those whom it was intended to help.

Execution of Awards on Mortgages under Section 57-A of Act VI of 1932.

By MR. P. K. SRINIVASARAGHAVACHARYA, B.A.

The mortgage decrees or awards passed by arbitrators under section 51 of the Madras Co-operative Societies Act, do not materially differ from decrees passed by Civil Courts under Order XXXIV of the Code of Civil Procedure except that there is no preliminary decree succeeded by a final decree. The decree directs that a certain sum should be paid by the judgment debtor. On his failure to do so the mortgaged property or a sufficient portion thereof is to be sold. *If the proceeds are found insufficient* to satisfy the decree debt the decree-holder is permitted to proceed against the person and other properties of the defaulter. This form used I am lead to believe is the same throughout the Presidency.

Rule XXII (3) says "Unless the decree-holder has expressed a desire that proceedings should be taken in a particular order as laid down in sub-rule (2) execution shall ordinarily be taken in the following manner.

1. Movable property of the defaulter shall be first proceeded against etc.,

Relying on this rule societies resort to attachment of movables even in cases of mortgage decrees which declare in unmistakable terms that the right to proceed against the person and the properties of the defaulter other than those mortgaged accrues to the decree-holder only when the proceeds of the hypotheca are found insufficient to discharge the decree debt. It cannot but be apparent to any one acquainted with Law to say that the procedure adopted is illegal. By adopting the procedure laid down by the rules the officer entrusted with the execution of mortgage decrees ignores the condition of the decrees. According to Law the executing court or the officer that is authorised to execute a decree cannot go beyond that decree. Neither the Co-operative Societies Act nor the Rules can make and in fact they do not make any exception in favour of awards passed by arbitrators in favour of societies. The right to proceed against the person and other properties of the defaulter arises only after the mortgaged property is sold and the proceeds are found insufficient to satisfy the amount due under the decree. Such a right does not precede but only succeeds the sale of the hypotheca. What courts of law are prohibited from doing cannot be validly done and shelter taken under a rule framed by the Government.

EXECUTION OF AWARDS ON MORTGAGES UNDER SECTION 57-A

In A. I. R. 1927 Madras 669 the question arose as to whether a decree-holder can exonerate certain items of the hypotheca and bring to sale other items that were directed under the decree to be sold last. The facts were as follows:—

In a suit on mortgage of six items the decree directed that items 2 and 5 belonging to a puisne mortgagee should be sold last as per agreement come to between the parties. Another puisne mortgage of items 3 to 6 in execution of decree on his mortgage purchased items 3 to 6 and by an agreement with the prior mortgage decree-holder deposited into court certain sums of money as the rateable amount due from those properties in respect of the prior mortgage. This amount was drawn out by the prior mortgage decree-holder and these items were exonerated from the decree. On an application to execute the decree as against item 2 it was held that the decree-holder having exonerated items 3 to 6 on payment of a sum not representing their full value and the sale price of those items not having been exclusively devoted to the satisfaction of the decrees the condition precedent for the sale of item 2 had not been complied with and consequently the said item could not be proceeded against in execution.

As pointed out by the Calcutta High Court in A. I. R. 1929 Calcutta 387, "It is well settled in Indian Law that when a mortgagee brings a suit to enforce his mortgage, the court will not allow him to enforce it by a personal judgment against the borrower until he has exhausted his remedies against the security. According to the view taken by many courts it is wrong at the time of making a final order for sale to order that if the proceeds are insufficient there will be a personal decree. The usual practice is certainly that the personal decree is not even granted until the sale has been carried out and deficiency ascertained. It is a form of relief, which, in the ordinary way will not be given to a mortgagee unless and until this stage has been reached." With these observations their Lordships of the Privy Council are in entire agreement (Please Vide XXXV M. L. W. 559 P. C.)

The observations in the 2 cases mentioned herein are sufficient to show that unless and until the deficiency is ascertained there is no right given to the decree-holder to proceed against the properties of the mortgagor other than those mortgaged. It is evident that the framers of the rules did not consider the law that is being administered by Civil Courts when executing mortgage decrees. It is also evident that their attention was not directed to the existence of the form prescribed for drawing up mortgage decree by arbitrators. No doubt this is only one of the defects in the rules but it is a serious defect. It is desirable in the interests of all concerned that the rules and forms are so amended as to avoid the certainty of the proceedings of the Sale Officers, attaching movables in execution of mortgage decrees before selling the hypotheca declared illegal by courts of law.

Jewel Loans.

BY RAO SAHIB M. S. SESHACHALAM IYER.

It is a matter of common knowledge that jewels in an Indian family afford facile credit and are available at a moment's notice. Jewels represent the savings of a family invested and left in the custody of women, which cannot be drawn upon unless there is a necessity admitted by the entire household. This form of credit is in vogue for a long time, but it is mostly short time and given at usurious rates. In every town we see a number of Marwari shops giving only jewel loans and making enormous profits every year. Joint stock banks also are giving jewel loans for large sums, mostly in hundreds, and there are other indigenous bankers who are also dealing in them.

Co-operative societies that are started only to provide cheap credit to agriculturists, artisans and small traders, have not yet turned their attention towards this huge business which is awaiting their help; and even though the Department has advised the Urban Banks to lend on jewels, many have not properly considered the subject. No doubt there are difficulties and dangers, and all of them have to be guarded against before the business of lending on jewels is taken up; but they are not so great that co-operators cannot surmount them and help a class of poor families who are being ruined by various unfair methods and high rates of interest. The Urban Bank at Tiruvannamalai introduced a by-law to lend on jewels in Tiruvannamalai town and also framed a subsidiary rule for admitting "B" Class members with a share capital of Re. 1 only, which might be returned when required and with no power to vote. This was helping a number of poor labourers and small traders especially the women folk, who used to purchase paddy for about Rs. 10 or Rs. 15, convert it into boiled rice, sell it to merchants and get a small margin for their labour. More than 500 women are engaged in this trade in this town itself and an advance of about Rs. 25 to each on the pledge of their jewels at a cheap rate of interest will be of great help to them. In the first one or two years we were lending about fifteen to twenty thousand rupees a year until the system of admitting "B" class members was objected to by the Department and the loans were restricted only to the regular members of the society. The members are admitted only by the Board of Management and they must pay a

JEWEL LOANS

share capital of Rs. 10. Hence the poor members who may require loans below Rs. 100 really find it difficult to undergo all the formalities and to wait for the sanction of the Board.

On the other hand, there are more than a dozen Marwari pawn shops and indigenous bankers who are ready to lend as soon as the jewels are brought to them, and to help the borrower as his urgency may require. In Tiruvannamalai itself the Marwaris and others are lending on jewels three to four lakhs every year at rates of interest ranging from 24 to 37½ per cent per annum, whereas the Urban Bank, with enormous surplus at its credit and lending at 6½ per cent per annum, is not able to attract business of more than five to ten thousands every year. The reason is not far to seek. The Marwari lends the required amount at a moment's notice without any formalities of waiting for admission or sanction by Directors, and people find it easy to take such loans instead of waiting for a long time for society loans, while their purposes cannot wait. These transactions of Marwaris in this town are not confined to the residents of this Municipality. The majority of them are made with village people. The co-operative movement must find a way to help the villagers by means of these short and urgent loans on jewels. Even the Imperial Bank of India is sending out its own men to canvass loans on jewels for sums above Rs. 500. In the co-operative movement we find large surpluses everywhere from the limited primary society to the Provincial Bank; and at the same time we are not able to cater to the wants of the villagers by issuing these perfectly safe loans!

The village societies, no doubt are not now in a position to be entrusted with this work. But there are good Urban Banks in their midst and wherever possible their jurisdiction for this jewel loan alone may be fixed so as to comprise the Local Union areas, so that some personal knowledge of the borrowers may be secured, and the villagers may be admitted as "B" class members with a nominal share capital of annas four and with no power to vote. This system of "B" class membership was not acceptable to the Department until very recently, but happily it seems to have changed its attitude now, for Mr. M. Giriappa, the Acting Registrar, said at the recent conference he had with the representatives of urban banks that he was prepared to allow "B" class members with a nominal share capital of annas four with no power to vote for the purpose of jewel loans. It is desirable that Urban Banks should now take up this business of lending on jewels and drive out the usurious rates of Marwaris from their jurisdiction and help the poor ryots, artisans and tradesmen of their locality to begin with. In course of time it may be possible for the Department to allow the Urban Banks to lend to the village people also. I feel this is one of the legitimate duties of Urban Banks.

Scheme of Co-operative Education.

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G. O. No. 1409, 19th August 1936.

Co-operative Societies—Education—Co-operative training and education—Grant from the Government of India—Utilization Orders passed.

Order No. 1409. Development, dated 19th August 1936.

In introducing the Budget Estimates for 1935-36, the Hon'ble the Finance Member of the Government of India announced in the Legislative Assembly the decision of the Government of India to earmark a sum of Rs. 10 to 15 lakhs out of Rs. 1 crore set apart for rural development, for distribution to Local Governments in order to enable them to develop the Co-operative Movement on sound financial foundations. The Government of India found that the movement was in an unsatisfactory state in most of the Provinces due partly to the general fall in prices but mainly to the inadequacy or total want of proper training of the staff employed in the movement and the general ignorance of the members of societies in the matter of by-laws and the general principles of co-operation. They therefore, decided that a sum of Rs. 15 lakhs which they had proposed to earmark should be distributed to Provinces for the following purposes :—

(i) to train the existing staff, official and non-official employed in the various provinces ; and

(ii) to educate the members of co-operative societies more especially the office-bearers and members of committees in the by-laws and in the elementary principles of co-operation.

A sum of Rs. 3,03,000 out of the amount was allocated to this Province subject to the condition, among others, that this Government should undertake to make, at their own cost suitable arrangements for continuing the training of staff and the teaching of members of co-operative societies so far as this may be necessary, even after the lapse of the Government of India Grant. A detailed scheme for training was accordingly drawn up by the Registrar of Co-operative Societies and approved by the Government and forwarded to the Government of India who have now given their approval to it. A copy of the scheme as approved by them is annexed to these proceedings. Out of the total sum of Rs. 3,03,000 the Government of India have allocated to Orissa a sum of Rs. 7,400 as its share of the grant in respect of the portion of this Presidency transferred to that Province and have allotted the balance of Rs. 2,95,600 to this

SCHEME OF CO-OPERATIVE EDUCATION

Province. A sum of Rs. 98,533 which represents one third of the allotment has now been placed at the disposal of this Government as the first instalment of the grant.

2. The Government now direct that the scheme of training except that relating to the training of Junior Inspectors be put into operation as early as possible. The training of Junior Inspectors as contemplated in the Scheme will commence in 1937 and the Registrar will arrange for the recruitment of Junior Inspectors with a view to giving the selected men necessary preliminary practical training in time for their admission to the Institute in July 1937. The cost during the first five years of the scheme should not exceed Rs. 59,113 per annum as indicated below :—

	Rs.
i. Training of Junior Inspectors	14,880
ii. Training in Non-Credit Work in the Central Co-operative Institute	2,800
iii. Training in the Functions of Managers and Secretaries of Central and Urban Banks	3,925
iv. Refresher Courses	2,450
Increased cost of running the Central Co-operative Institute on account of the revision of pay of the staff etc.	2,886
v. (a) Training of Supervisors	8,640
(b) Increased cost of running Peripatetic schools	1,296
vi. Training of Panchayatdars	15,100
vii. Education of Members	7,136
Total	59,113

The expenditure will be debited to the Government of India Grant. Separate orders will issue on the method of accounting.

The Registrar is requested to submit a report at the end of each year showing how the scheme has worked, what amount of the grant was spent and how it was spent.

3. The training will be continued even after the five year period referred to above, but only to the extent indicated in the scheme, the approximate annual expenditure from the Provincial Revenues not exceeding Rs. 20,949.

4. (a) The Registrar of Co-operative Societies has reported more than once that it is difficult to secure the services of competent persons to teach in the Central Co-operative Institute on the present scales of pay. The Government have also recognised that particularly during the five year period when the main scheme of training will be in operation the duties and responsibilities devolving on the Principal and the Lecturers will be considerably increased and are therefore, pleased to direct

THE MADRAS JOURNAL OF CO-OPERATION

that from the date of commencement of the training in non-credit work and in the functions of Secretaries and Managers of Central and Urban Banks, indicated in items (ii) and (iii) in para 2 above, the pay of the Principal and the Lecturers, be revised as follows :—

Principal Rs. 140—10/2—210—20/2—250.
Lecturers (2) Rs. 80— 5/2— 95—7½/2—125.

The necessary amendments to the Special Rules relating to these posts will be issued in the Public (Rules) Department.

(b) The Government also sanction in the first instance the following additional staff in the Institute until 30th June 1937 from the date of employment:—

One Clerk on Rs. 30 per mensem with a presidency allowance of Rs. 6-8-0.

2 Peons on Rs. 12 per mensem with presidency allowance of Rs. 2-8-0 each.

(c) The Registrar is permitted to incur an additional expenditure not exceeding Rs. 600 per annum or Rs. 3,000 on the whole on library and additional furniture for the Institute.

5. In addition to the staff indicated in paragraph 4 (a) and (b) above the Government sanction the employment of the following staff in connection with the scheme of training outlined in the annexure :—

Scheme.	Staff & Period of Sanction.	Remarks.
1. Non-credit training section.	1. Deputy Registrar of Co-op. Societies on Rs. 200—per mensem for 2 months every year.	...
2. Section for the training of Secretaries and Managers of Central and Urban Banks.	1 Tutor on Rs. 75 per mensem for 3 months every year.	...
3. Training of Supervisors.	2 Sub Deputy Registrars on Rs. 100—(5/2)—125 for the period from date of employment to 30th June 1937.	For employment as Superintendents of the 2 Peripatetic Schools.
	2 clerks on Rs.30 per mensem 4 peons on Rs. 12 each per mensem for the period from the date of employment to 30th June 1937.	For employment in the two Peripatetic Schools.

SCHEME OF CO-OPERATIVE EDUCATION

Scheme.	Staff & Period of Sanction.	Remarks.
4. Training of Panchayatdars.	2 Senior Inspectors on Rs. 75 each per mensem. 2 Junior Inspectors on Rs. 35 each per mensem for the period from the date of employment to 30th June 1937.	For employment in Tamil & Telugu districts at the rate of 1 Senior Inspector and 1 Junior Inspector for each area.
5. Education of Members of Societies.	8 Junior Inspectors on Rs. 35—75 from date of employment to 30th June 1937.	For educating members of societies in principles of co-operation.

The Registrar is requested to report :—

(i) With reference to para 4 (ii) of the annexure the periods for which the posts of Senior Inspectors and Junior Inspectors in the place of the Inspectors to be deputed should be created ;

(ii) with reference to para 4 (iii) of the annexure the method of recruitment and qualifications required of the tutor and the periods for which the posts of Sub-Deputy Registrars in the place of Sub Deputy Registrars to be deputed for training should be created ; and

(iii) with reference to para 4 (vi) of the annexure, the number and nature of the temporary posts of Inspectors to be created in Malabar and South Kanara.

6. The scheme involves certain changes in the existing system of training given to direct recruits to posts of Deputy Registrars, Sub Deputy Registrars and Junior Inspectors. The changes as regards Deputy Registrars and Sub Deputy Registrars do not involve any extra expenditure. The existing rules regarding probation, training and qualifications of Sub Deputy Registrars and Junior Inspectors require amendment and the necessary amendments to the Special Rules will be issued in the Public (Rules) Department.

7. The following notification in respect of new posts created to give effect to the scheme referred to in the annexure will be published in the *Fort St. George Gazette* :—

Notification.—In exercise of the powers conferred by rules 38 to 41 and 44 of the Civil Services (Classification, Control and appeal) Rules, the Local Government hereby make the following special rules :—

Rules.—1. The cadres in the categories mentioned in column (2) of the services mentioned in column (1) of the table below shall be increased by the number of posts shown in column (3) for the periods mentioned in column (4) and for the performance of work specified in column (5) :—

Table.

Service. (1)	Category. (2)	Number of posts by which the category is increased. (3)	Periods for which category is increased. (4)	Work for which the cadre is increased. (5)
1. Madras Co-operative Service.	Category 2 (Deputy Registrars)	1	For a period of 2 months every year commencing from date of employment.	For running the non-credit class in the Central Training Institute.
2. Madras Co-operative Subordinate Service.	Category 1 (Sub-Deputy Registrars)	2	For the period from date of employment to 30th June 37.	For Superintendents of the 2 peripatetic schools.
3. Do.	Category 2 (Senior Inspectors)	2	Do.	For holding classes for Panchayatdars.
4. Do.	Category 3 (Junior Inspectors)	2	Do.	Do.
5. Do.	Do.	8	Do.	For doing propaganda work in educating members of societies.
6. Madras Ministerial Service.	Category of lower division clerks employed in the co-operative department.	1	Do.	For work in the Central Co-operative Institute.
7. Do.	Do.	2	Do.	For work in each of the peripatetic schools.

2. The general and the special rules applicable to the holders of permanent posts borne on the respective cadres shall apply to the holders of the various temporary posts subject to the modification that there shall be paid to the holder or holders of temporary posts as follows :—

(By order of the Government, Ministry of Medical Administration of Public Works.)

C. J. PAUL,

Secretary to Government.

SCHEME OF CO-OPERATIVE EDUCATION

ANNEXURE.

SYSTEM OF CO-OPERATIVE EDUCATION AND TRAINING PROPOSED TO BE GIVEN WITH THE AID OF A SUBSIDY FROM THE GOVERNMENT OF INDIA.

Existing System of Training.

The departmental staff in the districts consists of Deputy Registrars (Rs. 200—700), Sub-Deputy Registrars (Rs. 100—125), Senior Inspectors (Rs. 75—100) and Junior Inspectors (Rs. 35—75). Deputy Registrars recruited direct have to be on probation for three years and during this period they are given training in the principles of Banking and Auditing and in practical work in co-operative societies for a period of one year. They have to pass during probation the Government Technical Examinations in Co-operation, Auditing and the Account Test for Executive Officers and a second-class vernacular test. Sub-Deputy Registrars recruited direct have to be on probation for two years. During this period they are given practical training for six months; and have to pass the Government Technical Examinations in Co-operation and Auditing, the Account Test for Subordinate Officers, Part I, and a second-class vernacular test. There is at present no direct recruitment to the grade of Senior Inspectors; they are promoted from the grade of Junior Inspectors. Junior Inspectors are selected by the Madras Public Service Commission from among those who have undergone training in a Co-operative Institute and have passed the Government Technical Examinations in Book-keeping and Banking (Lower) and Co-operation and Auditing in the second class. A Central Co-operative Institute has recently been started for giving instruction to intending candidates for the posts of Junior Inspectors in the four subjects mentioned. The period of instruction is a year including vacation. There are other co-operative schools which are run in the districts with the help of a Government subsidy. The supervisors under the Central Banks and Local Co-operative Unions are appointed from those who have undergone training in the principles of Book-keeping, Banking, Co-operation and Auditing for a period of five months at these institutions. Education of panchayatdars of societies is at present limited to instruction in the principles and practice of co-operation given at present at the annual general meetings of local supervising unions.

Scheme of Training Proposed—Training of Deputy Registrars.

The period and the scheme of training for Deputy Registrars recruited direct provided for at present in the Statutory Rules for the Madras Co-operative Service will not be altered; but the details of each period of training will be improved slightly. During the first period of six months, a probationer will be attached to an experienced Sub-Deputy

Registrar or Senior Inspector to enable him to acquaint himself with the working of village and urban societies; he will also do the work of a supervisor in half a dozen societies. He will be present at the organization and starting of three societies and will organize three societies independently. He will be given training in audit work in half a dozen societies and will be asked to audit independently the accounts of three village societies, two urban societies, two stores societies, a central bank, two building societies and three societies of other types. He will also be given training in arbitration and liquidation work and in passing contribution orders. During this period he will attend the meetings of the various types of societies, and of the executive committee of a Central Bank. He will be given an opportunity to see the special types of societies working in the presidency and some Central Banks, the Provincial Co-operative Bank, the South Indian Co-operative Insurance Society, the Provincial Co-operative Union, the Central Co-operative Printing Works and the Triplicane Urban Co-operative Society. During the next six months he will learn work under a Deputy Registrar and will assist him in office work and administration. During the second year he will be placed in charge of a Sub-Deputy Registrar's Office. During the third year he will be placed in charge of a Deputy Registrar's circle. Within the period of his training and probation, the probationer will be required to pass the Account Test for Executive Officers, the Government Technical Examinations in Co-operation and Auditing and a second-class vernacular test in two languages.

Training of Sub Deputy Registrars.

A Sub Deputy Registrar recruited direct under the existing rules is given training and instruction for six months and has to be on probation for one and half years thereafter. It is now proposed to give him training for a year. He will continue to be on probation for another year. He will undergo a preliminary training during the first four months; he will be attached to a senior supervisor of a bank or of a local supervising union for two months and to an Administrative Inspector for another two months. During this period, he will study the Co-operative Societies Act, the Rules framed thereunder, and the by-laws of all types of societies and acquaint himself with the working of those societies. He will be present when a society is organised and started. He will acquaint himself with audit work. He will then be given training in office routine liquidation and arbitration work. For about three months he will also be trained in land mortgage bank work. The whole period of training for a Sub-Deputy Registrar will be for a year. At the end of this period the Registrar will examine him and then place him in charge of district work under a Deputy Registrar, if he is fit. He will from then have

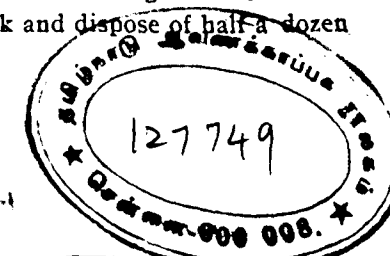
to be on probation for one year more; during this period he will have to pass the examinations in Co-operation, Auditing, Book-keeping and Banking conducted by the Central Co-operative Institute (instead of the Government Technical Examinations in Co-operation and Auditing as at present). He will also have to pass the Account Test for Subordinate Officers, Part I, and a second class vernacular test.

The scheme of training for departmental and non-official staff and for the education of members of societies is grouped under the following heads:—

- (1) Training of Junior Inspectors.
- (2) Training in non-credit work of select departmental Inspectors and non-official employees and office bearers.
- (3) Training of Secretaries and Managers of Central and Urban Banks.
- (4) Refresher Courses.
- (5) Training of Supervisors.
- (6) Training of Panchayatdars.
- (7) Education of members of co-operative societies.

The scheme of training under the first three items mentioned above involves the employment of additional staff and equipment for the Central Co-operative Institute maintained by Government for the training of candidates for employment as Junior Inspectors. The various items of training are explained below. The system of training and the extent to which Local Government propose to continue it after the subvention is withdrawn are indicated under the respective items.

(i) *Training of Junior Inspectors*:—The candidates for the posts of Junior Inspectors will be selected by the Madras Public Service Commission and their training will commence after the selection and not before it as at present. The minimum qualification of candidates at present is the possession of a Secondary School Leaving Certificate declaring them eligible for the University course. In future the candidates should possess a degree except in the case of backward communities. As soon as a candidate is selected as Junior Inspector, he will be given a preliminary training for four months on lines similar to those proposed for Sub-Deputy Registrars. At the end of this period he will be examined by a Deputy Registrar to see if he is temperamentally fit for co-operative work. If he is found fit, he will be deputed to Central Co-operative Institute for a course of instruction in Co-operation, Auditing, Book-keeping and Banking, for a period of 10 months. When this is finished, he will do the work of an Inspector for a period of four months, namely, the audit of accounts of 10 village societies, two Urban Banks, two Non-Credit Societies and one Central Bank. He will also organise and start three village societies, learn arbitration work and dispose of half a dozen



arbitration references. He will then sit for an examination conducted by the Central Co-operative Institute, and will be given a certificate if he is successful. A pass in the Government Technical Examinations which is required under the present rules will be dispensed with. He will be appointed as Inspector and posted for independent work only after the certificate has been issued by the Central Co-operative Institute. Thereafter he will be on probation for a period of one year. During the period of preliminary training and the practical training of four months each, he will be paid Rs. 20 per mensem. During the period of training in the Institute he will be paid Rs. 15 per mensem. The cost of training one Inspector amounts thus to Rs. 310. It is proposed to give training to 48 Inspectors every year for five years at a cost of Rs. 14,880.

(ii) *Non-credit training section* :—It is proposed to give a course of special training to select departmental Inspectors and non-official employees and office-bearers of special types of societies with a view to enable them to equip themselves to deal with store societies, weavers' and other artisan societies, sale societies, etc. The training will be given for about two months to about 30 persons of whom 20 will be non-official employees, and office-bearers and 10 departmental Inspectors. Each non-official employee will be given a stipend of Rs. 20 per mensem. For the purpose of this training the staff of the Central Co-operative Institute will be strengthened temporarily by the appointment of a Deputy Registrar for 2 months. Expenditure will also have to be incurred on the pay of substitutes appointed in place of the ten Inspectors deputed for this training and on travelling allowance of the Inspectors deputed. The cost of this section of training comes to Rs. 2,800 per annum.

This section will be disbanded at the end of the five year period.

(iii) *Training of Secretaries and Managers of Central and Urban Banks*. Most of the men now employed as Secretaries and Managers of Central and Urban Banks are not adequately trained and it is necessary to insist that every Central Bank should have a paid Secretary adequately trained to manage its affairs. The Central Banks may be asked to take the services generally of qualified Sub-Deputy Registrars from the Department, but in special cases they will be permitted to take men from outside the department, if there are qualified and competent men. For this purpose, it is proposed to open another section in the Central Co-operative Institute for giving training to Secretaries and Managers of Central and Urban Banks in the Presidency in their functions and also for training selected Sub-Deputy Registrars in these duties. 30 men will be given training every year. There will be one class during the year for about three months for this purpose. The special training to these men in Co-operation, Auditing and Banking will be given by the Staff of the Central Institute, assisted by a Tutor to be employed specially for this

section. It is proposed to depute 10 Sub-Deputy Registrars every year for this training. Expenditure will also be necessary on the pay of substitutes for the Sub-Deputy Registrars deputed and for the travelling allowance. The cost of this section per annum is Rs. 3,925.

This section will be disbanded at the end of the five year period.

(iv) *Refresher Courses*. It is imperative that there should be refresher courses both for departmental Inspectors and Supervisors of Unions. Until recently Refresher Courses, were held for all Inspectors in each District twice a year once before the commencement of the final audit and again after the completion of the audit. It is proposed to revive these refresher classes and hold them regularly twice in a year, once in June and again in January. All the Inspectors will be gathered at the head-quarters of each district and the classes will be held for a week at a time. The expenditure to be incurred will only be on the travelling allowance of the Inspectors for attending the classes and this may roughly come to Rs. 2,450. Refresher classes will also be held for Supervisors twice a year as in the case of Inspectors. Their cost will also roughly be the same but the Central Banks will be asked to meet it. The refresher courses will be continued after the subvention is withdrawn but they will be restricted to a single course per year.

Central Institute.

The Central Co-operative Institute is now intended only for the training of Junior Inspectors and is run by Government. The Government employ the following staff :—

- One Principal on Rs. 100—10 2—150.
- One Lecturer on Rs. 70—5 2—85—7½/2—100.
- One Lecturer on Rs. 55—5 2—70.
- One clerk on Rs. 30 plus 6½ Presidency Allowance.
- 2 peons on Rs. 12 plus 2½ Presidency Allowance.

The cost of the staff together with rent for the building and contingencies amounts at present to about Rs. 5,600. It has been found that the rates of pay to the teaching staff are not sufficient to attract suitable candidates. In view of the increased responsibilities for the staff on account of additional training proposed to be given in the Institute in the functions of Secretaries and Managers of Co-operative Central and Urban Banks and the special training in Non-Credit work, it is proposed to revise the pay of the Principal and the Lecturers as shown below. An additional non-recurring expenditure of Rs. 3,000 will also be spent on Library and additional furniture and a recurring expenditure of Rs. 796 per annum on additional staff of an extra clerk and two extra peons.

Principal Rs. 140—10/2—210—20/2—250.

2 Lecturers Rs. 80—5/2—95—7½/2—125.

After the Central Government subvention is withdrawn, the Central Co-operative Institute will be continued for the training of Junior Inspectors but the existing system of recruitment and training will be reverted to, the cost of maintenance of the Institute not exceeding Rs. 7,100 per annum. The extra cost on account of the training proposed is Rs. 17,766 per annum of which Rs. 14,880 represents the cost of training Junior Inspectors according to the proposed system and Rs. 2,886 the cost on account of the revision of pay of the existing lecturing staff and of the employment of additional staff and purchase of additional equipment.

(v) *Training of Supervisors* :—The Central Banks will select candidates for the posts of Supervisors from among the holders of Secondary School Leaving Certificate in consultation with the Local Deputy Registrar, preference being given to those who come from villages. The selected candidate will be attached to an experienced Supervisor for preliminary training for two months. During this period, he will acquaint himself with the working of different types of societies, study the by-laws and the Co-operative Societies Act and the Rules thereunder and assist the Supervisor in his ordinary duties. He will also acquaint himself with the village condition. After this preliminary training the President of the Central Bank and the local Deputy Registrar will hold a written as well as an oral examination to test the fitness of the Supervisor for Rural Work. If the candidate passes this test he will be directed to attend the Supervisors training class in the Co-operative Institutes in the mufassal for a period of five months. After this theoretical training, he will again be trained in field work for two months. He will then sit for an examination conducted by the Provincial Co-operative Union. Only persons who pass this test will be eligible for appointments as Supervisors. During this period of preliminary and practical training, the Supervisors will be paid Rs. 15 per mensem by the Central Bank for which purpose the Banks will be given a subsidy by the Government. As the Provincial Co-operative Union and the Central Bank are not now in a position to give adequate training to Supervisors owing to their depleted finances, the Government will have to help them till their position improves. The help given by the Government at present consists in the maintenance of two peripatetic schools which secures only theoretical training to Supervisors. But this must be supplemented by practical training which is very essential. It is proposed to train 144 Supervisors every year. The cost to Government on this account will be Rs. 8,640 per annum.

The Scheme of peripatetic schools sanctioned by the Local Government provides for the opening of two schools every year, one in the northern districts of the Presidency and another in the Southern districts of

the Presidency for the training of Supervisors. The course in the schools is run for a period of five months. The Government employ a Sub-Deputy Registrar on Rs. 100—5/2—125. per mensem as Superintendent for each of the schools and also grant a subsidy to non-official organisations which run the schools to meet the pay and travelling allowance of 2 Inspectors at the rate of 55—5/2—70— each per mensem for each school. On account of the increased work in the schools, which the proposed Supervisors training will entail it is considered necessary that an additional staff of one clerk on Rs. 30 per mensem and two peons on Rs. 12 each per mensem should be employed for each institution. The extra cost on this account is Rs. 1,296 per annum. The Government will continue to run the peripatetic schools after the subvention is withdrawn, but this cost will be restricted to Rs. 5,440 per annum.

(vi) *Training of Panchayatdars* :—In addition to the existing arrangements for the training of Panchayatdars who assemble at the annual general meeting of local supervising Unions, it is proposed to employ a senior inspector and a junior inspector for the area comprising the Tamil districts and another senior inspector and junior inspector for the Telugu districts to conduct training classes for Panchayatdars at Rural Centres. Training work in Malabar and South Kanara Districts will be conducted by inspectors in the districts for two months in the year but temporary inspectors will have to be sanctioned as an addition to the district staff for this purpose. Classes for each district will be held in about seven centres in a year and the inspectors will proceed from district to district. These inspectors will be picked men. In all about 150 classes will be held in a year. The Government will meet the pay and travelling allowance of education Inspectors. They will also have to give a subsidy to Central Banks towards cost of holding training classes subject to a maximum of Rs. 9,600 per annum for all the classes, provided that the Banks contribute not less than equivalent amount towards the expenditure. If each class costs Rs. 150 for 150 classes which will be held in the year the cost will be Rs. 22,500. The maximum cost to Government annually in the shape of subsidy and cost of Education Inspectors is Rs. 15,100. After the subvention is withdrawn, the Government propose to continue the staff of Junior Inspectors as Education Inspectors for the training of Panchayatdars and hold fifty classes in every year at a cost of Rs. 5,400 per annum.

(vii) *Education of Members* :—The proposal is to make arrangements for the teaching of members of co-operative societies in the elementary principles of co-operation and in the by-laws of societies. Eight propagandists of the rank of Junior Inspector of Co-operative Societies will be employed for these teaching duties. Only experienced Inspectors will be employed on these duties and they will be required to tour from

THE MADRAS JOURNAL OF CO-OPERATION

liability in the event of liquidation? If so what should be the extent of the reserve liability?

(b) Whether for the purpose of converting liability without prejudice to creditors, societies situated in a contiguous area should not be combined with a fairly wide jurisdiction?

Decision—It was agreed, that in urban and semi urban areas where old societies still continue on the basis of unlimited liability, it is desirable that they should be converted into limited liability, and that in rural areas, it is better to have unlimited liability societies at any rate for sometime to come.

Subject No. 3:—How to reduce the overdues in societies and also enable them to borrow money from Central Banks to advance loans to new members or to deserving old members.

Decision—As regards overdues, it was agreed that some effective steps should be taken to reduce them. A suggestion was made that it would be desirable for Banks to take up departmental Sub Deputy Registrars as Executive Officers of Central Banks, particularly in those Banks whose percentages of overdues exceeded 70 per cent, since the departmental officers could deal with collection work more effectively as they are clothed by Government with powers of arbitration and execution. This was agreed to.

As regards loans it was agreed that Banks should not be shy to advance loans to societies if they are intended for disbursement to new members and also to deserving old members.

Subject No. 4:—How best to secure the services of a paid staff for every society?

Decision—It was generally agreed that transactions permitting the services in co-operative societies, unions and banks should be paid for, that the time had long gone by when honorary service from co-operators could be expected.

II. Unions.

Subject No. 1:—Is it desirable to widen the jurisdiction of unions in the interests of economy?

Decision—In the interests of economy and efficiency, it was agreed that the jurisdiction of unions should generally extend to a whole taluk. This will increase the income of unions and thereby enable them to employ an efficient paid staff not merely for clerical, but also for executive work. It was also agreed that in case of any deficit, the Banks should be requested to come to the aid of the unions.

Subject No. 2:—Should not the strength of the governing body be reduced to three or five at the most?

OOTACAMUND INFORMAL CONFERENCE

Decision—It was suggested that it need not be reduced to three but that it may stand at five for sometime.

Subject No. 3:—Whether any of the members of the governing body should be nominated by the Central Bank?

Decision—It was suggested that it will be more desirable to have co-optation rather than nomination.

Subject No. 4:—Whether it is not desirable that every union should have a paid manager?

Decision—It was agreed that every union should have a paid manager so that all correspondence may be attended to promptly.

III. Central Banks.

Subject No. 1:—*Constitution* (a) Are any changes necessary in the constitution of Central Banks? Should there not be a maximum number of directors say 15? Is it not desirable that at least two or three directors should be nominated by the Registrar from among men of knowledge, influence and experience of co-operation?

(b) Should not the directors possess minimum qualifications as regards number of shares or the amount of deposits held by them? What should be the minimum qualifications?

Decision—(a) All the representatives were in favour of limiting the number of members of the Board to 15. It was agreed that co-optation would be preferable to nomination.

(b) It was generally agreed that wherever necessary, the Registrar should exercise his discretion in prescribing a minimum qualification for directors.

Subject No. 2:—Is there no need for a reduction in the minimum rate of dividend for strengthening the Bad debt reserve?

Decision—There was unanimous opinion that during the present condition of the movement, it is necessary to strengthen the Bad debt reserve and that, for this purpose, no Bank need declare more than 6 per cent dividend to its share-holders, though the net profits permit it, and that any excess over it should go to the Bad debt reserve.

Subject No. 3:—How far has the Registrar's scheme of rectification been effective? Does it require revision in the light of experience? Will Banks facilitate this scheme by auxiliary measures such as (a) reduction in the rate of interest (b) abolition of penal interest (c) crediting towards principal only or towards principal and interest proportionately the collections from societies, (d) giving loans to non-borrowers and (e) helping societies to pay off deposits in case of need?

Decision—It was pointed out by the Bankers present, that the scheme was being carried out in all Banks. The Registrar pointed out

to them that it was desirable to have a separate and independent staff for this purpose so that the scheme of rectification might go on from year to year because a good society might become a bad one to-morrow. It was agreed to. They also said that they would facilitate the scheme by auxiliary measures such as reduction in the rate of interest, abolition of penal interest, so as to encourage borrowers to repay their loans, and grant of loans to non-borrowers.

Subject No. 4:—Is it not desirable that there should be a Committee in every Central Bank consisting of the President, Deputy Registrar and one other director elected by the Board (1) to recruit the necessary staff (2) to control it (3) to plan new schemes and (4) to watch the rectification work by employing a permanent rectification staff?

Decision.—It was suggested that it was not necessary to have one at present, and so the proposal was dropped. But it was emphasised at the meeting, that no Bank should employ any staff, not fully qualified and that, if any such are appointed, the Deputy Registrar should persuade the Banks to see that such men are sent out.

Subject No. 5:—Is further expansion of the movement desirable? If so, on what lines should it proceed?

Decision.—It was agreed that more attention should be paid to rectification and consolidation than to expansion and that the marketing should be developed so as to augment the income of the ryots.

THE INDIAN CO-OPERATIVE REVIEW

(Journal of the All India Co-operative Institutes' Association)

Published Quarterly

January, April, July and October

Edited by V. RAMADAS PANTULU.

A medium for periodical publication of articles on Co-operation by writers of standing and authoritative position in India and foreign countries.

Comprehensive and detailed survey of co-operative activities covering the whole of British India and Indian States.

Notes on Co-operative Legislation, Experiments and Activities in foreign lands.

Reviews of all literature on Co-operation and allied subjects.

Subscription per annum. **Price per single copy**
Inland: Rs. 6. Foreign Sh. 10. Inland Rs. 1-8. Foreign Sh. 2-9

For Copies, Please Apply to:

The Manager,

Indian Co-operative Review,
Farhatbagh, Mylapore, Madras.

Correspondence.

Continuing Mortgage Bonds.

Sir,

Mr. M. S. Narasimha Rao in his article on 'Security and Mortgage Bonds' published on pages 65 to 68 of the Co-operative Journal (August) refers to a system of mortgage bond prevailing at Kalahasti in Chittoor District. The form was adopted by the Kalahasti Co-operative Town Bank from the system in vogue in the Tirupati Co-operative Town Bank. The form is not a novel one and is quite safe to be followed by all societies.

As long ago as in June '25, the then Registrar of Co-operative societies, Madras, issued a circular No. 13701 of 1925 dated 30-6-25 recommending the adoption of "A simple mortgage bond for stating that the properties mentioned therein will stand charged with repayment not only of the debt borrowed under it at the time but also of any debt that might thereafter be borrowed during the subsistence of the mortgage". Though the circular states that "The mortgage need not necessarily mention the maximum limit of the loans," it is safe and convenient to fix the maximum limit after due consideration of the value of the properties mortgaged and the repaying capacity of the member. This system is recognised by sec. 79 of the Transfer of Property Act and there cannot be any doubt about the mortgage security subsisting in respect of the future advances made. If at all, there might have been a doubt before the amendment of the Transfer of Property Act in 1929, about the safety of adopting the system as under sec. 79., it is only a subsequent mortgage with notice of the prior mortgage that shall be postponed to the prior mortgage in respect of all advances not exceeding the maximum. Now that under sec. 3 of the Transfer of Property Act as registration of a document is deemed to be sufficient notice, there need be no more doubt about either the legality or the safety of the system.

Moreover the system is economical and quite convenient. The members need not go the Sub Registrar's Office every time they borrow nor spend money on registration charges and search fees. On every occasion when further advance is made an ordinary bond for the subsequent advance amount is taken stating that the amount is borrowed subject to the conditions of the continuing registered mortgage bond and also stating the purpose and the manner of repayment of each subsequent advance.

Safeguards have however to be taken regarding the continuation of the security and the valuation of the mortgage properties. Hence at every time an application is received for a subsequent advance, a director is deputed to inspect and report about the valuation of the properties. Valuation of the properties is regularly recorded in a separate valuation register getting the properties revalued at least once a year by a director.

THE MADRAS JOURNAL OF CO-OPERATION

The further advances are not made automatically whenever applied for as in cases of "Overdrafts". But every application is considered by the Board of Directors and the amount sanctioned after duly considering the revaluation report, the purpose of the advance, and the Board also fixes the instalments for repayment separately on each application. I think these are sufficient safeguards for the system to work quite efficiently. In fact this system is in vogue in Tirupati Co-operative Town Bank for over six years and is much commended by all co-operators.

TIRUPATI.

P. RADHAPATHI.

Co-operative Societies & Law of Limitation.

Sir,

In the article on 'Co-operative Societies and Law of Limitation' by Mr. M. S. Narasimha Rao, B.A., B.L., appearing in the March 1936 issue of the 'Madrass Journal of Co-operation,' it has been suggested that with a view to get over the statute of limitation, a clause to the effect that the parties entering into contract agree that the law of limitation should not be applicable in the matter of enforcement of the contracts, might be inserted in all personal security and mortgage bonds taken from members by co-operative societies. The English case 68 L.J.Q.B. page 252 has been quoted in support of the suggestion. I do not think suggestion can be usefully carried out. The English case referred to states that if in the submission, there is an express term not to plead limitation, it will be binding on the parties. But under the Co-operative Societies Act, there is no procedure which can be called a submission. The reference to arbitration is a statutory reference and not by the will of the parties. If a clause, as suggested is introduced in the documents, it will only amount to an undertaking not to plead limitation. But such an undertaking will be of no use in the face of sec. 3 of the Limitation Act.

MADRAS.

K. RANGASWAMI NAIDU,

Joint Registrar of Co-operative Societies.

Confirmation Slip System.

Sir,

The introduction of some system whereby frauds could be avoided is quite essential in urban banks and big societies. One such system is the introduction of confirmation letters from members regarding their balances, a copy of which is printed on the next page for information. All the urban banks and societies must bring this system into force at an early date. These letters should be issued by banks to the members who will return them duly certifying the balances standing against their names. They will then be verified by the auditors at the time of audit. The foot-note inserted in the form is absolutely necessary. Interest once a year may

CORRESPONDENCE

be included in the form and if included must be calculated as on the closing date of the year i.e., 30th June.

These confirmation slips should be issued once a year but preferably every six months and they should be sent to all members and depositors of banks.

Cent per cent verification of loans in a co-operative year will also become possible in course of time.

The.....Co-operative Urban Bank, Ltd., No.....

CONFIRMATION SLIP.

Assets and Liabilities as on.....

Member No.....Name.....

Assets.			Liabilities.		
	Rs.	A. P.		Rs.	A. P.
1. Share Capital ...			1. Loans. No. ...		
2. Deposits. No. ...					
(a) Fixed ...					
(b) Savings ...					
(c) Current ...					
(d) Recurring ...					
(e) Provident ...					
3. Suspense due to the member. ...			2. Other items due by the member ...		
			(a) Court Cost ...		
			(b)		

I hereby confirm the above balances to my account as on.....

Station.....

Date.....

Signature.

N. B.—In case of discrepancy, the reply should be addressed either to the bank or the auditor and the absence of a reply within a fortnight would be assumed as confirmation.

WALAJABAD.

B. GOPINATHAN.

Recent Utterances.

The following is the speech delivered by the Hon. Mr. E. Raghavendra Rao, member of Council, C. P. Government, in reply to the address of welcome presented by the Directors of the Bilaspur Co-operative Central Bank on 30th August, 1936 when he visited the Bank as Acting Governor.

I am very grateful to you for your cordial reception. A visit to the Bilaspur Co-operative Central Bank has an interest for me which is all its own. As you have said, I was associated with the early organisation of the Bank and still continue to be one of its share-holders. It is, therefore, a matter of no little pride to me, as it is to you, that such a bank has grown steadily into one of the best co-operative banks in the province. I find that it is one of the few banks in the province which have proved themselves to be live agencies for agricultural credit on truly co-operative lines even during the present depression. I know the band of public-spirited workers headed by my esteemed friend Rai Bahadur B. Jagannath to whose selfless energy and efforts the bank owes this remarkable achievement. They have won the unstinted appreciation of Government and of all their coadjutors in the co-operative world, and I take this occasion to endorse from personal knowledge all the praise which has been bestowed on them and which they have richly deserved. The permanent staff of the Bank headed by the Manager Mr. Pyarelal Gupta have also contributed to the successful working of the Bank.

The group system of the education and supervision of co-operative societies by separate committees has been the most important reform in the department in recent years, and I am gratified to know that it has been such a success in your bank and the other banks of Chhattisgarh. I am sorry that as part of our general programme of retrenchment, the Government grant to your Institute has had to be reduced slightly, but I can assure you that the requirements of your Institute are treated by Government as the first charge on such funds as Government is able to allot to the co-operative institutions of the province. Financial difficulties will not be allowed to retard the progress and growth of the co-operative movement in the only area in the province where it is in a healthy condition.

I am much interested to know that you are already thinking of making a beginning in the direction of non-credit co-operative activities. I have often thought that the non-credit aspect of co-operation should receive more attention from our banks. The Royal Commission of Agriculture commented on the preponderating part played by credit in our co-operative lines. Your credit business seems to be fairly well established and my

RECENT UTTERANCES

advice to you is that you should now devote your attention also to the development of non-credit co-operative activities, particularly, co-operative sales and marketing.

You have wanted a land mortgage bank for Bilaspur. As you are aware, this experiment in making provision for long-term credit is a new one in the province and Government has already established 10 land mortgage banks in selected areas. Government have guaranteed the principal of, and interest on, Rs. 50 lakhs of debentures for raising the capital of these banks. Before making further advance and multiplying the number of banks it is necessary to watch for some time the working of those already established. Such experience as we have had of the working of these banks points to the necessity for policy of *festina lente* in this matter. Government have, however, re-examined the matter on your representation contained in the address and I am in a position to say that your desire for a land mortgage bank will be fulfilled soon. A debt conciliation board is also being established and the two institutions working in collaboration with each other will, I hope, facilitate the conciliation of debts to the advantage of the agriculturists of the Bilaspur district and their gradual economic recovery.

Gentlemen, I shall not detain you longer. As I have said I feel naturally proud of the cordial reception I have received in my home-town, particularly from institutions like yours, with which I have had personal association. I thank you again, and assure you that to-day's events will form part of the highly prized memories of my life.

BOOK-KEEPING QUESTIONS & ANSWERS.

Madras Government Technical Examinations (Lower Grade).

Papers 1924 to 1935.

INCLUSIVE BY

A. MARAMA REDDY, A.I.S.S., (LOND.), D. COM., (I.M.C.)
Secretary, Trichinopoly District Co-operative Central Bank, Ltd.

WITH A FOREWORD BY

M.R.RY. M. GIRIAPPA AVL, B.A.,
Joint Registrar of Co-operative Societies, Madras.

Price Rs. 2-8-0 (Calico bound.)

Special Rates to Students.

Apply to the Author or to:—

OFFICE EQUIPMENT CO.,
Armenian Street, MADRAS.

Extracts.

RURAL UPLIFT IN U. P.

The U. P. Government has issued the following report on rural development work in the United Provinces for the year 1935-36, ending March 31 :—

The report of the Royal Commission on Agriculture emphasized that all Government departments whose activities touched the lives and surroundings of the rural population should make an organized and concentrated effort to improve village conditions. It pointed out that, as responsibility for initiating the steps required to effect improvement in rural areas rested with Government, all the resources at the disposal of the State should be brought to bear on the problems of rural reconstruction. Work in this connection was first taken up by the Co-operative Department in the Benares, Fyzabad and Partabgarh districts and the results were encouraging. These and other similar activities could not, however, be developed and expanded owing to lack of funds. A concrete programme for concerted action in every district of the province was, however, framed when the Government of India made a generous grant for rural reconstruction and the present rural development scheme was evolved. It was brought into force in accordance with G. O. No. 591/XII-A, dated April 13, 1935.

The Basic Idea.

2. The basic idea underlying this scheme is to rouse in the villager a desire to bring about improvements in his own condition and to train him to help himself for the purpose. Again, the scheme contemplates that village opinion should be created and organized in favour of improvements; it recognizes that village regeneration cannot be established on a stable basis, unless it is founded on the support and co-operation of the villagers themselves and that effective work can only be carried on through some organized village agency. A village organization is necessary and provides a definite practical channel through which improvements can be effectively introduced. Such items of work have to be taken up first as are approved by the villagers; but the aim is to tackle their problems in a comprehensive manner in order to secure all-round balanced development. It must be emphasized that the idea is not to set up new activities parallel to those of the various development departments of Government but to afford facilities to the departmental officers for carrying on their activities more effectively. They are sure to find organized village groups easier to deal with than loose collections of individuals; while local village organizations in their turn must have their advice and guidance. It is, however, necessary to ensure that all these beneficent official activities are suitably coordinated and non-official support enlisted.

EXTRACTS

The Scheme.

3. Hence the scheme provides for a staff of organizers to create and focus public opinion in villages; some sort of local organization in the villages for carrying on the various activities; and co-ordination of effort on the part of the various departmental officers. The district officer is the pivot of the scheme; not only is he responsible for its working but he is actively associated with it. He represents the collective authority of Government and has to co-ordinate the various departmental activities and consolidate and correlate them, secure the active co-operation of district boards and obtain the support of suitable non-officials interested in village welfare. The scheme accordingly contemplates the establishment in each district of a rural development association, consisting of the local officers of the various development departments, one or two representatives of the local district board and selected non-officials under the chairmanship of the district officer. Its object is partly to bring about co-ordination of work and pool the experience of the different departments and partly to secure the co-operation of non-officials.

4. The plan of work outlined was that there should be six development circles in each district, each circle comprising a group of 12 villages. A resident organizer should be stationed in the central village of each circle and an inspector should be appointed for each district to supervise the work of these organizers. In all the villages taken up for development work, there should be either village *panchayats* or better-living or better-farming co-operative societies. In addition there should be in each district a district association which meets regularly and draws up a programme of work according to the needs of the different circles. Each district officer should have a discretionary grant of Rs. 5,000 a year which is to be spent by him on objects of public utility in the rural development circles; these grants are to be given almost always on a contributory basis. The plan contemplates that works of improvement should ordinarily be initiated by the departments concerned, offering advice and guidance to the local organizations which are to carry out the work assisted by the resident organizer. It thus provides for concentrated effort in selected places and maintains channels for the diffusion of ideas and methods of work to the villages. It is expected that in this way not only will practical work be done in each rural development village but that it will also be a demonstration and propaganda centre which will serve as a model for others and influence by its example the surrounding country-side.

5. Actual work in accordance with this plan could not be commenced till October, 1935. From April till October the preliminary arrangements required under the scheme, such as the formation of district development associations, selection of organizers, selection of rural

development circles, etc., were completed. The district reports relate to the work done in the first three circles in each district though towards the end of the period under review the three remaining 'circles had started functioning'. During the short period of the operation of the schemes encouraging and satisfactory progress has been made.

The first step -- Training the Supervisors.

6. The first steps taken were to select suitable groups of villages for starting this work and to train and appoint resident organizers for each of them who would on the one hand act as the mouthpiece of the local villagers and on the other serve as the agent through whom the different development departments would approach the villagers. The organizers after their selection, underwent a course of training for three months. Generally they have been found to be suitable for the work and they have met with a fair amount of success in gaining the confidence of the people among whom they have been working. There are, however, a few who are obvious misfits and will have to be removed. It lies within the power of district officers to remove them and to select persons who would preferably belong to the group comprised in the rural development circle. With a view to improve the quality of the organizers and to keep up their interest and usefulness, it is proposed to make suitable arrangements for continuing their training by bringing them in touch with the activities of other departments and by arranging refresher courses.

7. The work of organizers is supervised by inspectors. There is one inspector in each district who remains constantly on tour in the different circles, guiding and helping the organizers. His main function is to remain in touch with the departmental officers to acquaint them with the needs and requirements of the villages and to see that the works of improvement initiated by them are followed up. It appears to be too early to judge to what extent they are satisfactorily fulfilling the objects for which they have been appointed.

Real awakening among the villagers.

8. Village *panchayats* or Gram Sudhar Sabhas have been established in the villages taken under development. In some places there are co-operative better-living or better-farming societies as well. The interest taken by these village bodies has naturally varied from district to district. On the whole there is a real sign of awakening among the villagers and a growing interest in village welfare work. Many of them are becoming more active and are prepared to shoulder their share of responsibility. Several district reports show that there are a number of keen *panches* who have rendered useful service. The growth of these

organized village bodies for effecting improvement is being watched with considerable interest and sympathy.

9. The work of planning, co-ordinating and directing the development activities in each district has been performed effectively by the district rural development association acting under the guidance of the district officer. The first task of these associations was the completion of all the preparatory stages incidental to the initiation of work, such as the selection of villages and of organizers, the location of the circles and the organization of village *panchayats*. The district associations have met frequently to discuss the lines of work to be pursued and have dealt with a number of useful subjects, touching upon the different aspects of village life. During the short period of their constitution they have set up a useful record of activity and bid fair to become, what they are intended to be, a clearing house of information in rural development matters.

10. A member of the regular district staff usually acts as the secretary of the association and is in-charge of the rural development work of the district in addition to his usual work.

Main lines of activities.

11. There are broadly three main lines of activities in the villages—(a) economic improvement, (b) rural health and sanitation and (c) cultural improvements. Useful activities in all these directions are reported.

12. Agricultural improvements have received attention everywhere as the need for improving the economic condition of the villager is generally recognized. The distribution of improved seeds has been carried on with considerable vigour. This work has been done on a large scale in the Jhansi division through the agency of the Revenue and the Irrigation departments, under the directions of the Commissioner. In areas where the rural development work has been co-ordinated with the scheme for the improvement of cane and its marketing, the work has been done on intensive lines. Elsewhere also satisfactory progress has been made. Improved methods of cultivation have been introduced, village demonstration plots opened and a number of improved seed stores started in a number of places. Cattle-breeding is engaging attention and better bulls are being obtained. In the Allahabad division a plan for first-aid to live stock has been initiated on the suggestion of Khan Bahadur M. Bashir-ud-din Ahmad, the honorary rural development organizer for the division. A scheme for encouraging fruit culture has been extended to twelve selected districts, namely, Muzaffarnagar, Saharanpur, Meerut, Agra, Multra, Aligarh, Lucknow, Unao, Cawnphore, Allahabad, Partabgarh and Mizapur; the planting of the selected seedlings supplied has now been nearly completed. District reports indicate that there is considerable interest in fruit culture in other districts also.

Efforts at Sanitation.

13. A concentrated drive has been made to improve rural sanitation in the selected villages. These efforts have produced a fair amount of improvement and generally speaking these villages now have a cleaner appearance. Improvements have been effected with the willing co-operation of the villagers. The value of manure pits and soakage pits is being appreciated and trench pattern latrines have not found favour with the villagers. The supply of a drinking water has been improved in a number of villages. Village medicine chests have been supplied in the province. They have become extremely popular and have had to be replenished in several districts. Corporate efforts for improving the general place sanitary conditions of the villages have begun to be made in several places, for the filling up of hollows, the widening of lanes, the removal of rubbish and dilapidated houses, the construction of drains and the improvement of housing conditions generally. In one district a useful example has been set by some village *panchayats* which have allotted one day each month for the general cleaning of the whole village when the entire population is expected to devote itself to this work for some hours. Such community efforts deserve encouragement. The brief experience of the working of the scheme shows that villagers are prepared to take up useful items of work in connection with rural sanitation and hygiene in earnestness when once they are convinced of their utility.

Cultural activities.

14. The close relation of cultural activities to the scheme of rural development is being increasingly appreciated. It is realized that they make village the more interesting and this in turn stimulates a desire for improvements in other directions. Numerous activities such as games and sports, opening of playfields, organization of *Bhajan Mandals*, reading clubs, adult schools, village libraries, scouting, junior Red Cross work, etc., have been taken up with enthusiasm.

15. In carrying out the various works of improvement the principle of self-help has been prominently kept in view and any attempt to pauperize villager by giving help in the nature of a dole has been discouraged. As one district officer points out, 'value attaches in a low degree to whatever is not purchased by one's own money'. These principles have been borne in mind in giving money from the discretionary grants placed at the disposal of district officers. The response from the villagers has also been encouraging and they have in most cases contributed their due share towards objects of common utility, mostly in the form of labour.

16. The scheme contemplates that every rural development centre in a district should become a centre for demonstration and propaganda.

EXTRACTS

A useful and practical form of propaganda has been the holding of rural fairs and exhibitions in the development circles or by holding farmers' fairs in the nearest agricultural farms. Exhibitions of this nature have been held in various parts of the province. They have a certain amount of educative value, and are a useful means of conveying to the villagers information of utility and value.

Support from Landlords.

17. It is gratifying to find that landlords have been extending a considerable measure of support to the scheme. There is a growing realization in the minds of the land-owning classes that the scheme is a constructive effort to promote the welfare of the rural people. In several districts zamindars have done commendable work in their villages and their leadership has set an example to others. This should in due course make a wider appeal and materially assist the extension of the movement.

18. Rapid progress cannot be expected in work of this nature, especially in the beginning and indeed it was not altogether desirable that during the period under review there should be any anxiety to secure obvious and tangible results. It was realised that development should take place in accordance with the wishes and the corporate activities of the villagers, and it is satisfactory to find that work is being done accordingly. The ultimate success of the scheme depends upon the continuity of the co-ordinated efforts made, and the steadfast carrying on of the work on approved and well understood lines. In rural development work, it is necessary to take a long range view of the programme of work. There appears to be a feeling in some quarters that the scheme of the rural development is limited to a period of only two years. This is an erroneous impression. The scheme will remain in force for a period of at least five years and it is intended to continue it with such modifications as experience may show to be necessary, and to make it permanent if it is found to be generally successful.

19. The organization of rural development work has imposed on district officers and their staff considerable work in addition to their normal heavy duties and added substantially to their responsibilities. It is gratifying to find that they have shown much personal interest, keenness and enthusiasm. The satisfactory progress of the work is also due in a large measure to the guidance and interest of Commissioners and to inspiration of the provincial Rural Development Officer. The Governor, acting with his Ministers, notes with pleasure the progress of the scheme recorded in the district reports which are of much interest. He desires to place on record his warm appreciation of the efficient manner in which Commissioners of Divisions, Heads of Departments, the Rural Development Officer, District Officers and the district staff have carried out their heavy and difficult duties and of the valuable assistance rendered by numerous landlords and other non-official workers in connection with the scheme.

News and Notes.

The Burma Agriculturists' Debt Conciliation Bill was passed by the Burma Legislative Council recently.

Dr. D. Spencer Hatch, Secretary of the Y.M.C.A. Rural Reconstruction Centre, Martandam, delivered three lectures on 'Rural Reconstruction Progress' in September last at the United Theological College, Bangalore, where an extension course was held.

The Committee of the Vizianagaram Co-operative Central Bank has been superseded for one year by the Registrar of Co-operative Societies from the 4th September last. Mr. U. Satyanarayana, Sub-Deputy Registrar of Co-operative Societies, has been appointed to manage the affairs of the Bank.

A press note issued recently from Simla regarding live-stock improvement states that a vaccine has been evolved which confers lasting immunity from rinderpest at a very small cost and that if properly fed and managed the ordinary Indian cow will give 50 per cent more milk than it is now giving. It also states that in the Punjab lands are given either free or on very favourable terms for cattle-breeding purposes.

As the result of the decision of the Co-operative Supervising Unions in the Travancore State to start a rural reconstruction campaign, a rural reconstruction committee for the Northern Co-operative Division of the State was formed recently. The centres chosen for the working of the scheme are the suburbs of Kozhancherri, Kottayam, Vaikom, Shertalai and Parur.

Mr. Swami Govinda Nayudu, who passed away on the 8th of August last at Erayamangalam, his village in the Chingleput District, was one of the earliest co-operators, having helped the first Registrar, Mr. (later Sir) P. Rajagopalachariar in organizing co-operative societies in Chingleput and North Arcot Districts. He was connected with the Kilacheri Co-operative Union from its very inception. He was also an active member of the old Chingleput District Association and a familiar figure in early co-operative conferences.

An annual conference of the Anantapur District non-official co-operative employees was held on the 12th September last at Anantapur and was presided over by Mr. M. Narayana Rao. The local Deputy Registrar of Co-operative Societies was also present on the occasion. A resolution requesting the M.P.C.U. and M.P.C.B. to take steps to organise a Provincial

NEWS AND NOTES

Association of co-operative non-official employees was passed. Another resolution requested the Registrar of Co-operative Societies to invest the employees of the District Bank with powers of arbitration and execution so that collection work might be done speedily.

Keeranur is a taluk station situated 15 miles from Pudukotah. A co-operative society was started there on 14-1-1914 and the society had done very good work all these years. A building was constructed recently at a cost of Rs. 7,000. It was opened by Sir Alexander Tottenham, Administrator of the State, on 30-8-36. In doing so he observed that the society was to be congratulated on there being no possibility of even Rs. 70 falling as bad debts out of more than Rs. 4 lakhs due to the society.

Mr. K. G. Sivaswami of the Servants of India Society, who recently spent some weeks in the Hyderabad State and was given facilities to study what is being done there to help the poor, has brought to light some interesting facts to the credit of the administration. From the interest of the famine fund wells are being constructed, and in the Raichur district alone 1,245 wells have been completed at a cost of Rs. 20 lakhs. A special Board, known as the Water and Drainage Board, has been constituted to promote water-supply schemes for towns. The State has spent some Rs. 30 lakhs on constructing 2,500 dwellings costing from Rs. 500 to 2,000 for the use of the poor, from whom only a nominal sum is collected as rent. In these and some other respects, our province may well take a leaf from Hyderabad State.

A conference of the supervisors of co-operative societies of the North Arcot District was held at Vellore from the 8th to 10th September, 1936. Mr. K. Narayanaswami Mudaliar, Deputy Registrar of Co-operative Societies, opened the conference. Mr. V. A. Arunachala Mudaliar, President of the Central Bank, reviewing the work of the Supervisors, observed that in spite of the present economic depression, the movement in the District would be in a much better position provided the Supervisors did their work with robust enthusiasm and missionary spirit. Rao Sahib K. M. Singaravelu Mudaliar, one of the directors of Bank, advised the Supervisors to popularise short term loans by the forecast system. Mr. K. Narayanaswami Mudaliar in declaring the conference open made a survey of the working of the movement in the district. Out of 746 credit societies as on 30-6-35 only 62 societies were classified as A and B while the rest were classified under C and D. Bad Societies beyond rectification were, said he, as many as 94.

The Kurnool District Rural Reconstruction and Uplift Conference was held at Mutyalapad on the 17th September last and it was presided

THE MADRAS JOURNAL OF CO-OPERATION

over by Diwan Bahadur A. Appadurai Pillai, retired Director of Industries. Nearly a thousand delegates from all parts of the district including officials and non-officials were present. Dr. M.J. Samuel welcomed the delegates and Diwan Bahadur V. N. Viswanatha Rao, Collector, Kurnool, opened the Conference. Health and Agricultural exhibitions were also organized on the occasion. The Collector in opening the Conference paid a tribute to the Christian Missions who were working hard for the uplift of the villagers at Mutyalapad. Diwan Bahadur A. Appadurai Pillai in the course of his presidential address said that no amelioration or improvement brought about by an extraneous agency was likely to have any lasting effect and that the initiative should come from the villagers themselves. He then referred to the contents of some of the communiques issued recently by Government explaining the ameliorative measures taken to help the ryot.

After a devoted service of fifteen years, nine years as Vice-President and six years as President, Rao Bahadur A. Rajabadar Mudaliar has decided to retire from the management of the Chingleput District Co-operative Bank. All these years it has been his endeavour to give to efficiency its due place in the administration of the Bank and to put the moral and spiritual side of co-operation before his colleagues. During the period that he has been President, all the resolutions of the Board have been passed unanimously—which should be considered a record in harmonious work, especially in a period of acute economic depression. At the last meeting of the Board over which he presided he bade farewell to his colleagues in a short touching speech, in which he expressed his indebtedness to the late Rao Saheb V. Venkatachariar and Rao Bahadur M. K. Venkatachariar who were Presidents when he was Vice-President, and to the departmental officers, his colleagues on the Board and the Bank staff for having given him their hearty co-operation in various ways. He joined the co-operative movement after retiring as a Deputy Collector from Government service and no one will grudge him the rest which his age entitles him to. But we trust he will still continue his connection with the movement in capacities which will not cause an undue strain upon his strength.

A press communique issued recently by the Finance Department of the Government of Madras on the schemes that are in operation in this presidency for the benefit of the rural areas, makes reference among other things, to the progress made by the operation under the Agriculturists' Loans Act up to 15th July 1936. The number of applications received was 2,682 of which 754 were rejected after preliminary enquiry. The enquiry was completed in 1,273 cases in which the estimated debt was Rs. 6.30 lakhs which was scaled down to 5.06 lakhs (i.e., about

20 per cent). The amount issued as loans was 1.90 lakhs. Commenting on this communique the *Hindu* pertinently observes: "It is an inexplicable anomaly that while the interest rate suggested as the basis for scaling down debts is 5 per cent, the rate which the Government have fixed for their loans to the ryots under the Act is 5½ per cent. Those who have lent money to the ryots may well ask why the Government should expect them to be content with a lower rate of interest than they themselves propose to charge." The Government should certainly consider whether it would not be possible to reduce the rate of interest to 5 per cent or even less when they insist on scaling down the debts.

The Directors of the Vizianwada Co-operative Central Bank, Bezwada, in their administration report for 1935-36 state that the collections from the societies were much better than in the previous year, and that it was creditable to note that the interest due from the societies in the Bezwada, East Bezwada, Gannavaram, Nuzvid and non-union areas has been completely realised while only 3 societies in Nandigama and Jaggayapet unions defaulted. It issued loans during the year amounting to Rs. 4.96 lakhs and recovered Rs. 4.07 lakhs. The percentage of overdues under principal fell from 25.8 to 20.8 and under interest from 4.6 to 1.04. Under the rectification scheme of the Registrar 134 societies were examined up to the end of the year. Out of Rs. 6,09,746 due to the Bank from the societies, bad debts were established to be Rs. 27,744. The Bank made a net profit of Rs. 5,736-10-0 in the year exclusive of the amount of Rs. 5,300 carried to Bad Debts Reserve.

The Coimbatore District Urban Bank issued during the last co-operative year loans amounting Rs. 28.02 lakhs as against Rs. 19.37 lakhs in the previous year and recovered Rs. 19.82 lakhs as against Rs. 15.29 lakhs in the previous year. It is gratifying to note that the percentage of overdues under principal and interest was only 14.3 and 1.7 respectively. The overdues are much less in this Bank than they are in other central banks in the presidency. With a view to encourage the spirit of emulation among the unions, a prize consisting of a shield and a silver cup was instituted two years ago. The Nambiyur Union has won it both the years. A sum of Rs. 3,058 was spent out of the Common Good Fund for rural reconstruction work and for the development of the crop loan scheme. Work of rectification and consolidation of 55 bad societies was completed in the year. The Bank made a net profit of Rs. 66,417-9-0 during the year as against Rs. 34,338-1-0 in the previous year. This increase in profit is mainly due to the sale of G. P. notes, debentures of C.L.M.B. and increase of loan transactions by Rs. 8 lakhs.

THE MADRAS JOURNAL OF CO-OPERATION

Konsumentenbladet, Sweden's Co-operative Journal, which is a weekly has a circulation of about 4,90,700 copies. This journal is the medium of educating the members of co-operative societies. This journal is sent to all members of co-operative societies in the country free of charge. It also deals with literary, social and domestic problems apart from co-operative topics.

The finest laundry in the world is owned by the United Co-operative Laundries Association at Narris Green, Liverpool. The Association has also five other large laundries, but the one at Liverpool is the largest. It serves the members of sixty retail societies some of which are even fifty miles away from it. The machinery employed in it is worth £150,000. It handles in a week as many as 4,78,000 articles. Even the poor housewife finds it cheaper to send the clothes to this laundry than to wash them at home.

The International Co-operative Alliance has appealed to the national co-operative organisations affiliated to it to send contributions to it for helping the Spanish co-operators who are put to great loss of life and property on account of the Civil war. The help will be sent through the British and French Wholesale Societies in kind, that is, in foodstuffs, clothing, medical supplies, and other physical necessities. Spanish co-operators are arranging relief to children and orphans irrespective of the partizanship of their parents. We hope that some contributions will be sent from India to show our sympathy with the sufferers.

Reviews.

BOOK-KEEPING QUESTIONS AND ANSWERS.—By Mr. A. Marama Reddi, A.I.S.A., (LOND.), D. COM., (I.M.C.), Secretary, Trichinopoly District Co-operative Central Bank, Ltd., Trichinopoly; Copies can be had either from the author or from Office Equipment Co., Armenian Street, Madras; **Price Rs. 2-8-0.**

The book is specially intended for examination going candidates to the Local Government Technical Examination in Book-keeping (lower grade) and similar examinations of the same standard. The author has given direct answers to the various questions set for the Madras Government Technical Examination (lower grade) for 12 years i.e. from 1924 to 1935 both inclusive. The language is quite simple so that the candidates can follow the subject without much effort. The book will be a very useful addition to every library on commercial subjects.

C. S. SASTRI.

P. C. U. Election Results.

The following gentlemen have been elected to the Board of Management of the Provincial Co-operative Union from the constituencies noted below :—

Urban Banks.

- 1 Mr. S. Narasimhulu Pantulu, (Kurnool).
- 2 " S. D. Tirupathi Naidu, (Dharapuram).
- 3 " S. Nagaswamy Iyer, (Sivaganga).

Land Mortgage Banks.

- 1 Mr. V. Brahmayya Sastri, (Narasapur).
- 2 Rao Bahadur C. Sambasiva Chettiyar, (Conjeevaram).

Non-Credit Societies.

- 1 Mr. G. Sriram Babu Naidu, (Madras).
- 2 " K. Rama Rao, (Bellary).
- 3 Rao Sahib M. J. Venkatakrishna Pillai, (Madras).

District Federations, Unions and Audit Unions.

		District.
1	Mr. B. V. Ramamurthy Pantulu, (Gopalpur C. U.) ...	Ganjam.
2	" P. Sreeramulu Naidu, (Anakapalli C. U.) ...	Vizagapatam.
3	" Godavari Satyanarayana, (Kotipalli C. U.) ...	E. Godavari.
4	" Nekkallapu Veeriah, (Dharmarajigudam C. U.) ...	W. Godavari.
5	" Peddala Venkatasubbiah, (Bezwada C. U.) ...	Krishna.
6	" Kari Lakshmana Rao, (Repally C. U.) ...	Guntur.
7	" Kakatur Sundararami Reddi, (Indukurpet C. U.) ...	Nellore.
8	" G. Peddappa Reddi, (Madanapalle C. U.) ...	Chittoor.
9	" K. Ramanatha Iyer, (Nandikotkur C. U.) ...	Kurnool.
10	" L. Gangadhrasastri, (Hindupur C. U.) ...	Anantapur.
11	" K. Venugopal Mudaliar, (Padalam C. U.) ...	Chinglepet.
12	Rao Sahib K.M. Singaravelu Mudaliar, (Kalavai C.U.) ...	N. Arcot.
13	Mr. M. G. Parthasarathy Mudaliar, (Vridhachalam C. U.) ...	S. Arcot.
14	" K. Kuppanna Gounder, (Rasipuram C. U.) ...	Salem.
15	" N. K. Palani Gounder, (Gopichettipalayam C.U.) ...	Coimbatore.
16	" K. Belli Gowder, (Kotagiri C. U.) ...	Nilgiris.
17	" K. L. Bhandari, (Coondapur C. U.) ...	S. Kanara.
18	" S. Venkatarama Aiyar, (Pattukottai C. U.) ...	Tanjore.
19	" M. N. Chinnasami Reddiar, (Perambalur C. U.) ...	Trichinopoly.
20	" G. Alagiriswami Naidu, (Sundarapandiyam C.U.) ...	Ramnad.
21	" M. Veerasikkiah, (Uttamapalayam C. U.) ...	Madura.

P. C. U. Examination Results.

The following is the list of candidates who passed in the Co-operative Training Examination held in June 1936, by the Provincial Co-operative Union, Madras.

RAJAHMUNDRY CENTRE.

Nine Months Course.

FIRST CLASS

Regd. No.	Name.	Regd. No.	Name.
836	Lakshminarayana, K.	851	Satyananda Rao, R.

SECOND CLASS

828	China Padmanabham, S.	839	Nageswa Rao, K.
829	Hanumantha Rao, Ch.	841	Narasimham K. S. L.
831	Imam Sheriff.	843	Narasimha Rao, V. L.
832	Jagannadham, Bh.	847	Prasada Rao, K. V. D. V.
833	Kameswarao, Ch.	849	Ramakrishna Rao, D.
834	Kameswarao, M.	850	Ramalingaswamy, Bh.
835	Krishna Rao, K.	852	Sreeramamurthi, K.
837	Venkata Lakshminarayana Rao, Madiraju.	853	Subba Rao, Bh.
		860	Venkatasubba Rao, V.

PASSED IN PART I ONLY

838	Nageswarao, J.	857	Suryanarayanamurti, N.
842	Narasimha Rao, P. V.	858	Veerabhadra Rao, D.

P. C. U. Circulars.

ROYAPETTAH, MADRAS,
6th October 1936.

I.

To all the Delegates to the General Body of the Provincial Co-operative Union.

Dear Sir,

The Annual General Body Meeting of the Madras Provincial Union will be held at Madras at 12 Noon 31-10-36 in the premises of the Union. You are kindly requested to be present for the meeting.

II

To all the Member Societies of the Provincial Co-operative Union.

Dear Sir,

The Annual General Body Meeting of the Madras Provincial Co-operative Union will be held at 12 Noon on 31-10-36 in the premises of the Union. Your representative on the General Body has been informed to the effect and requested to attend.

Please remit, if you have not already done so, the annual subscription due by your society, current dues as well as arrears, if any, without any further delay and oblige.

V. VENKATASUBBAYA,
Hon. Joint Secretary.

LIST OF SOCIETIES REGISTERED AND CANCELLED

List of Societies Registered in August 1936.

Serial No.	Name of Society.	District.
1	The Vetapalam Weavers' Co-operative Purchase and Sale Society, Ltd., Vetapalam.	Guntur.
2	The Ipurupalam Weavers' Co-operative Purchase and Sale Society, Ltd., Ipurupalam.	"
3	The Chirala Weavers' Co-operative Purchase and Sale Society, Ltd., Chirala.	"
4	The Repalle Co-operative Loan and Sale Society, Ltd., Repalle.	"
5	The Gundemadakala Co-operative Credit Society ...	Nellore.
6	The Duttalur Co-operative Credit Society ...	"
7	The Bhyravaram Co-operative Credit Society ...	"
8	The Nandavaram Co-operative Credit Society ...	"
9	The Narravada Co-operative Credit Society ...	"
10	The Nallagonda Co-operative Credit Society ...	"
11	The Narayanavaram Weavers' Co-operative Purchase and Sale Society, Ltd.	Chittoor.
12	The Madras Co-operative Better Living Society, Ltd.	Madras.
13	P. W. D. Workers' Co-operative Thrift and Loan Society, Ltd.	"
14	Kilasapuram Co-operative Society ...	"
15	Kilacheri Co-operative Milk Supply Society, Ltd. ...	Chingleput.
16	Valarpuram Co-operative Milk Supply Society, Ltd.	"
17	Parandapalli Co-operative Credit Society, Vellore ...	N. Arcot.
18	Kundumaranapalli Co-operative Society ...	Salem.
19	The Salem Co-operative Sale Society, Ltd.	"
20	The Uluvur Co-operative Loan and Sale Society, Ltd.	Tanjore.
21	The Bondripalayam Field Labourers' Co-op. Society.	"
22	Mandhurai Valambikai Co-operative Credit Society.	Trichy.
23	Theni Co-operative Loan and Sale Society, Ltd. ...	Madura.
24	Pallapatti Co-operative Society ...	"
25	Sri Dharmastal Co-operative Society ...	S. Kanara.
26	The Quilandy Women's Cottage Industries Co-operative Society, Ltd.	Malabar.
27	The Cannanore Womens' Co-operative Stores, Ltd.	Cannanore.

List of Societies Cancelled in August 1936.

Name of Societies.	District.
1 Vasanthavada	East Godavari.
2 The Madanapalli Co-operative Stores Ltd.	Chittoor.
3 Vada Kuruvitharkulam	Tinnevely.
4 Sulurpet Local Union	Nellore.
5 Melamaravathy	Tanjore.
6 Azhinhilam	Malabar.
7 Gooty London Mission Bank Ltd.	Anantapur.
8 Kannancottai C. S.	Chingleput.
9 Maruthappapuram C. S.	Tinnevely.
10 Pappamkuppam C. S.	"
11 Kalimancheri C. S.	Madras.
12 N. Thohur C. S.	Salem.
13 Atmakur C. S.	Anantapur.
14 Karuvadi C. S.	Tanjore.
15 Watrap Devendrakulam C. S.	Ramnad.
16 Chakkarayapeta Bandamadapalli	Anantapur.
17 Nadumadura C. S.	Madura.

Registrar's Circulars

R. Dis. B. 4630/36.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 25th August 1936.

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

CIRCULAR.

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

Ref:—Registrar's Circular No. B. 4630/36, dated 4—8—36.

The Government have ordered that the particulars regarding addresses and occupations of the members should also be given in the annual list prepared by limited liability societies in pursuance of rule VII(b) of the rules framed under the Madras Co-operative Societies Act 1932. Deputy Registrars and Sub-Deputy Registrars in independent charge are therefore requested to instruct limited liability societies in their charge to open the following two additional columns in the form prescribed in the circular quoted above.

Addresses.

5

(By Order)

A. SINGARA RAJU,
Manager.

"Co-operative Balance Sheets— A Self-Instructor."

The only book of its kind in English specially useful for students undergoing training at the co-operative institutions and all those connected with the management, supervision and audit of co-operative institutions.

Apply to the author:—

Price Rs. 2.

Kastury Audinarayana,

Non-Credit Senior Inspector,

RAJAHMUNDRY,

East Godavari District.