

THE
Madras Journal of Co-operation

VOL. XXVIII.]

FEBRUARY 1937.

[No. 8

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 Note

Amendment of Section 51 of the Madras Co-operative Societies Act.

In our issue of December last we protested very strongly against the recent amendment of the Co-operative Societies Act, particularly of section 51, which was hastily rushed through the last sitting of an expiring Council. Our protest, we find, is followed up by other responsible bodies of co-operators in our province. We have published in this number two very well reasoned memoranda which have been submitted to His Excellency the Governor, with a prayer that his assent may be withheld from the amending Act, one from the Madras Provincial Co-operative Bank and the other from the South Canara District Co-operative Bank. The Provincial Bank being the apex financial institution of the province, its representation is entitled to the highest consideration at the hands of His Excellency. Both the memoranda point out that the support claimed by the amending Bill for the amendment of section 51 from a recommendation of the Central Banking Enquiry Committee, is much wider than what the recommendation means; that the extension of the summary procedure of arbitration to non-members, being past office-bearers or their heirs and legal representatives, is a violent and unwarranted departure from the existing law; that it will cause great hardship to those who are now working on committees in an honorary capacity; and that in future it will deter desirable people from accepting responsible positions in societies. The memorandum of the Provincial Bank states :

"Indeed, information has reached the Bank that the amendment has already scared away some honest members of certain societies and that in certain areas caution in the matter of advancing loans has been carried to such an extent as to practically deny new loans, lest the members of the committee might be brought within the clutches of the amendment."

The memorandum of the South Canara District Bank draws attention to the different purposes for which sections 49 and 51 of the Act are obviously intended and says :

"The existence of two sections in the Act, which would otherwise be overlapping, can in our opinion be only due to the fact that the intention of section 51 was to provide for arbitration in disputes relating to the ordinary business of the society, while loss due to mismanagement was to be dealt with under the surcharge section. We are of opinion that section 49 was newly introduced in the Act of 1932 to supply the lack of a provision in the earlier All-India Act of 1912 to deal with instances of mismanagement."

A similar prayer to with-hold his assent from the Act was urged upon His Excellency by a deputation of prominent co-operators of Madras city, representing the City Co-operative Bank and Madras District Co-operative Central Bank. The deputation was led by Mr. S. Sankara Mudaliar, President of the District Bank, and included Diwan Bahadur Govindas Chaturbhujdas, Diwan Bahadur P. N. Sivagnanam Mudaliar, Rao Saheb V. Dharmalingam Pillai and others. The deputation covered more or less the same ground as the memoranda mentioned above, and further gave expression to the lively fear entertained by them of office-bearers being harassed by their unsuccessful rivals who would exploit this section for their own ends, inflamed by faction or communal or political feeling. The deputationists were informed that temporarily all arbitration references arising from the recent Amendment Act would be disposed of by the Registrar himself and that he would be directed to allow legal practitioners to appear before him in such cases. This is an absolutely unsatisfactory reply. What is gained by the Registrar himself temporarily dealing with the arbitration cases under this Act? How will it help the later administration of the Act? The only interpretation that one can put upon this reply is that it is an attempt to save the Minister's face. But is it right policy to do so at the expense of public interest? The power of withholding

assent is placed in the hands of the Governor, as a safeguard against hasty legislation. We cannot think of a clearer example of hasty legislation or of a better case for the withholding of the Governor's assent than the present. It is not necessary that the assent should be withheld from the whole Act. It is enough that it is withheld from the amendment to section 51. We earnestly hope that this course will commend itself to His Excellency.

District Economic Councils.

His Excellency Lord Erskine spoke very enthusiastically, in his address to the Legislative Council of Madras on the 3rd December last, of the work done by the District Economic Councils in the first quarter of their existence, that is, the period ending the 30th September last. We have published elsewhere the review of the Government on their work, which was published shortly after His Excellency made his speech. Considering that the work reviewed was that carried on in fifteen districts, that is, the major part of the Presidency, we are unable to echo with equal enthusiasm the sentiments expressed by His Excellency. We recognize, however, that three months is too short a period for one to look for results or to judge of any work, especially of rural uplift work, the value and permanence of which depends entirely upon the extent to which the interest and enthusiasm of the villager are roused. Kakkabevinahalli in Bellary district, the manifold activities started in which 'model' village are detailed in the Government review, no doubt deserves the praise that is bestowed upon it. But while reading it we are inevitably reminded of the so-called success and subsequent failure of the famous "Gurgoan Experiment" in the Punjab, carried out by Mr. F.L. Brayne when he was Deputy Commissioner (that is Collector) and President of the District Board of Gurgoan. The inspiration and drive for the rural uplift work there came all from him; officials and non-officials carried out his wishes out of fear; and when he was transferred from the district all the work went to pieces. There is therefore need to hope that the work at Kakkabevinahalli is not due so much to the official influence of the Collector as to an awakening of the people themselves.

We are glad to read that in many districts steps are being taken to convert step-wells into draw wells, as the former are specially responsible for the spread of the guinea-worm disease and, we believe, to some extent of leprosy also. We are told that in Salem lists of

JL.
X M m 21, N 10 M
N 37. 28. 8

wells and roads needed in the district are under preparation. We hope the requirements of Harijans in the matter of wells are specially borne in mind, for in no other district are they put to greater hardship for want of water than in Salem. The review mentions an "interesting suggestion" made by the Collector of Salem "to pass legislation for the levy of a well-cess in notified villages so that Government may borrow money and dig wells in the villages, the cost being recovered through the cess over a period of thirty years." No indication is given that the suggestion is acceptable to Government. Our view is that the supply of a prime necessity of life like water should not be made dependent upon a local cess, but should be provided from the general revenues of the province. Apart from the question of principle, we should think that it is the poorest villages which are most in need of wells—and wells in inland districts are very costly—and that they will not be able to bear the cess. The suggestion may however be taken up by the members of the new Legislature, if there is no other way of meeting the need. We shall eagerly await the next quarterly review of the work of the Councils.

Science and Rural Reconstruction.

Rao Bahadur T. S. Venkataraman, sugar-cane expert—whom we congratulate on being the recipient recently of a C. I. E.—made a welcome and notable departure from the usual practice by devoting his presidential address at the Indian Science Congress, held in the beginning of January at Hyderabad, to "the Indian village—its past, present and future." His address is a forceful reminder to the Indian scientist, who is often in danger of being absorbed entirely in the investigation of one or two problems which touch life at one or two points only, that the condition of the vast majority of his countrymen who live in the villages is a subject which has a claim upon his attention and that it is part of his duty to contribute to its all-round improvement. He observed that advance in crop type and distribution of its seed was being done in our country to a certain extent, as an instance of which he mentioned the resuscitation of the sugarcane industry, which by a combination of scientific research and protective tariff had saved the country from a drain of about Rs. 15 crores a year. In addition to crop raising, he suggested a useful programme for immediate adoption, including the removal of illiteracy, the provision of the means of rapid communication, the promotion of cottage agricultural industries like

cattle-breeding, the production of milk and milk products, bee-keeping, poultry-farming, fruit growing and canning and the preparation of infant foods, the partial preparation of raw materials in factories like cotton-ginning, seed decortication, oil pressing etc., and spare time occupations for the villager like weaving and toy-making. But he rightly laid the greatest stress on improving "the chief natural agent in such work, viz., the villager" who should be infected with "a chosen culture of the virus of modern age through education and industrialisation."

In Mr. Venkataraman's view the most serious of the changes that are coming over our village life is the exodus of the most capable men from the village to the town. Unless this exodus is prevented, it will not be possible to plant the seed of improvement in the village itself—and unless this is done no permanent improvement will be possible. To prevent this exodus from the village to the town, life in the village should be made sufficiently attractive by increased production and by providing those amenities which are found at present only in the towns. What Mr. Venkataraman pleaded for is thus the same as what the great Irish Co-operator, Sir Horace Plunkett, and his associates pleaded for—the creation of a modern rural civilization that in the larger interests of human happiness would keep the majority of a country's population in the villages, by means of a programme admirably summarised in the slogan "better farming, better business, better life." Mr. Venkataraman pointed out that most village activities, being on a small scale, must be grouped in co-operative organisations to be successful. "There was apparently a great deal of the 'mutual help' and co-operative spirit in the villages of old. That spirit needs to be revived and placed on new lines consonant with the modern age," he said. Mr. Venkataraman has earned the gratitude of rural reformers and of co-operators by his address.

A Union's Complaints.

We have received from a Local Supervising Union a copy of its review of the rectification of loans in the societies under its supervision. It is very frank and gives one an idea of the manner and extent to which the managing committees of some primary societies refuse co-operation with the unions. It would not of course be fair to generalise from the cases mentioned in this report, but at the same time it should be admitted that such cases will be found in other

areas also. Says the report, "Though the supervisor attached to the Union has prepared the plaints in respect of the overdue loans of... society (Names omitted by us—*Ed.*), the Panchayatdars have not sent the same for arbitration, while the Panchayatdars of...society, having promised to consider the transmission of plaints, have neither collected the loans nor sent up the plaints still." Again, "Though awards were received in respect of 81 loans for an amount of Rs. 5,633 they were kept idle in the societies without any action being taken." Of one particularly bad society the report says, "(the society) has not only been taking no action against decreed loans, but has given instruction to the Vakil not to take any action against the awards offered for execution and did not pay the batta required, while it has always been in the habit of misappropriating the cash balance. Though the Union has very often reported the matter to the Bank and the Department, no satisfactory action has been taken against the society; upon which the Union general body resolved to request the Department to supersede the committee of the society—which alike proved fruitless." The complaint against the Bank and the Department that they have taken no action in spite of repeated requests, makes one suspect that there may be another version to the story. Still, it appears to us to be a matter deserving the attention of higher authorities. The report also speaks of a society having a house on its hands but at the same time occupying rented premises, of comparatively well paid clerks being incompetent or allowed to be idle, and so on. The Union apparently thinks it ought to have the power to appoint or remove clerks of societies. But that would be a remedy worse than the disease. The report, however, shows that there ought to be greater co-operation between the unions, the central banks and the primary societies than is now prevailing in some areas.

An Urban Bank's Housing Scheme.

The M. & S. M. Railway Employees' Urban Bank deserves to be warmly congratulated on promoting an excellent scheme for enabling its members to own houses suited to their means by the practice of thrift. The scheme will be particularly useful in a city like Madras. The Bank has so far prepared five type designs of houses, each costing Rs. 1,500, Rs. 1,950, Rs. 3,300, Rs. 3,500 and Rs. 9,800 respectively. Members who elect to join the scheme have to take shares in the Bank sufficient to cover one-sixth of the loan required for the kind of house selected and its site. For a house worth Rs. 1,500 the site

is expected to cost about Rs. 300. The value of the house and site would thus be Rs. 1,800 and the member would have to take shares in the Bank worth Rs. 300, to entitle him to a loan of Rs. 1,800 from the Bank. The houses will be built by contractors engaged by the Bank under its supervision. The value of the house will be recovered in monthly instalments, like other loans of the Bank, spread over a period of 10 to 20 years. It is one of the conditions that the member should take an endowment life insurance policy for the value of the house, so that when the policy matures the loan from the Bank will be automatically cleared. This arrangement offers the great advantage that the member's family will not be worried in case of his unexpected death before the loan is cleared.

The monthly payment for Rs. 1,000 of such a loan is calculated by the Bank as follows, the age of the borrower being taken as 35:—

	Rs.	A.
Interest on Rs. 1,000 at 4½ per cent	...	45 0
Annual premium (20 years)	...	49 7
Payment for 12 months	...	94 7
Payment for 1 month	...	7 14

The monthly payment for a house worth Rs. 1,500 will be about Rs. 11-13-0, of which Rs. 6-3-0 will represent the insurance premium and the balance of Rs. 5-10-0 the net rent paid for the house. "This rent if paid to a landlord is lost; it gets capitalised and saved under the scheme" the Bank rightly declares. The design and value of the house being fixed, the member is saved not only from the perils of amateurishness in house-construction but the almost fatal temptation to go on changing the design and adding to the cost of the building.

We hope the members of the Bank will gratefully avail themselves of the scheme. Our well-managed urban banks, alas, only too often content themselves with issuing loans to their members, without thinking out ways of promoting the habit of thrift and forethought among them. By this scheme the M. & S. M. Railway Employees' Urban Bank is therefore doing pioneering work in a useful direction. We earnestly recommend its example to other urban banks and in particular to the T. U. C. S. and other store societies. In addition to helping members to own their houses, the societies will do well to construct houses and tenements for being let out to members under proper conditions, so that the poorer among them who cannot afford to own houses may also be served by the societies.

The Chintadripet Co-operative Bank.

This Bank had 759 members at the beginning of the last co-operative year, and as many as 158 of them were removed from membership during the year for having become defaulters in respect of loans. It is a high proportion, but rather than deprecate the removal of so many members we should commend the courage and vigour of the managing committee. As a matter of fact, the result of this vigorous action has been not only better collection both under principal and interest than in the previous year, but also the admission of as many as 141 new members into the society. It earned a net profit during the year of Rs. 1,270-3-0, out of which the Deputy Registrar has ordered that a sum of Rs. 1,000 should be carried to the bad debt reserve against losses that may accrue from doubtful loans which are estimated to amount to Rs. 3,413-12-0. The amount carried to this reserve last year was Rs. 341-6-0. A remarkable and very creditable feature of the society is that it has in its reserve fund account with the Madras District Bank a larger amount than is required by law: it has Rs. 9,362-5-0 against a requirement of Rs. 8,465-6-0. The society has resolved to reduce its rate of interest on lendings from $1\frac{3}{4}$ pies to $1\frac{1}{4}$ pies per rupee per month. This reduction is by no means adequate. It could certainly be reduced to $1\frac{1}{4}$ pies and possibly to 1 pie. If the rate of interest is reduced, the turnover will naturally increase, and what may be lost by way of margin will be made up by volume. In any case there is no justification for the lending rate to be $9\frac{3}{8}$ per cent when deposits can be had at 4 or $4\frac{1}{2}$ per cent. Many mofussil urban banks have reduced their rates to $7\frac{1}{2}$ per cent and less.

Recently the society had the portrait of the late Mr. V. Sivaprakasa Mudaliar unveiled by the Hon. Mr. P. T. Rajan, Development Minister. Mr. Sivaprakasa Mudaliar was one of the founders of the society, was long connected with its management and was its president for some years; besides being a prominent vakil, city father and politician. While paying a tribute to his memory, Mr. Rajan said "that Mudaliar never allowed his political differences to interfere with his relationship in other walks of life. As politicians, by force of circumstances they were obliged to take part and belong to one party or another. Their differences should end there and they should not carry their differences to such an extent as to make their relationships in other departments of life bitter and intolerable." These good sentiments should be borne in mind by those co-operators who are already in or feel drawn into politics.

Continued on 416(d).

Memorandum of the Provincial Co-operative Bank.

Amendment of Section 51 of the Madras Co-operative Societies Act.

The Secretary of the Madras Provincial Co-operative Bank has sent the following memorandum to the Private Secretary to His Excellency the Governor of Madras :—

I beg to submit herewith for the kind consideration of His Excellency an extract from the proceedings of the meeting of the Board of Management of the Madras Provincial Co-operative Bank, Ltd., held on the 20th December, 1936, relating to the recent amendment to section 51 of the Madras Co-operative Societies Act (VI of 1932) passed by the Madras Legislative Council at its meeting on 3rd December, 1936.

Subject.

Resolution.

Consideration of the dangerous effects of the recent amendment to section 51 of the Act.	}	Resolved strongly to protest against this enactment and submit a memorial to His Excellency the Governor and Viceroy.
--	---	---

The Provincial Co-operative Bank humbly submits to His Excellency that the amending Act is fraught with great dangers to the co-operative movement in this province for the following among other reasons :—

1. The relevant portion of section 51 in the existing Act to which the amendment relates runs thus: "51(1) If any dispute touching the business of a registered society (other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of the society) arises.....(c) between the society or its committee and any officer, agent or servant of the societysuch dispute shall be referred to the Registrar for decision." The section as amended replaces the words, "between the society or its committee and any officer, agent, or servant of the society" by the following words: "between the society or its committee and any past committee, any officer, agent or servant, or any past officer, past agent or past servant or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased servant of the society." The amendment for the first time in the history of the co-operative movement in this province seeks to extend the powers of arbitration of the Registrar, which are intended to prevent members of co-operative societies from litigating in civil courts, to disputes between persons who were no longer members of the society, *i.e.*,

to persons who were at one time either members of the committee of a society or its past office-bearers or agents or servants and also to persons who are the heirs and legal representatives of such past members and office-bearers. The reasons which justify the vesting of summary and exclusive jurisdiction in the Registrar and his departmental officials in regard to disputes between members of a society or a society and its committees or officers, do not justify the vesting of such extraordinary powers in regard to disputes arising between a society and persons who ceased to have any connection with it or the heirs and representatives of such persons after they have ceased to be members of societies. The Bank is of opinion that this new provision will cause great hardship to those who are now devoting their time and energy to honorary work in the management of co-operative societies. It will deter a number of people from accepting responsible positions in societies. The usual plea that an honest citizen has no cause to be afraid of a repressive law has little application to this piece of legislation, which can be abused not merely by officers of Government but by numerous members of co-operative societies. It is well-known that in many societies there are factions among members of a political, communal, or other character and the new amendment might easily be availed of by members of a particular faction to harass their opponents who have gone out of office. Whether they succeed or fail in such litigation, the new amendment gives them ample scope to use it as a weapon of oppression against their opponents. Indeed, information has reached the Bank that the amendment has already scared away some honest members of committees of certain societies, and that in certain areas caution in the matter of advancing loans has been carried to such an excess as to practically deny new loans lest the members of the committee might be brought within the clutches of the amendment by their successors.

2. The Bill as passed by the Council allows awards in disputes of the nature covered by it to be passed not merely by the Registrar but also by any person authorised by him to do so. There is no doubt that in due course the Inspectors, Sub-Deputy Registrars and Deputy Registrars will be authorised to decide such disputes. They are usually not adequately equipped to decide in a judicial manner questions of great consequence which are bound to arise in such disputes. The Bank feels that this is a most dangerous step to take and that its adverse effects on the Movement will be grave and far-reaching. Instances have come before the Madras High Court in which officers of the Department of Co-operation have patently abused the judicial powers vested in them even under the less drastic provisions of the existing section of the Act. An article on the subject contributed by a leading advocate of the Madras High Court to the December 1936 issue of the *Madras Journal of Co-operation* is appended for the kind perusal of His Excellency. (*Vide* M. J. of Co-op. December 1936.)

3. The Statement of Objects and Reasons attached to the Bill (33 of 1936) cites the authority of the Indian Central Banking Enquiry Committee in support of the amendment. But the section as amended covers a vast field of disputes which is wholly outside the scope of the recommendation of the Central Banking Committee. The Banking Committee contented itself with recommending that if a committee of a co-operative society advanced loans in excess of the "limits prescribed by the by-laws of the society or otherwise," the members of the committee might be held personally liable as guarantors for the loan. So, the recommendation of the Indian Central Banking Enquiry Committee was confined to a single and that a very glaring case of exceeding the limits placed by the by-laws or rules or some other binding authority on the maximum limit of loans which could be advanced by a society, beyond which the committees could not obviously go under its statutory powers. It was this breach of the statutory power that was sought to be penalised and not negligence or error of judgment in advancing loans. Indeed, it was urged upon the Central Banking Enquiry Committee that cases of carelessness or mis-management on the part of the committee in advancing loans should also be made grounds for making members of committees personally liable. But the Banking Committee definitely declined to accept that suggestion. Nevertheless, the statement of objects and reasons expressly states that the amendment includes such cases as well. So, the invoking of the authority of the Indian Central Banking Enquiry Committee was wholly unjustifiable.

4. There are adequate provisions in the existing Act to deal with persons taking part in the management of a co-operative society (including past office bearers of the society) who have mis-appropriated the funds of the society or otherwise defrauded it. Section 49, for instance, provides for such cases and authorises the Registrar to examine into the conduct of such persons or officers and to surcharge them. The Legislature has thought fit to provide a safeguard in favour of the person surcharged by permitting recourse to civil courts to test the validity of the order. But the present amendment to section 51 of the Act under which more drastic powers are vested in the Registrar does not even provide for a right of appeal to higher authorities or recourse to civil courts. There is not even a restriction that the award to be made against the heirs or legal representatives of a past member of a committee or officer should be against the estate of such a member or officer in the hands of an heir or representative and not personally against the latter. The whole amendment seems to the Bank to be entirely misconceived. In vesting executive officers with exclusive jurisdiction specially of a judicial character, legislatures are expected to take great care and caution. Lord Hewart, Chief Justice of England, has drawn pointed attention to the dangers resulting from modern legislation conferring exclusive powers to executive officers or departments. The Bank is of opinion that the extension of this

exclusive jurisdiction of a judicial character to executive officers of the Department of Co operation is wholly uncalled for and unjustifiable.

5. Before concluding, the Bank desires respectfully to draw the attention of His Excellency the Governor to the fact that the amendment was passed with undue haste at the very last sitting of the present Legislative Council which has been functioning for over six years. No urgency was pleaded in justification of such a course. Within less than a week's time after the publication of the Bill in the *Gazette* and without giving any time or opportunity to co-operative institutions or individual co-operators to express their views on a matter which so vitally affects their interests as well as the future well-being of the Movement as a whole, the Bill was taken by the Council, hurried through all its stages and passed into law in a few minutes.

The Madras Provincial Co-operative Bank, therefore, humbly prays that His Excellency may be pleased to withhold his assent to this amendment.

(Continued from page 416.)

Co-operation and Labour Department.

In the report of the Commissioner of Labour for 1935-36, it is stated that on the question of the acquisition of house-sites for the depressed classes, the Government have expressed their opinion in a Government Order that the co-operative movement is so liable to abuse and mismanagement among the depressed classes that it has been resolved to deal in future directly with the individuals instead of through societies. Interested as we are in the economic uplift of the depressed classes, and believing as we do that co-operation offers the best means for the same, we should have much appreciated it if the Government had taken the public into confidence and given the reasons for arriving at the opinion they are pleased to express. Such lapses as are seen are not peculiar to depressed classes' societies and their occurrence is not a sufficient reason for abandoning the co-operative method altogether. Some time ago, co-operative societies which were under the Labour Department were placed under the Co-operative Department, in the hope that they would receive more efficient direction and supervision. The Labour Commissioner's report does not say whether that hope has been fulfilled or falsified. In fact there is no reference to the working of societies at all. Being so intimately concerned with the economic welfare of the depressed classes, the Labour Department, in our opinion, should neither abandon the co-operative method nor entirely ignore the work of the existing societies, but should keep a watch over them and make suggestions for their better working from time to time. May be, the societies for depressed classes will have to be put again under the Labour Department. It is not an impossible contingency and the Department should therefore maintain contact with the societies.

Co-operative Education through Model Societies

By RAO BAHADUR A. RAJABADAR MUDALIAR, B.A.

Every Committee or Commission which inquired under the authority of the Government into the working of the co-operative movement in this Province advised in strong terms that co-operative education was the main remedy for the defects noticed in the movement. The Maclegan Committee said in 1915:

"We cannot too strongly urge the necessity for careful teaching both before and after registration. Most of the faults which we have found in societies are due to the lack of such teaching and the importance of the point can scarcely be exaggerated. The work of instruction is trying and uninteresting, and there is generally a tendency to scamp it. Pamphlets and formal lectures are good in their way, but are of very secondary importance compared with actual *personal instructions by the organising or supervising staff in the villages themselves.*" That Committee advised further that "general meetings should be frequently held at which the accounts and affairs of the society are fully discussed and explained."

Reporting 13 years later in 1928, the Royal Commission on Agriculture in India, presided over by the present Viceroy, was emphatic that "the only remedy for these unsatisfactory conditions which appears to offer any sure prospect of success is the *patient and persistent education in the principles and meaning of Co-operation* of members of primary societies by teachers competent to perform the task efficiently under adequate supervision."

The Townsend Committee which reported about the same time in 1928 said that "too much importance cannot be attached to the necessity for adequate education in co-operative principles of all concerned in the movement."

The Registrar Mr. Austin has also expressed that co-operative education is 'the crying need of the day.'

It is astonishing therefore that a remedy, recommended over two decades ago and since repeatedly urged by successive authoritative Committees and recognised by the Department as an urgent need, remains yet to be applied in this province. Presumably the delay is due to want of finance, as it is just now that the Local Government

has formulated a scheme of co-operative education to utilise the special grant made for this purpose by the Government of India. In this scheme the education of panchayatdars of societies is proposed to be given by a set of one Senior and one Junior Co-operative Inspector for the Telugu districts and one similar set of Inspectors for the Tamil districts. These peripatetic Inspectors are to hold classes in about 7 centres in each district once a year, for 2 or 3 days at each centre. Similarly, the education of the members of societies is proposed in the scheme to be given in the whole province by 8 propagandists of the rank of Junior Inspectors of co-operative societies. With the help of the grant provided for this purpose by the Government, the Provincial Co-operative Union offered to give the education of panchayatdars and members of societies in about 20 centres in each district, forming a local committee in the district with the Deputy Registrar and the President of the Central Bank and an educationist co-opted by them as the committee members, the committee being authorised to appoint suitable staff, and prescribe the methods of instruction. The Government has been reconsidering its scheme in view of the suggestions of the Provincial Co-operative Union and their final decision is awaited.*

The scheme of the Government which aims at a two or three days' course in a year at each of the seven centres in a district cannot by any stretch of imagination be expected to dispel the colossal ignorance of a large body of co-operators in each district even if they were thirsting for co-operative knowledge, which unfortunately is not the case. "Actual personal instructions by the supervising staff in the villages themselves" as suggested by the Maclegan Committee and the "patient and persistent education in the principles and meaning of co-operation by teachers competent to perform the task efficiently under adequate supervision" as advised by the Linlithgow Commission, are the needs which any scheme should provide for and it is obviously the magnitude of the task involved and the prohibitive cost that must have weighed with the Government for not making any serious attempt till now to carry out the recommendations of authoritative Committees, although the duty of the Government to give financial aid for this education was emphasised by every Committee.

The question is how best the education may be imparted with the resources available. It is no doubt impractical to undertake the

intended teaching in all societies at once. It should be possible, however, to select societies in suitable centres in each district and concentrate the teaching in them, so that they may serve as models for others in the district. Ordinarily the headquarters of a supervisor would be a suitable centre, as the supervisor would be quite handy to exercise continued supervision over the working of the society there. There are in a district usually about 30 to 40 supervisors. So the proposed instruction could be imparted to begin with in about 30 societies in a district, the supervisor being held personally responsible for the efficient working of every such society in strict conformity to its by-laws.

The by-laws of primary societies framed by the first Registrar Sir P. Rajagopalachariar, are a perfection with regard to the essential requirements of a society and a careful and a strict adherence to them would have saved most societies from the ruin in which we find them now. The breaches of many important by-laws have been the rule and their observance the exception. For example, one of the by-laws requires that the panchayat of a society *shall meet* once a fortnight, and both the Maclegan Committee and the Registrar have advised even general body meetings to be held frequently. There is hardly a single society in a district which conforms to the rule of fortnightly panchayat meetings and to the advice about frequent general meetings. In fact, in countless societies the panchayat never meets for many months and some times even for years and the advice to hold frequent general meetings (which the Registrar Mr. Hood wanted to be held even weekly) is practically also a dead letter. Another by-law enjoins that the defaults in the payment of loan dues shall not in any case be permitted for more than three successive months without extension of time granted for good reasons or the closing of the loan account. This by-law, I know, is never observed anywhere and defaults have been permitted without any action for many months and even years. The rule, again, that a defaulting panchayatdar should be removed from the panchayat by the supervising union if the general body fails to remove him, is honoured more by breach than by observance. Misapplication of a loan by a member is intended to be punished by the immediate recovery of the loan. I do not know of a single case in any society where this by-law was enforced. The intentions of the by-laws in general are not understood by the panchayatdars themselves and I would say also by the supervisors who do not know even the existence of several important

* Since this article was written the Government have accepted the suggestions of the P.C.U. in regard to the education of the panchayatdars and members of societies—*Ed.*

by-laws. The personal responsibility therefore of a supervisor for the strict observance of all the by-laws in the one society in his area to be run as a model would compel him to carefully learn all the by-laws for himself, and the knowledge and experience which he acquires from the running of this model society would be helpful to him in supervising the other societies also. It is the oft expressed opinion that the majority of supervisors are not fit for their work. The condition of the model society placed in his charge would be a test of the supervisor's fitness for his work and determine his own fate to be continued in service or not. The few model societies can be easily visited by both the central bank and the departmental authorities at frequent intervals to find out whether the supervisor gives due attention to them. These central societies, if well kept, would by the light radiating from them gradually influence the adjoining societies for their better working and in the fulness of time effect a remarkable improvement in the general working of the movement in the district. These societies may require to be strengthened for intelligent clerical work by the appointment of suitable paid hands and for arranging any classes to be held there by the supervisor periodically to teach the panchayatdars and members of neighbouring societies. Any grant-in-aid of Government for education can very profitably be utilised in strengthening the model societies to serve as centres of education and propaganda. The local committee suggested by the Provincial Co-operative Union of which the Deputy Registrar is also a member can determine the details of the plan suitable for each district according to its conditions. When the societies first worked up to become models and have given a good account of themselves, additional societies can be similarly worked in other suitable centres, selected according to the urgency of need and other conditions.

THE MADRAS AGRICULTURAL JOURNAL.

An English monthly, which helps to develop your land, your stock, your purse and your country. Rs. 4/- per annum.

Apply :—

MANAGER,

The Madras Agricultural Journal,

Agricultural College & Research Institute,

Lawley Road P. O. Coimbatore.

Attachment in Execution of Decrees.

(UNDER RULE XXII (20) OF THE RULES AND SECTION 73 OF THE CODE OF CIVIL PROCEDURE.)

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

The Local Government have to be congratulated on their sincere attempts to rectify the defects in the rules, but it has to be admitted by persons acquainted with law that they are not always successful. Rule XXII(20) is one of the instances where the remedy is worse than the evil sought to be remedied.

Before the introduction of the rule the department had to look for its guidance regarding rateable distribution to the circular of the Registrar, F.5315/33 dated 20-6-1934. The defects in that circular have been pointed out by me in my article published at page 559 of Vol. XXVII of the *Madras Journal of Co-operation*. The rule under consideration—if I am not much mistaken—was introduced to facilitate the task of societies that have applied for execution of decrees under the rules but at the same time are desirous of getting rateable distribution of assets realised by civil courts. The rule as it at present stands reads thus :

“ Attachment in execution of decrees of several courts and rateable distribution of assets.

20 (a) Where the sale officer attaches or has attached under these rules, any property, not in the custody of any court, which is already under attachment made in execution of a decree of any court, such court shall receive and realise such property and shall determine claims thereto and any objection to the attachment thereof ;

Provided that where the property is under attachment in the execution of decrees of more courts than one, the court which shall receive or realise such property and shall determine any claim thereto and any objection to the attachment thereof shall be the court of the highest grade, or where there is no difference in grade between such courts, the court under whose decree the property was first attached.

(b) Where assets are held by the sale officer and before the receipt of such assets, demand notices in pursuance of applications for execution of decrees against the same defaulter have been received from more than one decree-holder and the decree-holders have not

obtained satisfaction, the assets, after deducting the costs of realisation, shall be rateably distributed by the sale officer among all such decree-holders in the manner provided in section 73 of the Code of Civil Procedure 1908."

This rule can be divided into two parts, sub-rule 20 (a) subject to the proviso and sub-rule 20 (b). For the applicability of sub-rule 20 (a) the following conditions are necessary.

- i. The sale officer should attach or should have attached any property as per the rules.
- ii. That property should not be in the custody of any court.
- iii. That property should already be under attachment made in execution of any court.

What is the consequence if all these conditions are satisfied? Such court (the court in execution of whose decree such property has already been attached) shall receive and realise such property and shall determine claims thereto and any objections to the attachment thereof.

What the intention of the framers of the rule was is apparent from the marginal notes to this rule. They wanted to say that the civil court shall determine the question of rateable distribution of assets when the same defaulter is being proceeded against by different decree-holders by some through the civil court and by the others through the department.

From a reading of the rule it is evident that the framers have not only not provided for realisation of any sum as rateable by the society that has attached the property through the department, but they have effectually negated the claims of such society for a share in the proceeds. The rules do not say that the proceeds should be rateably distributed. It only means that in cases where a sale officer attaches a property already under attachment by a civil court, the sale officer should stay his hands. If claims are filed with respect to the attached property or if objections are raised to the attachment of such property, the proper tribunal to decide such claims and objections shall be the court that passed the decree in execution of which the property has been attached, whether it be the executing court or not. The proviso adds nothing to the applicability of the rule to questions of rateable distribution.

This sub-rule corresponds to section 63 of the Code of Civil Procedure. Section 63 was introduced to prevent confusion in

execution proceedings. It has no application to rateable distribution of assets, except in so far as it says that where courts of different grades attach the same property the court that shall realise the assets is the court of higher grade. Read with section 73, it means that in such cases application for rateable distribution should be made to the court of the higher grade, and when the courts are of equal grade the court that shall realise the assets is the court that has first attached the property. It has been held that this section applies only as between civil courts. (43 Allahabad 612). It may be that the framers of the rules wanted that in all cases where there are more attachments than one of the same property and when one or more of the attachments are through the department and the rest through the civil court, the sale officer should, without taking any further step, act according to the procedure laid down in section 63 of the Code of Civil Procedure and leave all questions relating to claims to the civil court to decide and allow the said court to realise the assets. It also appears that they were under the impression that by making the civil court realise the assets the provisions of section 73 would be attracted and questions regarding rateable distribution of assets determined by the civil court. Whatever they might have thought of enacting, it should be admitted that there is no definiteness about the rule under consideration.

How unhappy the wording of the rule is can better be understood from the following illustrations.

(1) A society has obtained an award on a mortgage document executed by Z. Under rule XXII it moves the Registrar of the District to attach the hypotheca. Before the attachment B, the holder of a simple money-decree against Z, attaches the property through the civil court. The sale officer should, according to the rule under consideration, stay his hands and allow the property to be sold by the civil court. Societies should be really grateful to the framers of the rules for not having laid down that in such cases the sale by the civil court should have the effect of wiping out the mortgage decree!

(2) In the above case the award in favour of A is a simple loan bond. The property attached is claimed by B as his. Under Rule XXII, 17 (a) the claimant puts in a claim petition to the sale officer. According to the rule the sale officer should not enquire or investigate into the claim but should direct the party to go to the Civil Court. The same procedure should be adopted where objection is raised with regard to the attachability of the property under section 60 of the Code of Civil Procedure.

(3) In the above case the decree under execution in the civil court is that of a court different from the court executing it. According to the Code of Civil Procedure, it is the court that executes the decree that has to decide claims to and hear objections to the attachment of the property. According to the rule under consideration the court which passed the decree should hear the objections and decide claims. One is made to wonder whether the framers of the rules intended to override the provisions of the Code of Civil Procedure in cases where the sale officer attaches properties already under attachment by a civil court.

These rules relating to execution of decrees have not in any way improved the position of decree-holder societies executing their decrees against the immoveables of the defaulters. I am quoting from the letter sent by one registered society to the Registrar of Co-operative Societies. A copy of the letter was sent to me by the secretary of the society with a letter asking me for advice. Since the secretary himself has expressed a desire to send the facts of the case to the *Madras Journal of Co-operation* and since it is in the interest of societies that the facts are published, I make bold to quote from the letter.

'The properties of the above parties were attached before judgment by a private decree-holder in pursuance of a decree obtained by him in the District Munsif's Court, T—subsequently transferred to the District Munsif's Court, T—for execution purposes. Later on one of the properties (a house) was also attached in C.E.P. by the Deputy Registrar of Co-operative Societies—No. 7 Notice was duly issued and the encumbrance certificate was also obtained and submitted by the society. On being informed by the decree-holder mentioned above, the Deputy Registrar of Co-operative Societies applied to the District Munsif, T—on 29-11-1934 for rate and intimated the fact to us on 24-4-1935.'

(4) The affair seems to have taken an unexpected turn. The original execution petition of the private decree-holder was closed by the District Munsif's Court for want of bidders at the auction and further auction was taken upon a fresh execution petition put in by the above decree-holder. It appears that no notice of this fresh execution petition was issued either to the Deputy Registrar of Co-operative Societies or to the society nor any reply to the Deputy Registrar of Co-operative Societies to his letter dated 29-11-1934 was received. The Deputy Registrar's application for rates on behalf of the society

in the above C.E.P. was totally ignored on the ground that the application was not renewed, nor was there any execution petition pending in the District Munsif's Court to allow any rate to the society.

According to the rule under consideration the sale officer ought to keep quiet leaving it to the court that passed the decree 'to receive and realize the property' attached by the District Munsif of T.

The sub-rule (b) lays down the procedure to be followed where several decree-holders have sought remedy against the same judgment-debtor by executing their decrees or awards through the department. It contemplates cases where there are several societies who execute the awards they have obtained against the same judgment-debtor through the department. Such a contingency may not arise in the case of persons admitted after August 1933 since the Local Government have framed rule XX prohibiting membership in more than one credit society. This sub-rule says that where several decree-holders have applied for execution of decrees or awards through the department against the same judgment-debtor and demand notices *have been received by the judgment-debtors before the realisation of assets* the sale officer may adopt the procedure laid down in section 73 of the Code of Civil Procedure. Where the department engages only one sale officer to execute all the decrees and where all the decrees are simple money decrees no trouble can arise. Where there are several sale officers executing decrees or awards against the same individual nothing has been said as to which sale officer should be asked to distribute the assets rateably. It is not also clear whether the rule sets at nought the well known principle of law that there can be no rateable awarded where one of the decrees is a mortgage decree and the other a simple money decree. According to the Code of Civil Procedure it is enough if execution applications are filed before the realisation of assets to enable a decree-holder to get rateable. It is not known as to why it is said in these rules that service of notice on defaulters is necessary.

The rule as a whole is delightfully vague, and vagueness in rules does not help either those entrusted with their administration or those societies that seek their aid. To use the language of Madhavan Nair, J. in XXVII M.L.W., in a case where His Lordship had to consider rule 27 (c) of the rules framed by the Local Government under the Motor Vehicles Act, the rule under consideration 'is vague and its scope is uncertain'. If the rule is not made more precise it is bound to give trouble to the authorities who have to administer it." To use the language of Reilly, J. in the same case, it is 'very unfortunate and unfair both to the public and to those who have to administer the law that the rule should have been so vaguely worded.

The Mysore Co-operative Enquiry Committee and Urban Co-operation.

BY MR. Y. SRINIVASAIYA, B.A., L.L.B.

It is obvious to every one, who goes carefully through the Report of the Mysore Co-operative Committee 1936, that they have made very many valuable recommendations, which, in many respects, follow the lines of the recommendations of similar Committees of other Provinces in India, and other Committees dealing with the matters related to problems with which Co-operation is connected or in which it is interested. The Committee finished its work quickly and produced its Report within the space of a few months after its appointment. It has won quite deservedly the appreciation of many prominent co-operators and co-operative journals for the very many merits it possesses. The recommendations are not very often quite local in their application, and are as useful to co-operators in other Provinces, as the Reports of those Provinces have been to the Mysoreans. One wishes, however, that the Committee had gone deeper into some questions, including those of the constitution of various classes of primary societies, and had tackled in greater detail the question of remedying the defects found at present.

The Committee seems to be somewhat inclined to believe in the doctrine enunciated by the MacLagan Committee, that the principles governing the village societies are substantially applicable to urban societies also.

This conviction that there is not much difference between the principles governing the two classes of limited and unlimited societies—a doctrine which is also clearly enunciated in the objects and reasons of the first Co-operative Regulation of 1905 of Mysore—seems to be responsible for some of the recommendations and omissions they have made in the Report.

Let us, for example, take the case of urban credit societies over which there has been a note of dissent also by certain members of the Committee. While the majority seem to agree with the Central Banking Enquiry Committee that for the efficient management and proper fulfilment of their functions urban credit societies should be large in size, they feel that they have to fix the maximum number of members

THE MYSORE CO-OPERATIVE ENQUIRY COMMITTEE AND URBAN CO-OP.

of a society, to define when an urban bank becomes unwieldy. But the Central Banking Enquiry Committee, though against the development of societies into unwieldy dimensions, has left undefined what it means by a society growing unwieldy. The fact that many urban banks in the Bombay Presidency have been allowed to have members of three or four thousand and even 10,000 or more, clearly shows that the term unwieldy is differently interpreted in that Presidency which is recognised to be foremost in urban co-operation in India. Even so ardent a supporter of the principles of Raiffeisen societies as H.W. Wolff, is clearly of opinion that no limitation even of area of operation for urban societies is necessary (*vide* "Co-operation in India" by H.W. Wolff Chapter VIII, Pages 217 to 225 in 1927 Edition, which deals with the problems relating to non-agricultural co-operative societies.) Therefore, that a membership of more than 1500 will be unwieldy in every non-agricultural co-operative credit society seems to be a sweeping statement.

Let us take the case of the Mysore Railways Co-operative Society. The servants of Mysore Railways are likely to exceed 3,000 shortly inclusive of the workshopmen, servants of the running section, hands of Agent's and Audit Offices, and so forth. Is it incumbent to have two departmental societies for the Railway employees?

As the Committee support the view that it is essential for the efficiency of urban banks to be large in size, it would have been better if they had defined the lower limit of membership of urban banks, instead of the upper limit, and made practical suggestions to deal with the tiny societies possessing only a few hundred members, and a few thousand rupees of capital, working in cities and big towns. The Report only throws a hint that they may amalgamate, but does not discuss that question in detail. The Report does not impress therefore the small societies, especially of the Bangalore and Mysore cities, some of which have been lingering feebly for the last ten to twenty years, with the importance of amalgamation.

There are not many urban credit societies in the State whose membership exceeds 1500. There is only one society in the city of Bangalore and two in the Mysore city. All of them have been put in the "A" class by the Registrar and all of them have won shields as the best urban credit societies in the State. Both the Registrar and the Committee are of the opinion that the urban societies have been progressing well all along. Under such circumstances, one finds

it difficult to appreciate the need felt by the Committee for making recommendations which have the effect of crippling them or arresting their natural development on the supposition that if they become big they may be unable to attend properly to the needs of their members and that the general body may not efficiently control the managing Committee.

But the Committee is not in favour of the general body entering into the control of the details of the administration. For it is their considered opinion that the "power of interpellation and discussing and reviewing the annual reports and accounts, together with the appointment, of auditors will usually give the general body a *sufficient* voice in the administration." (P. 33.)

They are convinced "nor is it generally feasible to urban societies" to limit the membership. (Page 26) Nevertheless they say :

"But where the membership of a Bank becomes so large as to be unwieldy, as it already tends to become in some of the credit societies in the large societies, it will be difficult for the general body to exercise its functions adequately and make itself felt in regard to the working of the institution except in so far as this can be done through the periodical election of directors in whom the majority has confidence." (P. 26.)

How the right to elect an auditor, or discuss the report or review the working and accounts of the banks or the right of interpellation becomes difficult to be exercised by the general body if the number of share-holders exceeds 1500 is difficult to follow.

The administration of societies through representative councils is growing common in European countries and in Japan. Evidence was given before the Mysore Committee urging the need for changing the constitution of societies in that direction. The Committee have not bestowed their attention on this important question, but have simply ignored it. If they felt that the question did not need their consideration for the reason that they had recommended the formation of credit societies of only small size, still they should have considered its need for the stores societies, which according to them can have any number of members.

The Committee is opposed to the idea of the share-holders of a society electing from amongst themselves in the annual general meeting a supervising council for the purpose of internal supervision day by day of the work of the executive even in urban

societies of large membership and heavy transactions. The views of the Committee on the question of supervision seem to be somewhat confusing to the reader. The Committee are not opposed to the principle of supervision as such; for they say in the Report: "The efficiency of Co-operative Institution depends as much on continuous supervision as on the systematic audit" (page 154) and continue: "It is generally agreed that the present arrangements for supervision are unsatisfactory and defective" and finally they hold that: "The ultimate aim should be to entrust the work of supervision, in its proper sense of administrative assistance, financial advice, and general business guidance, as far as possible, to non-official agency, where this is available preferably to persons chosen by the societies themselves either individually or in groups or federations". (Page 159.)

Thus they favour supervision by a non-official agency preferably by persons chosen by the societies themselves. But the Committee also say: ". it does not appear that there is any advantage in having intermediate Board of Control, or council of vigilance or supervision. The interposition of such a body is apt to lead to meddlesome interference and to the undermining of responsibility." (Page 33.)

If the reason for avoiding the formation of supervising councils in societies is the dread of friction between the directors and supervising council, then for the very same reason even audit and inspection will have to be eliminated. If the internal supervision by the elected representatives of their own members should create friction between the supervising agency and the directors, supervision by an external agency is likely to be resented even to a greater extent. Then are we to have no supervision for fear of supposed friction between the directors and supervisors?

The Committee again recommends that the elected members of the Managing Committee should all work honorarily. In other words, it means, that the elected members of the committee should be the guides and advisers of the paid staff and the latter should carry on the day to day administration of the society. But the office-bearers amongst the directors, such as the president and the secretary—or secretaries—do not confine themselves merely to the work of conducting the meeting and disposing of complicated or disputed

matters referred to them by the office-staff, but they, especially the secretaries, do the routine work of passing orders on all papers and applications and in the case of stores societies attend to the purchase of goods also, assisted by the members of the Purchase Committee. This practice of choosing an elected representative to be the head of the office and the chief executive officer of the Society is felt to be safer and sounder than appointing a paid officer to serve the institution permanently. For a paid staff, working in the same institution for all time, loses interest in the work and carries on the routine quite mechanically. But the work of the honorary secretary sometimes in big institutions is so heavy as to demand three or four hours of his time every day. The question has not been discussed whether it is not better to ask such officers to work full time and compensate them suitably by means of salaries, as is the case in English societies.

Honorary service in big societies has resulted in the restriction of choice to the directorate. For it is only those persons who have other means of living, and who can afford to spend frequently long hours at the meetings and sub-committees, and in the office of the society, that can take up the work. Consequently, the administration of such societies has been practically in the hands of a few persons, who are able to spare their time for the business of the institution. Other persons amongst the members, even though more energetic, competent and capable than they, keep away from, in fact even avoid, places on the directorate. Thus a governing aristocratic class amongst co-operators is slowly developing and promises to grow stronger with the progress of the societies. The poorer section amongst the members has been practically kept out of the administration. It should, therefore, be made possible for any member of the society who possesses the moral, mental and technical equipment necessary to conduct the affairs of the society properly, to be put in charge of its administration by allowing him to work as a full time officer for a fixed salary furnishing security, if required.

The Committee has brushed aside summarily as unpractical the formation of a general cadre for the employees of all co-operative institutions in the State. But the difficulties are not discussed, but are said to be "obvious". In the cities of Mysore and Bangalore, the paid employees in each place exceed a hundred and fifty hands. The problem does not appear to be as intricate as the Committee

thinks to be, to avoid making a trial on a small scale in the individual cities such as Mysore and Bangalore.

It is the view of the Committee that it is not necessary to oblige the members to keep by their dividends in the societies instead of drawing them annually and consuming them. They are not, however, unaware of the benefits of saving in that way both to the member and to the society, but are opposed to enact a rule that would bind all members under all circumstances. At least a by-law to the effect that until the savings of a member, at any rate in particular classes of societies, such as limited societies, either credit, consumers or marketing, amounts to a particular sum he should not draw the dividend, could have been recommended—at least for the educative value a rule of that kind will have, in opening the eyes of the members to the benefits of the movement on its thrift side. It cannot be denied that in urban areas shareholding on as large a scale as the rules permit has become the practice of the well-to-do, who contribute the share amount solely to get a dividend upon the sum. They know that the share amount in co-operative societies is returnable at short notice and that at present it earns in many of the bigger societies even a dividend of $7\frac{1}{2}$ per cent which is a very tempting rate of interest. The rush for additional shares only by those who already have subscribed to a large number of shares is the clearest proof now-a-days of the fact that the share amount is not the accumulated small savings of the poor members of the societies, but capital invested by the well-to-do to earn a decent profit on it. The keen fight in the general meetings where capitalistic shareholders urge, very often successfully, for the declaration of the highest rate of dividend payable under rules on the share amount and oppose the payment of either rebate or for charitable or other objects, demonstrates how urban co-operation has been gradually drifting towards capitalism in the name of co-operation. This tendency can only be checked by compelling poor people to build up by means of compulsory contribution, a capital of their own on the one hand, and reducing the chance of capitalists exploiting the borrowing section by preventing them from drawing dividends far higher than the market of money on the other.

The realization of the immense benefit the country derives as a whole, if rural co-operation succeeds, has made people interested in the progress of the movement of co-operation concentrate their attention mostly on the village societies and try to find out measures

suitable for their improvement and resuscitation. But the urban societies also have been rendering valuable service to the movement and deserve better attention than is being bestowed upon them. On the ground that the urban population is better educated and more progressive than the villagers and can take better care of itself, the urban co-operative movement has been receiving meagre attention from those in power in the movement. It is therefore quite natural that some of the members of the Co-operative Committee who are intimately connected with the administration of urban societies for a very long time, have raised objections to some of the recommendations of the majority.

At the recent Urban Sectional Conference of the Annual Provincial Conference held last October, a number of resolutions were passed expressing dissent from the recommendations of the Co-operative Committee. It is but natural that the urban co-operators expect that the Government will take those resolutions into their consideration before passing final orders on the Report. For it is the urban co-operators who can really know what is good or bad for them, and therefore their views deserve careful consideration. The Co-operative Committee also endorses the opinion of the Townsend Committee and says:

"We wholly endorse the view of the Townsend Committee that no important change of policy should be embarked upon without consultation with responsible non-official opinion." (Page 199)
 and agrees that, "Urban institutions have problems of their own which do not concern the generality of rural societies".
 . . . (Page 193.)

It is therefore, hoped that the responsible opinion of the urban co-operators expressed as resolutions in their Sectional Conference of last October will, even though some of them were not passed in the open conference, which however is always dominated by the delegates of the rural societies, nevertheless, receive the sympathetic consideration of the Government.

Kondapalli Toy Manufacturers' Co-operative Society.

BY A CO-OPERATOR.

Kondapalli is a village 14 miles north of Bezwada. It is a place of historical importance. It is said to have been the seat of lieutenants of the Rajahs of Vizianagar. There is still a fort in ruins and within it a building used as the residence of the lieutenants of the Rajahs. It is a railway station on the Nizam's Railway. In this village the Toy Manufacturers' Co-operative Society was started on 24-1-36 with its area of operations confined to Kondapalli and Bezwada villages.

The object of the society is to improve the condition of the workers and of the toy industry in general. With a view to attain the latter object, a letter has recently been sent to Dr. Rabindranath Tagore, requesting him to depute some trained workmen so as to teach up-to-date designs to the members of the society.

There are 22 members on the rolls with a paid-up share capital of Rs. 320. Of the 22 members, 7 are outsiders not engaged in toy manufacture but who have joined the society to help it with their services; and they alone have contributed Rs. 230 by way of share capital. Some of the master manufacturers in the village have also joined the society and function as directors; but they now seem to feel that the society is cutting at the root of the income they used to get by way of trade; and therefore they have now applied for removal from membership. The society has thought it desirable to remove them from membership since it has come to their notice that they have been corresponding directly with the customers of the society offering them better rates. The president of the society is Mr. A. Kaleswara Rao Pantulu, while the secretary is Sreemathi T. Rajarajeswari Amma. Both of them are taking keen interest in the working of the society with a view to help the poor manufacturers in the development of the toy industry on which they have to depend for their subsistence. The society does not function as an agent of its members for the sale of their finished products. The members are too poor to wait until their products are sold; neither will they be satisfied with an advance on the cost of their products, since the cost itself is very small. The society therefore purchases the toys outright, and finds a market for them as best it can. It gives a rebate to the members from the profits of the sales.

Kondapalli toys have a reputation for their excellence throughout India. Recently, the society deputed one of its directors and a batch of its workmen to the Lucknow exhibition. The authorities of the exhibition, on the recommendation of the Director of Industries, were kind enough to provide the society with a subsidy of Rs. 300 to meet their travelling expenses. The society has also sent a stock of toys worth about Rs. 850 for sale at the exhibition. Reports received from Lucknow show that the sales in the exhibition upto 16-1-37 were Rs. 275-14-0. It is expected that the whole stock of toys taken to Lucknow will be sold as the exhibition is to continue for a month more. The bulk of the business of the society is done through the Victoria Technical Institute which has been regularly ordering several varieties of toys and thereby helping not only the society but also the workmen.

The society has sent a circular appeal to all the institutions under the heads of departments in the various Provinces with its price list, and it is expected that there will be a tremendous increase in the number of indents.

The society has borrowed from the Viziavada Co-operative Bank Bezvada, Rs. 850 out of which Rs. 160 has been repaid. The society has not advanced any amount to the members for the purchase of raw materials as they do not require it. The entire amount borrowed from the financing bank was utilised for the purchase of the finished products of members for sale to the best advantage.

During the first year of its working, the society purchased toys worth Rs. 1,543-2-0 and sold to the value of Rs. 605-14-0. It earned a gross profit of Rs. 134-11-0 but owing to the initial expenditure which had necessarily to be incurred for establishment, rent and other charges, the working of the society resulted in a net loss of Rs. 74-5-0. The society proposes to move the Provincial Economic Council to give it a grant to enable it to meet the initial expenditure and thus prevent the society from incurring any loss on account of this item.

During the current year, the society purchased toys worth Rs. 1,459-6-10 and sold goods worth Rs. 1,755-3-0. The gross profit earned works out to Rs. 391-4-6. A sum of Rs. 433-0-4 is due to the manufacturers for the toys sold to the society, while a sum of Rs. 323-14-0 is due from the Victoria Technical Institute at Madras.

It need hardly be urged that a society such as this deserves the support of the public.

Memorandum.

[The following memorandum was submitted to His Excellency the Governor of Madras by the South Kanara District Co-operative Central Bank on the amendment made to Section 51 of the Madras Co-operative Societies Act at the recent session of the Madras Legislative Council.]

I am to draw the kind attention of His Excellency to the apprehensions entertained by our Bank in the matter of the amendment to section 51 of the Madras Co-operative Societies Act, 1932 passed in the Madras Legislative Council on 3rd December, 1936. The amendment relates to the disputes between a society and its office bearers or managing committee and seeks to amplify the section so as to include disputes between a society and its past committee, past office bearer, agent or servant, the nominee heirs or legal representatives of any deceased officer, agent or servant of the society, investing the Registrar or any person authorised by him with power to decide such disputes. We would invite His Excellency's particular attention to the fact that the Statement of Objects and Reasons published by Government introduces a new principle when it states that the intention of this amendment is to "make members of committees personally liable as guarantors of loans given by them in excess of the limits prescribed by the by-laws or otherwise."

The Statement of Objects and Reasons refers to a recommendation of the Indian Central Banking Enquiry Committee. We may be permitted to point out that the following paragraph from the Report makes it clear that the proposal to make managing committees personally liable for the grant or recovery of loans was not approved by the Enquiry Committee, but that they were prepared to agree to the suggestion that in cases where office bearers went beyond their authority in sanctioning loans such liability should be fixed on them.

"With a view to avoid the evils of bad management in the rural societies, it has been suggested to us that.....personal responsibility should be fixed on the members of the managing committee in regard to the grant and recovery of loans. We have carefully considered this suggestion and we do not approve of it. We are however prepared to agree that if the panchayat of a society should advance loans in excess of the limits prescribed by the by-laws of the society or otherwise, they should be held personally liable as guarantors of a loan, and the rules under the Act should if necessary be amended accordingly." (*page 141 of the Majority Report*).

In repeating the words "or otherwise" the Statement of Objects and Reasons leaves it open to the arbitrator to make members of committees liable in every case in which a loan granted by them proves subsequently irrecoverable wholly or in part.

There is already a section in the Act (section 49) which invests the Registrar with powers to surcharge officers and past officers of societies for fraud, misappropriation and breach of trust. We do not think that any further provision like the one recently introduced is necessary. In some respects section 51 with the amendment now passed is more liable to be abused than the surcharge provision. While an order of surcharge (which can only be passed by the Registrar) can be appealed against in a District Court, a decree of the Registrar or any person empowered by him cannot be questioned by any judicial tribunal.

While there can be no objection to the Registrar having powers to deal with cases of fraudulent action or gross negligence we have to point out that the impression so far was that any steps taken with a view to fix responsibility on present and past office bearers would come under section 49 which provides for an appeal to Civil Courts. We feel that the summary procedure contemplated in section 51 is hardly proper in cases like this. The existence of the two sections in the Act, which would otherwise be overlapping, can in our opinion be only due to the fact that the intention of section 51 was to provide for arbitration in disputes relating to the ordinary business of the society, while loss due to mis-management was to be dealt with under the surcharge section. We are of opinion that section 49 was newly introduced in the Act of 1932 to supply the lack of a provision in the earlier All-India Act of 1912 to deal with instances of mismanagement. It is therefore surprising that in bringing forward the present amendment the purpose is stated to be the prevention of loss and mismanagement. The real result will be that those who are sought to be proceeded against under section 51 will be deprived of the safeguards provided for in Section 49 in cases for which the later intended.

It is feared that the Statement of Objects and Reasons which says that the aim is to make sanctioning committee members personally liable as guarantors of loans will have the effect of scaring away men of means and position from accepting honorary office in co-operative societies as they will be nervous about taking upon themselves the risk of some future committee questioning the exercise of their discretion in the sanction of particular loans. They will naturally hesitate to take a chance of getting justice from tribunals that are not always fully conversant with law. The result will be that the management of societies will pass to the hands of men who have nothing to lose, so that the state of affairs will be worse than it is at present.

The Minister no doubt gave an assurance in the Council that care would be taken by Government to see that the new powers would not be abused, but as was pointed out by Mr. T. A. Ramalingam Chettiar in the Council it was the Act that had to be interpreted in the Court of law and not the assurance of any Minister.

The amendment itself was passed in great haste and in the face of opposition from authoritative quarters, without giving sufficient time to co-operative institutions and individual co-operators to express their views in the matter. Hardly a week's time was given after its publication in the Gazette before it was taken up in the Council. We therefore pray that His Excellency may be pleased to withhold his assent to this Act of Legislation and refer it back to the Council for reconsideration after eliciting public opinion in the matter.

The South India Co-operative Insurance Society, Ltd.

[The following is the speech delivered by the Hon'ble Mr. V. Ramadas Pantulu, President of the South India Co-operative Insurance Society, on the occasion of its general body meeting held on 17th January, 1937 dealing with the progress made by the Society.]

The Board of Directors beg to present to you to-day the fourth annual administration report of the working of the Society for the co-operative year 1935-36. Along with this annual report not only the usual Revenue Account, the Audit Certificate and other Statements but also the first report of our Actuary on the valuation of the Society as on the 30th of June 1936 together with the several returns due to be lodged with the Government of India in that regard are also presented to you. (*Statements omitted—Ed.*) The most important announcement that the Directors have to make to-day is that the actuarial investigation of the four years' working of the Society has resulted in disclosing adequate surpluses to enable the Actuary to recommend to you to allot reversionary bonus additions to the 3020 holders of "with profits" assurances at Rs. 10 per thousand on Endowment Assurances and at Rs. 15 per thousand on Whole Life Assurances for each year's premium paid or payable. It must be gratifying to the members of the Society to know that both the Registrar and the Actuary are able to certify to the satisfactory progress made by the Society and its soundness from the financial as well as administrative standpoints. In his audit certificate the Registrar says as follows: "It is satisfactory that the very first valuation has disclosed a surplus and that the Society has been able to declare a substantial bonus to its policy-holders. The last paragraph of Mr. Madhava's (Actuary) letter (to the Society) dated 25-10-1936 is read with pleasure." I may be permitted to quote the paragraph of the Actuary's letter referred to by the Registrar. It runs as follows:—

"It is idle on my part to couch compliments in formal language—the Madras Co-operative Department, the personality and character of each member of the Board and your very constitution are responsible for this success. By wise planning and judicious control, well supported by efficient and economic management you have already attained a status that is not only stately and sinewy, but is also sound and strong far beyond your age. Beyond doubt, these foreshadow increasing success in the near future. There is a foreign life office, which was asked 'Do you employ agents', the reply to which, it is stated, was. 'A good drum does not need a heavy stick'. I am hoping that this will be repeated of you in due course and that you will turn Co-operation which has rationalised economic thought and life, to enrich as well the service of insurance.

In this endeavour it is comforting to find that you have the assistance of a Secretary who combines ability with character."

I have in my previous addresses to you narrated the facts connected with the origin and progress of the Society. By the experience of the last 4½ years, we stand vindicated in the opinion we expressed that the Society was registered in response to genuine and widespread desire of co-operators and that it was bound to contribute to the economic benefit of those who came under its scope and influence. We have been catering and will continue for a long time to come to cater to the need of the poorer and the lower middle classes as the co-operative institutions usually do. The following analysis of the policies issued will substantiate this claim :

Policies issued.		Number.	Amount. Rs.
Below Rs. 500	...	310	84,150
Rs. 500 & above but below 1000	...	1709	8,72,500
Rs. 1,000 & above but below 2000	...	1554	15,86,200
Rs. 2,000 & above	...	304	7,19,000
Total	...	3877	32,61,850

Small business and small policies while they have their own advantages in regard to the sphere of our activities and the nature of the clientele, which is served by the Society, it must be remembered have their own disadvantages as well, specially in regarded to the strain they impose in the matter of the expenses incurred to put new business on the books of the Society continuously. It must be evident to any one who knows anything about Life Assurance business that canvassing for a large number of small policies, sufficient at the same time to yield a decent volume of business annually, will involve a much larger expense ratio than procurement of large business through big-sized policies. There is yet another factor which determines that ratio namely, the premium income. In so far as our premium rates are lower than those of most other companies, for which we naturally claim credit, the actual expenses incurred on securing new business though intrinsically lower in bulk will obviously bear a higher ratio to income by the same token that the premium rates are lower than that of other companies with which we institute the comparison. Nevertheless our expense ratio is remarkably low and much lower than most other companies of equal and longer standing working on higher premium rates. A comparative table is appended (see page 442) to enable you to see it for yourself and to counteract any propaganda which interested agents of other companies

may do in this behalf. The most relevant fact to be remembered in connection with the expense ratio is that our by-laws themselves put a very severe limit on it. We can spend no more than 90 per cent of our first year premium income and 25 per cent of our renewal premium. I am glad to be able to say that we have managed to work well within these statutory limits.

It is, however, not so much my purpose on this occasion to narrate our past activities as to indicate to you very briefly the lines of our future advancement. The time has now come to safely increase the maximum limit of the risk on any single life which we may retain on our books to Rs. 10,000 and an appropriate amendment to our by-laws to this effect is being placed before you today. A careful examination of the several sources from which we have hitherto tapped our business has convinced me that unless we very soon make our plans to definitely extend our operations, to plant our branches and agencies in at least two other provinces which hold out promise of remunerative business, it will not be possible to maintain steady progress and to meet the severe stress of ever increasing competition from other concerns which are actively working in the field. So, your Directors are making preliminary enquiries into the chances of spreading our organisation in the Punjab, United Provinces and Orissa to begin with. It is our intention to think of Central Provinces and Bihar latter and to leave out for the present Bombay and Bengal, where sister co-operative insurance societies are working. We shall of course deal with the South Indians living in those provinces.

Another scheme of expansion we propose to embark upon immediately is the Fidelity Guarantee Insurance Business. Premium tables have been drawn up by the Actuary, and your Board has approved it. If you also approve it, the Registrar's sanction for introducing it will be obtained. It involves few risks. The contracts as you know, are annual and that even in those comparatively rare cases of the employees who defraud the employers whose interests are insured, we have a legal claim on employee and his assets. Most co-operative institutions, many other non-official concerns and even some official bodies may cede us sufficient business and your Directors are confident that this new branch of the society's business will soon prove remunerative. The Society now holds a share capital of about Rs. 40,000 on its life assurance side and it is no longer required for the Society's life assurance purposes, for we have the requisite income from life business as well as adequate life fund to meet our likely claims and maturities. So we may transfer our existing share to capital to the Fidelity Guarantee side of the Society. The share capital will, I hope, earn a reasonable dividend from next year. We may adopt the practice obtaining in most companies of declaring *ad-interim* dividends on, share capital, in the inter-valuation years as well, in the light

of the data disclosed by each year's balance sheet. Yet another line of expansion which is very closely associated with Co-operative Insurance all the world over is Co-operative Labour Insurance. Indeed, the insurance activities on modern lines among organised working classes are the best and the most important examples of co-operation as special form of economic organisation in the West. We shall be failing in one of our most important and legitimate duties if we do not in the near future tackle the problem of insurance among organised labourers in this province at least. I hope that, when you meet next year, your Board will be able to submit to you some concrete proposals in this behalf.

The future progress of the Society largely depends not only upon the expansion of its business but also on the yield on its investments. It is well known that owing to the rise in the value of gilt-edged securities, the yield on them has fallen considerably. Other forms of investment also do not now yield anything like the rates of interest which were generally hitherto assumed in the construction of premium tables and in actuarial valuations, for money is very cheap and demand for it in sound lines of industry, trade and commerce is very slack. In our Society, interest yield assumed by the Actuary is round about 4 per cent. Your Board of Directors are fully alive to the fact that the results they can show in future will largely depend upon the prudent and careful manner in which they are able to invest our funds at rates not below this assumed rate. So, schemes for safe investment of our funds on a remunerative basis are being carefully examined and adopted by your Board of Directors.

We are on the eve of important legislative changes in the law regulating the business of life assurance companies in India. It is sought to make the law stricter and to impose more onerous conditions on life assurance companies. But we have nothing to fear, for we can satisfy the most exacting demands that the law in this country can make on insurance companies. Though the proposed bill to amend the Indian Life Insurance Act is an improvement over the existing law, it is still essentially capitalistic in its objects and outlook. It will take a long time before the law of Insurance in India incorporates the principles, aims and methods of Co-operation. But it will be done some day.

Co-operative Insurance has not yet made itself sufficiently felt in this country. Indeed even in more advanced countries where it has been in operation for a long time, its aims and methods are not yet clearly understood. As a recent writer has pointed out "confusion in the theory of co-operative insurance is due mainly to two circumstances; first to the manner in which the term co-operation is used in economic literature and secondly to the absence of such a definition of insurance that would be generally accepted." Nevertheless we are, I hope, how

sufficiently familiar with it to distinguish it from the two other dominant types of Insurance, namely, the "Mutual" and the "Capitalist" types. I shall not trouble you on this occasion with an exposition of this theme, however tempting it may be to do so. The one aspect I wish to emphasize is that the personal element is the most outstanding feature in co-operative insurance; the bed rock on which a co-operative insurance institution is built up is the personal bond which exists between the members of the Co-operative Insurance Society. Let me quote a sentence on this aspect of co-operative insurance from Mr. Barou's book on Co-operative Insurance: "Co-operative Insurance is a voluntary organisation formed in the interests of its members who may be individual co-operators or co-operative bodies. It has great advantages over private companies where the personal bond between the policy-holder and the insurance institution is often completely lacking. The element of loyalty and the sense of responsibility of individual policy-holders generally plays a very important part in insurance activities. The greatest danger of disloyalty is to be found in those insurance institutions where the vast extension of business and the large number of participants destroy the bonds of common interest of members and the sense of their joint responsibility as members of the same insurance body. The co-operative insurance institutions must educate their members to understand the value and importance of such conscientious collaboration. Not less essential is the loyal support of the co-operative insurance societies by the co-operative trading organisations."

I have drawn special attention to this feature of co-operative insurance to impress on all the members of this Society how their loyalty to it and to co-operative principles is essential for the future well being and development of this Society. I therefore most earnestly appeal to all co-operative officials and non-officials and to co-operative organisations to extend their hearty support to the society so as to make it one of the most powerful economic organisations in India not only to promote thrift, saving and investment habit among the people and to provide them against old age and mortality risks, but also serve as the pioneer in the field of socio-economic reform in which the chief plank is the replacement of Capitalism by Co-operation in all spheres of our national life.

Comparative Tables.

Premiums for an assurance of Rs. 1,000 with profits.

Company.		Age Years.	Whole Life.		Whole life limited payments.		Endowment 20 years.	
			Rs.	AS.	Rs.	AS.	Rs.	AS.
Andhra	...	30	31	2	40	12	52	15
Angels	...	30	31	9	40	7	54	2
Asian	...	30	33	0	40	5	53	0
Bharat	...	30	33	1	42	13	53	12
Deccan	...	30	31	4	41	6	52	12
East & West	...	30	30	14	41	0	53	8
Empire	...	30	29	3	38	2	51	4
General Assurance	...	30	31	9	40	10	54	7
Hindustan Co-op.	...	30	30	15	39	5	54	4
India Equitable	...	30	30	6	40	15	54	0
Indian Mutual	...	30	30	14	41	4	53	8
Jupiter General	...	30	32	3	42	6	55	3
Lakshmi	...	30	31	14	40	15	53	3
Metropolitan	...	30	29	7	39	3	52	4
National	...	30	28	0	37	9	50	6
New India	...	30	31	10	40	9	53	10
Oriental	...	30	37	0	42	8	55	5
Sun Life	...	30	35	10	47	6	56	14
United India	...	30	31	4	41	2	53	10
Venus	...	30	31	2	40	15	53	8
South India Co-op. In- surance Society, Ltd.		30	27	2	36	14	52	8

Conferences.

FIRST HANDLOOM WEAVERS' CONFERENCE.

The first conference of the representatives of weavers' primary societies of this Presidency was held on the 19th December last at the office of the Madras Handloom Weavers' Provincial Co-operative Society, Madras, under the chairmanship of Diwan Bahadur C. S. Ratnasabhapati Mudaliar President of the Provincial Society. Representatives of the primary weavers' societies from all parts of the Presidency attended the conference. Mr. K. Rangaswami Naidu, Joint Registrar of Co-operative Societies, and Mr. D.M. Amalsad, Textile Expert, were also present.

Mr. Mudaliar in welcoming the delegates observed that next to agriculture handloom weaving was the largest single industry in the country and that it supported nearly ten million people. It was once considered to be the only industry which secured in this country the greatest benefit to the greatest numbers but it was now in deplorable position on account the competition of mills. To save the weaver from his present miserable plight, he suggested that protection should be accorded to the handlooms against the mills, just as it was accorded to the mills against foreign imports. Proceeding, he said that the presence of the middleman, who was the custodian of yarn and supplied it to the weaver, was a great hindrance to the progress of the weaver. He stressed the necessity for eliminating the middleman by the adoption of co-operative methods. Speaking on the marketing of the finished products of the weavers, Mr. Mudaliar thought that a good beginning in the direction was made by the establishment of depots by the Provincial Society in some of the important centres in this Presidency. The weavers should be made to see that they could get a fair price for their products by means of centralized marketing through the Provincial Society. Finally he appealed to the weavers to get out of their narrow conservatism, to give up antiquated methods of weaving and to alter the quality and designs of the handloom products so as to suit the requirements of the present generation.

Mr. Rangaswami Naidu who then addressed the conference said that the weavers should organize themselves in regard to both production and marketing. The emporium they had opened at Madras was not doing encouraging business, for the goods received there were rather those which were not in demand even at their places of origin. He was of opinion that the only efficient system that could work profitably for improving the handloom industry was the indent system, under which the profits would not be carried away by the intermediaries as at present.

Mr. P. V. Krishnaiya Choudry, Vice-President of the Society, who also addressed the conference dwelt upon the need for giving greater facilities to the weavers for selling goods.

The Conference then passed the following resolutions:

1. This conference expresses its deep sympathy for the distressed weavers rendered destitute by the recent cyclone in the Guntur district. It places on record its appreciation of the work done by Mr. P. V. Krishnaiya Choudry in the affected parts. This conference requests the Government that a special grant may be sanctioned out of Government funds to help the weavers in the cyclone affected area; and that monies, doles and looms free of cost which the Government might propose to distribute should be made through the co-operative societies organised by the Provincial Society.
2. This conference, while appreciating the steps taken by the Government of Madras to improve the conditions of the handloom weavers, requests them to supplement the Government of India grant by providing sums out of Provincial funds.
3. Just like the protection accorded to mills against foreign imports handloom goods must be protected against Indian mill goods and imported foreign cloth. To give effect to this, the conference requests the Local Government to address the Government of India to undertake legislation to provide a quota basis of production as between the mill-made cloths and hand-woven cloths with regard to the quantity and counts of yarn and types of cloth. If the mills do not agree to a satisfactory arrangement, this conference requests that steps should be taken to have the duty on yarn of all counts removed and a sufficient level of duty imposed on mill-made cloths and imported cloths to enable the handloom industry to thrive.
4. Resolved that the Famine Code may be so modified as to include the handloom weavers within its purview and to extend the facilities to the weavers in times of industrial distress.
5. In view of the fact that there are still a number of old type looms and appliances in several places, and in view of the fact that the owners of those looms are not in a position to replace them by improved looms and appliances, this conference is strongly of the opinion that such looms and appliances should be replaced at the earliest possible date at the cost of the provincial funds distributed through the Provincial Society.
6. Resolved that the Government be requested to make special provision for granting stipends for one student to be nominated from

each society for study in the artisan course of one year in the Government Textile Institute, Madras.

7. Resolved to address the Government requesting them to make early negotiations with the railway authorities for concessional rates for the transport of yarn to societies and handloom cloths to different centres.
8. Resolved that the Government be requested to address the railway authorities to increase the free allowance luggage weight to 50 seers whenever a weaver carries finished goods for marketing purposes.
9. This conference is of the opinion that the present method of the distribution of the subvention grant by the Government of India falls much below the actual tax paid by the handloom weavers on the yarn consumed by them in this province, and it urges that the subvention grant given to the Madras Provincial Co-operative Society should not be below the actual amount collected from the South Indian handloom weavers in the shape of duty levied on yarn.
10. Resolved to request the Government of Madras to instruct the Government Departments and Local Bodies to purchase handloom products.
11. Resolved to request the Government of Madras to instruct its marketing officers to help the Provincial Society in marketing the products of the handloom weavers' co-operative societies.
12. Resolved that the Registrar of Co-operative Societies be requested to expedite the starting of new societies.
13. Resolved to request the Provincial Society to grant an advance not exceeding 50 per cent of the value of the goods that are sent to the Emporium and to the mofussil sale depots for sale on consignment basis, if required by the society concerned, free of interest if possible, or at a rate not exceeding 5 per cent.
14. Resolved that more sale depots be opened in various parts of the Presidency, one for each district if possible, and that agents be appointed in Colombo and other places if necessary.
15. Resolved to request the Provincial Society to appoint more supervisors as societies increase in number.
16. Resolved to support the adoption as an experimental measure for one year of the scheme of indent proposed by the Joint Registrar of Co-operative Societies at this Conference.

Co-operation in Legislative Council.

29th August 1936.

Enforcement of the Debt Conciliation Act and the Money-lenders Act.

* 112 Q.—Mr. K. A. Nachiyappa Gounder : Will the Hon. the Law Member be pleased to state—

(a) at what stage the Debt Conciliation Act and the Money-lenders Act are ;

(b) whether the assent of His Excellency the Governor and His Excellency the Viceroy has been got by the Government ; and

(c) when they are likely to be brought into effect ?

A.—(a) & (c) The Madras Debtors' Protection Act, 1934 (VII of 1935), has been brought into force with effect from the 15th January 1936. The Madras Debt Conciliation Act will be brought into force as soon as rules under section 29 of the Act have been framed. The drafting of rules has been taken up but not yet completed.

(b) Yes.

Mr. K. A. Nachiyappa Gounder:—" May I know, Sir, when the drafting of the rules will be completed ?"

The Hon. Rao Bahadur A. T. Pannirselvam:—" It is under the active consideration of the Government."

Proposals for bringing into force the Debt Conciliation Act 1935.

* 113 Q.—Mr. P. V. Krishnayya Choudari : Will the Hon. the Law Member be pleased to state—

(a) when the Government propose to bring into effect the Debt Conciliation Act, 1935;

(b) whether rules have been framed and published for public criticism ; if not, why not ; and

(c) what the proposals of the Government are for the constitution of debt conciliation boards in this Presidency ?

A.—(a) & (b) The Madras Debt Conciliation Act, 1936, will be brought into force as soon as rules under section 29 of the Act have been framed. The drafting of rules has been taken up, but has not yet been completed.

(c) The question will be considered when the rules are framed.

Mr. P. V. Krishnayya Choudari :—" Will the Hon. the Law Member be pleased to state whether these Boards will be constituted as early as possible so as to give the facilities and the benefit of the Act which we passed in so much haste ?"

The Hon. Rao Bahadur A. T. Pannirselvam :—" I can only say, Sir, that the Government is as anxious as anybody else to bring relief to the people as early as possible and to see that no time is being wasted. As soon as the rules are framed, the Boards will be set up."

Mr. P. V. Krishnayya Choudari :—" As nearly a year has elapsed since the passing of the Act, I want to know if the Government will expedite the issue of the rules ?"

The Hon. Rao Bahadur A. T. Pannirselvam :—" They cannot, I am afraid, be brought into existence by the magician's wand."

Diwan Bahadur M. Gopalaswami Mudaliyar :—" May I know, Sir, whether in applying this Act, the famine districts would also be taken note of ?"

The Hon. Rao Bahadur A. T. Pannirselvam :—" Certainly."

Measures for the enforcement of the Debt Conciliation Act.

* 114 Q.—Diwan Bahadur T. A. Ramalingam Chettiar :—Will the Hon. the Law Member be pleased to state—

(a) what steps have the Government taken to bring the Debt Conciliation Act into force ;

(b) when the Boards under the Act will be appointed and where ; and

(c) what is the reason for the delay ?

A.—The attention of the Hon. Member is invited to the answer to question No. 113.

Transfer of officers of the Co-operative Department.

* 146 Q.—Mr. P. V. Krishnayya Choudari : Will the Hon. the Minister for Public Works be pleased to state whether officers from the Co-operative department are transferred from Telugu areas into other areas and *vice versa* ?

A.—Yes.

Mr. P. V. Krishnayya Choudari :—" Will the Hon. the Minister see that the officers know the languages of an area before they are posted to that area ?"

The Hon. Mr. P. T. Rajan :—" No officer is posted indiscriminately. The heads of departments take care to see that the officer knows or is acquainted with the language of the district to which he is posted."

Mr. Abdul Hameed Khan :—" Does the Hon. Minister know that there are officers in the department who do not know and who are not acquainted with the language of the district to which they are posted ?"

The Hon. Mr. P. T. Rajan:—"I believe that as far as possible officers do know the language of the particular area to which they are posted. I do not say that all officers know all the languages of the Presidency."

Mr. P. V. Krishnayya Choudari:—"In the case of Bellary and Guntur, there are officers posted who do not know the language and they are expected to audit as Deputy Registrars?"

The Hon. Mr. P. T. Rajan:—"As far as I am aware, officers posted to those two districts know the language."

Mr. V. P. Narayana Nambiyar:—"May I know whether the Hon. the Minister is aware that he is administering the affairs of districts the languages of which he does not know?" (Laughter).

Representations from co-operative societies for exemption from registration charges.

*147 Q.—Mr. K. A. Nachiyappa Gounder:—"Will the Hon. the Minister for Public Works be pleased to state—

(a) whether any representations have been received for granting full concession of registration charges for the documents relating to co-operative societies; and

(b) if so, from whom and in what way they have been disposed of?"

A.—(a) Yes.

(b) The Madras Provincial Bank.

The Ramachandrapur Co-operative Central Bank.

Certain Societies in the East Godavari district.

Alamuru Co-operative Union.

The Coimbatore District Urban Bank.

The Chittoor District Co-operative Central Bank.

The Guntur District Co-operative Central Bank.

The Nellore District Co-operative Banking Union.

The Madras Provincial Co-operative Conference, 1933.

The Government after a consideration of the requests in consultation with the Registrar of Co-operative Societies decided to continue to levy half fees for registration.

The Land Mortgage Banks however enjoy at present full exemption.

Mr. K. A. Nachiyappa Gounder:—"May I know whether the Hon. Minister is aware that the levy of half-fees causes hardship to these institutions and stands in the way of their progress?"

The Hon. Mr. P. T. Rajan:—"Possibly paying half-fee might be a hardship; but it does not stand in the way of progress of those societies."

Representations from co-operative societies for grant of encumbrance certificates free of charges.

*148 Q.—Mr. K. A. Nachiyappa Gounder:—"Will the Hon. the Minister for Public Works be pleased to state:—

(a) whether representations have been received for the free grant of encumbrance certificates to the co-operative societies; and

(b) if so, from whom and in what way they have been disposed of?"

A.—The attention of the Hon. Member is invited to the answer to question No. 147.

Mr. K. A. Nachiyappa Gounder:—"The recent resettlement and splitting up of holdings have resulted in hardship in the matter of getting encumbrance certificates. Will the Hon. Minister go into the question?"

The Hon. Mr. P. T. Rajan:—"Is it with reference to any particular district?"

Mr. K. A. Nachiyappa Gounder:—"In regard to the districts where resettlement has taken place in recent years, say, for instance, the southern taluks of Salem district, the holdings that have been split up are so numerous that it causes hardship. Will the Hon. Minister see that the cases of such districts are taken into consideration?"

The Hon. Mr. P. T. Rajan:—"I am willing to consider the suggestion, Sir."

Fee for the audit of the accounts of the Mangalore Catholic Co-operative Society and the Central Bank, Mangalore.

*149 Q.—Mr. M. S. Sreshta:—"Will the Hon. the Minister for Public Works be pleased to state—

(a) what fee is leviable by Government for the audit of the accounts of (1) the Mangalore Catholic Co-operative Society; and (2) the Central Bank, Mangalore;

(b) what is the number of days taken by the auditor for each of these audits for the year 1934-35;

(c) what is the cost to Government on account of each of these audits including leave allowance and pension contribution, and

(d) whether any remission was granted of the fees leviable by Government; if not, what are the grounds for the disparity between the costs leviable and the costs actually incurred?"

A.—(a) to (c) The information* is appended.

(d) The Mangalore Catholic Co-operative Society was granted by the Registrar a remission of Rs. 120-13-0 or 12½ per cent of the fees levied for 1934-35. No remission was given to the South Kanara Co-operative Central Bank for 1934-35 as the cost of the audit exceeded the fees leviable. The basis on which fees are levied is not the actual cost of the audit but the working capital of the society.

Mr. M. S. Sreshta :—" In answer to clause (d), it is said, 'The basis on which fees are levied is not the actual cost of the audit but the working capital of the society.' In view of the fact that this basis causes the audit fees to go out of all proportion to the actual cost, will the Hon. Minister be pleased to reconsider the basis of levying the audit fee?"

The Hon. Mr. P. T. Rajan :—" As a matter of fact, the matter is being examined by the Registrar of Co-operative Societies."

Diwan Bahadur T. A. Ramalingam Chettiar :—" May I know whether the Government are aware that the societies are paying for the departmental audit twice what they used to pay when they were audited by private certified auditors?"

The Hon. Mr. P. T. Rajan :—" If you want to have the work done by the department, perhaps you will have to pay more. I may say, as I said to my Hon. Friend from South Kanara, that the matter is under the consideration of the Registrar of Co-operative Societies."

Mr. M. S. Sreshta :—" May I know whether the total income derived from audit fees is much more than what the work costs?"

The Hon. Mr. P. T. Rajan :—" I cannot say off hand. The fee may be less in the case of one society; it may be more in the case of another."

Name of Society.	Audit fees leviable for 1934-35.			Number of days taken by the auditor for audit during 1934-35.	Cost on account of the audit including leave allowance and pension contribution for 1934-35.		
	Rs.	A.	P.		Rs.	A.	P.
1. Mangalore Catholic Co-operative Society ...	966	7	0	81	183	1	0
2. South Kanara Co-operative Central Bank ...	594	9	0	198	619	11	0

450

Restrictions on the opening of new Land Mortgage Banks.

*150 Q.—Mr. P. V. Krishnayya Choudhari : " Will the Hon. the Minister for public works be pleased to state whether it is a fact that the Government have ordered not to start fresh land mortgage banks; if so, what the reasons are?"

A.—The attention of the Hon. Member is drawn to the answer given to clause (d) of question No. 842 in the Council on 28th February 1936. A proposal to open a few new banks during the current year has since been taken up and is under consideration.

Mr. P. V. Krishnayya Choudhari :—" In view of the demand from various quarters for opening more land mortgage banks, may I know why only a few banks are to be opened instead of a large number?"

The Hon. Mr. P. T. Rajan :—" My Hon. Friend is aware that the programme is to open ten banks a year. As a matter of fact who are exceeding that limit this year."

Mr. P. V. Krishnayya Choudhari :—" May I know in how many years, one century or two centuries, this programme will enable all the important centres in the Presidency to have land mortgage banks?"

The Hon. Mr. P. T. Rajan :—" My Hon. Friend is perhaps a better mathematician than I am to calculate centuries. The idea of Government is to have ten banks every year. In addition to that, my friend is aware that the Government in the Revenue Department are giving loans to the agriculturists."

Rao Sahib V. I. Muniswami Pillai :—" May I ask whether, in opening new banks, the Hon. Minister will bear in mind the claims of those districts in which the agriculturists are more heavily indebted?"

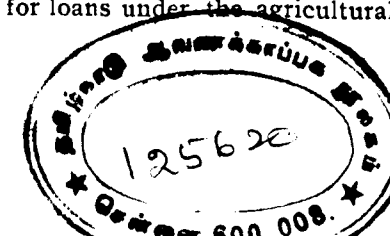
The Hon. Mr. P. T. Rajan :—" Certainly, Sir."

Diwan Bahadur M. Gopalaswami Mudaliar :—" In considering the opening of new banks, may I know whether the claims of the Bellary district will be considered in the near future?"

The Hon. Mr. P. T. Rajan :—" As I just now replied to my Hon. Friend from Guntur, Government will open new banks as far as possible in areas in which there are already no banks or in areas where facilities given under the Agricultural Loans Act are not available."

Mr. K. A. Nachiyappa Gounder :—" May I know from the Hon. Minister whether the facility for starting land mortgage bank will not be given to the district where facilities for loans under the agricultural Loans Act are prevalent?"

451



The Hon. Mr. P. T. Rajan :—“Wherever we are satisfied that there are men to work the bank, that is taken into consideration. Also the fact of the absence of other facilities for granting loans is taken into consideration.”

Increase of shares of the Central Land Mortgage Bank.

* 151 Q.—Mr. P. V. Krishnayya Choudari :—“Will the Hon. the Minister for Public Works be pleased to state—

(a) whether any action has been taken for increasing the shares of the Central Land Mortgage Bank; and

(b) if any increase has been made, on what basis the Government propose to distribute the shares?”

A.—(a) The Board of Directors of the Central Land Mortgage Bank resolved in June last to issue shares to the value of Rs. 20,000.

(b) The Board has decided to so allot these shares as to secure as wide a representation as possible on its register.

Mr. P. V. Krishnayya Choudari :—“May I know whether the Government are aware that according to the recent redistribution of shares made by the Central Land Mortgage Bank, they have given the shares to the same place without any consideration to secure adequate representation by *pro rata* distribution?”

The Hon. Mr. P. T. Rajan :—“If I remember right, my Hon. Friend wanted that all the districts should have the opportunity of taking shares. I believe, Sir, If I am not mistaken, that condition is being observed.”

Educational qualifications for admission into the Co-operative Training Institute.

* 152 Q.—Mr. P. V. Krishnayya Choudari :—“Will the Hon. the Minister for Public Works be pleased to state—

(a) whether there is any percentage of marks fixed by the order of the Government for admission into the co-operative training institute; and

(b) whether the Government will be pleased to state the reasons therefore?”

A.—(a) Admission is open only to candidates possessing the minimum general education qualification laid down in the general rules for subordinate services. This qualification includes obtaining of certain percentage of marks in certain subjects.

(b) The attention of the Hon. Member is drawn to paragraph 4 of G. O. No. 867, Development, dated 26th June 1934, which was placed at the disposal of the Press.

(To be continued.)

District Economic Councils in Madras.

The Government of Madras in reviewing activities of the newly constituted District Economic Councils for the quarter ending 30th September '36 states :—

In pursuance of the policy of the Government announced in July 1936, District Economic Councils have been formed in all the districts. In only fifteen districts, however, had these been formed by the end of the quarter ending 30th September 1936. These councils have begun to tackle earnestly the manifold problems that confront them.

They have decided in some districts—Salem and Bellary—to set up Divisional Councils, one for each revenue division. In other districts, for example, Nellore, Cuddapah and Anantapur, village associations have been formed. Sub-committees of the District Economic Councils have also been established to consider specific subjects such as agriculture-cattle-breeding marketing of fruits, etc.

The Government have already indicated the agency to be employed for village improvement work. There are village organizations such as panchayat boards and co-operative societies, through which the beneficial activities of the District Economic Councils may be extended or inaugurated. Some councils also feel the need to train a few individuals to undertake rural reconstruction work. Thus, in Salem it has been decided to select rural guides from among the residents of the village and to appoint them on an honorary or a stipendiary basis. In North Arcot it has been decided to open a training centre for rural reconstruction work at Vellore. Government commend these measures to the attention of other councils and hope they will also take steps to train individuals to carry on rural reconstruction work.

The work which these councils have undertaken or intend undertaking is along two lines—intensive work in select villages in all directions affecting the welfare of the villagers and extensive work in each district for the improvement of drinking water supply, rural communications, rural industry and marketing. To carry out intensive rural reconstruction work, many Councils have selected model villages. In Chittoor as many as 41 villages have been selected; in Salem 11 and in South Kanara 3 groups of villages. In some districts such as Nellore, it has been decided to have two or three model villages in each revenue division. In Tanjore and Cuddapah, one village for each division has been selected. In North Arcot, Bellary and Tinnevely, the councils intend selecting one village a taluk. Just at present the councils are engaged in surveying the needs and potentialities of these select villages.

In Salem district a survey of the essential general needs of the district is being carried out. Lists of wells and rural roads needed in the district are under preparation. The Collector of Salem has made an

THE MADRAS JOURNAL OF CO-OPERATION

interesting suggestion to pass legislation for the levelling of a well-cess in notified villages so that Government may borrow money and dig wells in the villages, the cost being recovered through the cess over a period of thirty years. Government feel that a general survey on the lines now being carried on in Salem will prove of great value. In South Kanara a questionnaire has been issued to Tahsildars to gather similar information.

Nature of Rural Reconstruct Work.

Education.—The Nellore Council has taken steps to increase the number of schools in rural areas. Managers of schools have been circularised to start Social Service Leagues in their schools. One such League has already been formed. In North Arcot it is proposed to start free reading rooms in select villages. In Chittoor the Council has proposed the starting of schools for adults, free reading rooms and libraries.

Sanitation.—Construction of borehole latrines is in the programme of many a Council. In the village of Kolor in the Bellary taluk, two trench latrines have been constructed and a public bath at a cost of Rs. 344 close to a well which has a perennial supply of water is also under construction. A playground for school children has been opened in the same village. All the manure heaps and encroachments in the village-site have been removed with the active co-operation of the villagers by voluntary labour. In Nellore the Revenue Divisional Officer, Kovur, is endeavouring to induce the Kovur Village Panchayat Board to introduce compulsory scavenging within its limits.

Medical Relief.—The Chittoor Council has resolved to train some men in first aid. The Council at Salem has in view the provision of a midwife at select village centres. In Bellary the Municipal Council has agreed to depute its Lady Doctor to help to carry on propaganda work in Maternity and Child Welfare work.

Water supply.—In many districts steps are being taken to convert step wells into draw wells and improve the water-supply by deepening the wells. In North Arcot measures are being considered to introduce protected water-supply in certain villages. In Bellary district steps have been taken to connect Kakkabevinahalli village with a pipe line from Bellary and also to effect a reduction in the water tax from 10 annas to 4 annas per thousand gallons.

Roads.—Improvement of rural communications plays an important part in the programme of District Economic Councils. In Cuddapah they have taken up the improvement of streets of Chennur. In Bellary a road all round the village of Kolor has been constructed. In Nellore feeder roads are under contemplation.

Agriculture.—Many Councils such as Nellore, have considered the steps to be taken to popularize scientific methods of cultivation. In

North Arcot it has been decided to popularize the introduction of soya beans. The District Boards of Vellore and Tiruvannamalai have been requested to maintain well equipped motor vans for carrying out rural up-lift work, for distribution of seeds and implements, etc., to the ryots. In Salem a Committee has been appointed to report on the marketing of fruits such as grapes, oranges and mangoes.

Livestock and Veterinary work.—At the instance of the Councils stud bulls have been bought or their purchase decided upon in many a village in Salem a sub-committee of the District Economic Council has been formed to consider the question of cattle-breeding.

Industries—Cottage industries are receiving the attention due to them at the hands of many Councils such as Tinnevely, North Arcot and Salem. Rope-making basket-making, bee-keeping, poultry-rearing and making of mats from palmyra leaves are all items of work in the programme of one or the other of the Councils.

Depressed Classes.

Special attention is continuing to be paid to the needs of the depressed classes. Wells are being constructed for their use at the instance of District Economic Councils in the districts of Nellore and Tinnevely. The District Economic Council of Bellary is engaged in providing, through the panchayat of the village, quarters for Adi-Dravidas in Kakkabevinahalli village. The District Economic Councils are aware also of the need for the construction of village halls. Such a hall has been provided in Kakkabevinahalli village chiefly due to the generosity of Mr. Doddana Gowd.

Good results in Bellary.

Government fully realize that there has been little time for Councils to set to work and to achieve results. They note with satisfaction the good work that is being done in the districts in general and in North Arcot, Bellary, Salem, Cuddapah, Tinnevely, Nellore, Chittoor and South Kanara in particular. Very good results have already been achieved in Bellary district. Improvements effected in Kolor village have already been referred to. In Kakkabevinahalli village all manure heaps inside the village have been completely removed to sites specially allotted for the purpose. Two trench latrines have been constructed and they are being regularly used by the villagers. A public health survey has been made and all the houses have been numbered for statistical purposes. Twenty houses have so far been provided with 32 widows gifted by the present President of the District Board. Public health posters have been put up in the panchayat school and magic lantern lectures are being systematically given to the villagers on health subjects. Twelve houses have been provided with soak pits according to the instructions given by the Public Health Department. All the hay-ricks put up in the middle of the village site have been completely removed to new sites outside the village gifted by Mr. Doddana Gowd and the hay-ricks have been arranged neatly in a regular line. The medicine chest supplied to the villagers is proving useful. In 20 hours the dry earth system of conserving manure is being tried and this has improved the sanitation in those houses considerably. Forty-five bags of cotton seeds and 4 bags of jonna seeds of the total value of Rs. 190 have been distributed through the co-operative society newly formed for the purpose. An indent has been placed for 6 pairs of

leg-horns for supply to the villagers. Bunding trials for conserving soil moisture are being tried in an area of 8 acres of land belonging to one Gangadharappa, a prominent member of the panchayat. Posters regarding insect pests and remedial measures have been supplied to the villagers. The President of the Panchayat Board, Mr. Doddana Gowd, has offered to deposit Rs. 1,000 in the local co-operative society to finance loan applications received from members to the extent of Rs. 600. The cost of seeds supplied by the agricultural Depot will be paid from this deposit. Arrangements are being made by the Agricultural Department for the supply of fodder. All the bullocks in the village have been inoculated against rinderpest by the goat-virus method. Magic lantern lectures against cattle diseases have been given by the veterinary Department. Steps taken to provide a good water supply to the village have already been referred to. The construction of a new road to the east of the village is under progress. The compound of the panchayat school has been extended and a small play-ground provided for the school. In order to relieve congestion in the Adi-Andhra quarters, 20 house-sites have been allotted in the land gifted by Mr. Doddana Gowd. A lay out has been prepared and houses will be constructed according to the design approved by the Collector. Provision has been made in each site for separate accommodation for cattle.

The Government have no doubt that similar results will stand to the credit of the other Councils also by the time they review their work again in January next.

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.

Recent Utterances.

I

Problem of Overdues.

Mr. C.S. Srinivasa Mudaliar, President of the Kumbakonam, Co-operative Central Bank, in the course of his presidential address to the conference of the supervisors of co-operative societies held on 7-12-36 at Kumbakonam, observed:

"The problem of overdues can be tackled by the field staff in the following ways—(i) by taking vigorous action from even now in respect of long standing arrears, (ii) by recommending the grant of extension of time for repayment in deserving cases and (iii) by transferring loans to land mortgage banks in fit cases and (iv) by the speedy disposal of properties that have come into the possession of societies.

From the figures furnished, I find that there are still ill-secured loans to the extent of Rs. 3,61,095 and Rs. 1,64,695 classified as bad debts in societies. Though the scheme of intensive examination of loans has been in force for nearly three years, the progress so far achieved has been negligible. Though five months have elapsed from the beginning of the current co-operative year, the amount of loans secured out of the ill-secured loans is very meagre. The apparent progress in the reduction of the ill-secured loans is due to some of the bad societies having been liquidated. I would suggest that immediate steps should be taken to examine the condition of bad and dormant societies and proper remedies taken either by admission of fresh members or removing recalcitrant panchayats or appointing a member or non-member as manager. If all these measures prove futile, only then liquidation should be resorted to. Incurably bad societies should be wound up as early as possible, for these set a bad example to good societies.

Organisation of new societies should be taken up after careful investigation, having regard to the availability of human material to work the societies on right lines.

It is the earnest desire of the Bank to advance loans to societies as liberally as possible and consistent with security, and thus increase the transactions of the Bank.

During the first five months in the current year, a sum of Rs. 1,16,929 has been disbursed to societies whereas in the corresponding period of last year only Rs. 57,972 were disbursed. This will show that the Bank has made advances to societies double that of last year.

In the matter of collection of overdues, the progress is very poor. The collection made so far in the current year is Rs. 73,105 whereas for the same period during the last year it was Rs. 1,00,000.

Extensions have been granted to the extent of Rs. 2,245 during the current year up to 30—11—36, whereas in 1934—35 it was Rs. 690 while in 1935—36 it was Rs. 533 only. It is for you, supervisors, to select cases for extension in deserving cases and send them on to the Bank with the Union's recommendation.

There are 293 societies affiliated to the Bank of which 247 are indebted. A large number of societies have not borrowed from the Bank and are not functioning properly. 103 societies have not borrowed for the last three years and more. Every effort should be taken to see these societies are revived.

Every governing body member of the union should know the practical difficulties that are being met with in taking drastic action for the realisation of the overdues. Bad societies require constant and special attention. It is therefore very necessary that each governing body member should be allotted a certain number of bad societies so that he may bring to bear his personal knowledge and local influence in setting right matters and pulling up the societies."

II

Co-operative Marketing.

Before laying the foundation-stone of the new godowns and warehouse of the Rasipuram Co-operative Trading Society, in Salem district, on 14-12-1936, Mr. S. V. Ramamurthi, District Collector of Salem, said :

"I thank you all for the honour done to me in asking me to lay the foundation-stone of the new godowns. As the President of the District Economic Council, I am glad to say that the Council has been able to sanction a grant to this institution. A few years ago, as Secretary to the Government, Development Department, I found that while about Rs. 2 lakhs were set apart for the buildings of warehouses, only a very small amount was taken up by the co-operative societies, then. I am glad to note that now co-operative societies believe in their future sufficiently to borrow money and to go ahead with these schemes.

It is not surprising that Rasipuram where very valuable co-operative work had been done by the late Dewan Bahadur R. Ramachandra Rao, should lead the way in this respect. It is very much in the air that the agriculturist needs help. The main help he needs is to get a fair price for his produce. The problem of marketing of agricultural produce has therefore received adequate attention both by the Madras and India Governments. Not only in India, this has specially received the attention of England in the past few years. Several experiments have been made in England as to how to market agricultural produce. For instance, in regard to milk, all the milk produced in England is concentrated by one central marketing organisation which arranges to sell it retail. That Board fixes a reasonable price and thus ensures a fair price to the producer,

Similarly, in regard to wheat the Government in England levy a tax on wheat only in the course of processing. It is not possible to control the individual sales by the ryot to the merchant. It is easier to levy the tax during the manufacturing process. Merchants are certainly fewer than the agriculturists and when they convert wheat into flour they are made to pay the tax, and out of the proceeds of this tax the Government ensures a fair price to the producer of wheat.

In regard to other kinds of produce also new methods should be tried for marketing. You must know all the facts of one produce and its sale. Therefore a big marketing staff has been employed by the Government of India which has been surveying all the facts of agricultural production and marketing. In this scheme the Madras Government are also participating. The Provincial Marketing Officer and his assistants are gathering facts of production and marketing. In combination of all these facts gathered by the experts, true methods of marketing in India may be evolved.

The internal marketing of produce is very important in India. "While the external trade is worth Rs. 100 crores, the internal trade is worth Rs. 1000 crores," said a prominent Bombay businessman to me. This is a very large problem and much patience and waiting may be necessary. There are also many complex factors to be reckoned with like the problem of currency, tariff and freights. All these affect the problem. So we may not get a complete solution at once. We can try as far as possible in their directions.

Co-operative marketing is the method which we can apply to some extent. I first studied it in connection with the marketing of the ground-nut crop in South Arcot district. There the co-operative borrowers were very much in debt to the co-operative societies. They were afraid to sell their produce to the co-operative societies lest they should collect their old dues. To allay that fear I persuaded the President at South Arcot not to collect the old dues when marketing ground-nuts through the societies. For I believe that the more prosperous the agriculturist, the more he will be able to repay his old debts. Unfortunately there, the first two years saw a considerable fall in the price of ground-nut. And it was an uphill task for Mr. J. C. Ryan who was then Deputy Registrar of Co-operative Societies at Cuddalore. Fortunately prices rose and these societies are now in a prosperous state.

Fortunately for Rasipuram, you have no bad arrears of co-operative societies here. Secondly, you have the advantage of starting the society here later than in South Arcot and also have the benefit of their experience. Thirdly, you have also got Mr. J. C. Ryan with experience in South Arcot. I am sure that the local agriculturists who sold their produce

through the local co-operative society have been benefited. They are able to know the latest and best prices for their produce. They not merely get honest weightment but are also able to avoid dishonest deductions on various pretexts. In these ways the ryot saves a few rupees for each acre of his land.

I am glad therefore that the benefits of co-operative loan and sale societies are being recognised more and more in Salem district. Almost from every taluk there is a demand for opening such societies. Other types of produce besides cotton and ground-nut can also be taken up by these societies. But the conditions of various types of produce are different. Paddy, for example, is largely produced and consumed in this country. Cotton is both exported and also utilised locally. The extent to which prices could be controlled by the co-operative societies will therefore differ in regard to the fact whether the price is controlled from foreign countries or internally. Ground-nut and cotton are to some extent easier to deal with than other commodities. The price of ground-nut is set for us from outside. Our sole problem is to avoid the middle-man's profit between the outside purchaser and producer.

In regard to cotton it is a matter for organization. In all these directions the co-operative society will gain experience and also be of help to the rest of the province. I am glad to be associated with the starting of this society. I wish the society continued prosperity and successful service. I also congratulate the society on its having for its guidance experienced co-operators both official and non-official. For besides Mr. Ryan there is Mr. T. Adinarayana Chettiar. They are both typical co-operators. Both of them are men of knowledge, enthusiasm, power of organisation and sympathy for the people. I shall now have the pleasure of laying the foundation-stone."

Reviews.

Year Book of Agricultural Co-operation, 1936. The Horace Plunkett Foundation, London. (Pages 623) Price 15s.

This valuable publication maintains its high standard of excellence. It contains a brief general review, some special articles, an account of the state and progress of the co-operative movement in various countries, a record of legislative measures affecting co-operation in various countries notes on books and other publications, and a very valuable selected bibliography of co-operation. In the general review we are told that the year 1935 was in most countries a year of economic recovery, 'but of recovery, slow, tentative and underlain nationally and internationally by financial and political insecurity.' While on the whole co-operation has come through the worst of the slump without discredit, the record outside Europe is less favourable than in Europe. "The great credit movements of Asia, where the slump came later than in Europe, have had a year of stagnation when loans have often remained outstanding since forced repayment would have meant under-nourishment. Nor have there been gains in the marketing field to set against this depressing record. What gains there are have so far been in the unpalatable commodity—experience; a realisation that credit without thrift is but a fair weather friend and that to make production easy without making marketing efficient may well be a dangerous half-service."

The most notable of the special articles is that on "Agricultural Co-operative Insurance" by Dr. N. Barou, which covers about 130 pages. It is scholarly and comprehensive and devotes some pages to the co-operative life insurance and cattle insurance societies of India. We doubt, however, considering the class of persons who have so far availed themselves of our life insurance societies, whether they could be justly classed under agricultural co-operation. Of special interest to us is the portion dealing with South India in Dr. C.R. Fay's article on "A visit to South India and New Zealand". We do not wish to discuss his views here, but an error into which he was fallen should be pointed out. He says: "What I did get, however, from my visit to India, was a vivid sense of the crushing ubiquity of debt in every relation of life among everybody I met, peasants and townsmen, wage-earners and salaried persons. A crore is 100 millions, a rupee is 1s. 6d. Madras Province has only half a crore of people. The ryots of the Province, however (a recent inquiry conjectures), have an indebtedness of over 200 crores of rupees. The figure is astronomical." A crore is not 100 but 10 millions. The population of Madras is not half a crore but five crores. Therefore the indebtedness per head in Madras is only one-tenth of that supposed by Dr. Fay. Nor is it true that everybody in every walk of life in India is indebted. In the rural population about 25 per cent are absolutely free from debt, according to the enquiry referred to by Dr. Fay. In urban areas the proportion should be decidedly higher, as indebtedness is found to be almost inseparable from the agricultural occupation in every country. But for the error we have referred to, we are sure Dr. Fay would not have used the word 'astronomical'.

The addition of some statistical tables would enhance the value of the publication.

V. V. S.

News and Notes.

We are happy to note that the honours list published on the 1st February of this year contains the names of some well-known co-operators. Sir Kurma Venkata Reddi, who was Minister in charge of Co-operation for some time and later the President of this Union for a term, has been made a K.C.I.E. The Hon. Mr. P. T. Rajan, Minister, who is in charge of the Co-operative Department, has been knighted. Mr. T.M. Narayanaswami Pillai, President of the Trichinopoly District Co-operative Central Bank, has been promoted from Rao Bahadur to Diwan Bahadur, while the title of Rao Bahadur has been conferred on Mr. P. N. Marthandam Pillai, President of the Triplicane Stores. A Kaisar-i-hind medal of the second class has been awarded to Srimati Alamelumangathayarammal, M.L.C., who was a director of the Madras District Co-operative Central Bank from 1931-1934. We believe it was the first instance, at any rate in our Presidency, of lady being a director of a Central Bank. We offer our hearty congratulations to all of them.

The Government have constituted Debt Conciliation Boards under the Madras Debt Conciliation Act in Guntur, Nellore, Ramnad, Bellary, Coimbatore and South Arcot districts. Each Board consists of a President and two members who are to hold office for a period of three years from the date of appointment.

We are glad to note that in several districts refresher courses are being held for Inspectors and Supervisors. Important among the subjects discussed at these gatherings are the legal points concerned with the attachment and sale of properties of defaulting members.

The statement published by the Government of Madras recently, regarding the progress made under the operations of the Agriculturists' Loans Act for the quarter ending 31st December 1936, states that the number of applications received was 3,536 of which 1,520 were rejected after preliminary enquiry and that the number in which the enquiry was completed was 2,971. The amount legally due in the case of applications wherein enquiry was completed was Rs. 12,86,106 which was scaled down to Rs. 8,94,684, or by 30 per cent. The amount disbursed during the quarter as loans was Rs. 4,52,525.

At a Conference of Bank-Inspectors and Supervisors of the South Kanara district held recently at Mangalore, it was resolved that propaganda should be conducted regarding the Special Loans' Scheme under the Agriculturists' Loans Act and that members of societies should be advised to get loans under this scheme for clearing their loans from societies.

The All-Travancore Co-operative Conference was held at Parur, on the 8th, 9th and 10th instant under the Chairmanship of Diwan Bahadur K. Deivasikhamani Mudaliar, retired Joint Registrar of Co-operative Societies, Madras.

Mr. M. Giriappa, Joint Registrar of Co-operative Societies, Madras, who paid a visit to Gudivada in January last, made enquiries regarding the condition of the butter trade locally with a view to start a co-operative society for the sale of butter, which could be affiliated to the Madras Provincial Marketing Society. It was represented by the local people that on an average 70 to 100 tins of butter were being exported daily to Madras from that place.

At the meeting of the District Economic Council of the Chittoor district held at Chittoor on the 11th January last a resolution was adopted to carry out a health and economic survey in one or two groups of villages and to start rural uplift work on the basis of this survey. The District Health Officer to whom the health survey was entrusted was asked to include in his survey particulars about rain-fall, the number of windows per house, the condition of live-stock, the position of cess-pools and the nature of epidemics prevalent in the village. The economic survey was to be carried out by the Tahsildars with special reference to the holdings of each ryot, the houses possessed by him and their value and the extent of his income and indebtedness.

The Kumbakonam Co-operative Central Bank issued during the last co-operative year loans to the extent of Rs. 2'04 lakhs and collected Rs. 3'00 lakhs towards repayment of loans. The percentages of balance to demand under principal and interest were 60'4 and 20'3 respectively as against 61'6 and 16'3 in the previous year. The Bank made certain amendments to its by-laws whereby the unions were made the agency for electing their representatives to the Board of Management of the Bank. The work of rectification and consolidation was done in the case of 246 societies. Exclusive of the sum of Rs. 3,000 carried to bad debt reserve, the Bank earned a net profit of Rs. 9,424-4-0 during the year.

While opening the first conference of hand-loom weavers of the Kurnool District, Mr. G. Harisarvothama Rao observed that if he were allowed to have his own way, he would give to handloom weavers the monopoly of producing cloth. He appealed to the weavers to organize themselves so that they might press the Government to grant them some protection and safeguards. Mr. K. Sankara Reddi, President of the District Board, who presided over the conference said that the people of the district should resolve to wear the cloth produced by the weavers of

the district and thus help them. The conference passed resolutions favouring the appointment of a Tariff Board, the prohibition of mills from manufacturing cloth of low counts and the imposition of a duty on foreign yarn.

The Coimbatore Co-operative Stores and Bank had at the end of the last co-operative year 692 members as against 585 in the previous year. This increase was due partly to the inclusion of Madukkarai village in the area of operations of the Bank. The Bank reduced during the year its rates of interest on the current and savings deposits, as a result of which the surplus funds were reduced to a large extent. The issue of loans on the pledge of jewels was tried during the first half of the year but it was stopped during the second half as the number of loans issued was found to be too small to meet the establishment charges. The Stores section of the Bank purchased during the year stock worth Rs. 58,156-12-0 and sold goods to the value of Rs. 60,586-10-0. Towards the close of the year an improved oil-press known as the 'Pinto-Chekku', worked with electric power was installed at a cost of Rs. 1,150. The working of the society during the year resulted in a net loss of Rs. 571-8-0.

The Tirupati Co-operative Stores, which was started in September 1935, made remarkable progress in the first year of its existence. By the 30th of June 1936 its membership had risen from 19 to 77; its share capital on that date was Rs. 1,020; and it managed its business without outside financial help in the shape of loans or deposits. During the year under review its purchases amounted to Rs. 8,623-7-0 and sales to Rs. 7,962-10-0 and there was a stock on hand of Rs. 1,526-2-0. The net profit earned by the society amounted to Rs. 566-10-0. It has been able to declare a dividend of $7\frac{1}{2}$ per cent on shares and a bonus of 8 pies per rupee on the purchases of members after setting apart $\frac{1}{4}$ of the profits to the reserve fund—truly a remarkable achievement for a store in our country. We heartily congratulate the society on the excellent results of its first year and hope its progress will be steady and continuous.

The Government Telegraph Employees' Co-operative Society during the year 1935-36 issued loans to the extent of Rs. 3'31 lakhs as against Rs. 2'89 lakhs in the previous year. The increase in loan transactions was due to the facility offered by the society by reducing its rate of interest from $1\frac{1}{2}$ to $1\frac{1}{4}$ pies per rupee per annum. A sum of Rs. 3'08 lakhs was recovered from the members towards repayment of loans. The over-dues both under principal and interest increased slightly during the year i.e., by 1 per cent, which was due to some of the members protesting against the disbursing officer deducting dues to the society from their

salary. The work of the stores section was continued during the year and goods to the value of Rs. 4,920-2-0 were sold, resulting in a profit of Rs. 405-2-0. The tailoring section did good work and the profits earned from that section amounted to Rs. 319-9-0. The free library and reading room run by the society continued to be popular. The working of the society during the year resulted in a net profit of Rs. 5,970 as against Rs. 7,071-12-0 in the previous year. The reduction in profits was due to the reduction in the rate of interest on lendings and the abolition of penal interest on overdue loans. The Society was placed under 'A' class with reference to its administration.

The fifth Conference of the International Co-operative Women's Guild will be held at the Maison de la Mutualite, Paris, on Thursday and Friday, September 2nd and 3rd, 1937, prior to the Congress of the International Co-operative Alliance.

Agricultural Co-operation. Co-operative buying and selling among farmers is practised in every province of Canada. Available statistics show that there were 697 Farmers' Co-operative Associations actively engaged in business during 1934. These 697 Associations had 2,604 branches which combined made a total of 3,301 places of business engaged in the marketing of farm products and the purchase of supplies for farmers. Shareholders and members financially interested numbered 3,41,020. These organisations range in size from the small club serving local needs to the large associations with a Dominion-wide field. Sales of farm products by these farmers' business organisations during 1934 amounted to \$120,853,560, sales of supplies \$9,241,755, and other revenue \$289,576, or a total business of \$130,384,891. (*Co-operative News Service*).

A Co-operative Taxi Society in Sydney. The annual report of the Registrar of Co-operative Societies in New South Wales contains an account of the working of a co-operative taxi-cab service society which was established in 1928 under the title of the De Luxe Cab Service Trading Co-operative Society. It now owns 130 cabs, 10 telephone lines with 35 extensions, and executes 10,000 telephone orders per week. It supplies its members with petrol, oils, and other motor requisites, and purchases under this head exceeded £17,000 last year. Since its establishment the Society's cabs have travelled 25 million miles without one serious accident. This is due to the high standard of efficiency required and maintained by the Society through the by-laws drawn up by its Committee. All the Society's cabs are similarly painted and the drivers wear a distinctive uniform. A nominal share-holding is acquired by each member by payment of an entrance fee and a weekly subscription. (*Co-operative News Service*.)

How to Kill a Co-operative Association.

1. Don't come to the meetings. If you do come, come late.
2. If the weather doesn't suit you don't think of coming.
3. If you do attend a meeting, find fault with the work of officers and other members.
4. Never accept office as it is easier to criticise than to do things. Nevertheless, get sore if you are not appointed to a committee, but if you are do not attend the committee meetings.
5. If asked by the chairman to give your opinion on some important matter, tell him you have nothing to say.
6. After the meeting tell everyone how things ought to be done.
7. Do nothing more than is absolutely necessary but when other members roll up their sleeves and willingly and unselfishly use their ability to help matters along, howl that the association is being run by a clique. (*The Co-operative Consumer.*)

How consumers' co-operative societies increase the consuming and purchasing power of the members is well illustrated by the following figures given by Mr. J. P. Warbasse, President, the Co-operative League of U.S.A., on the occasion of the Tenth Biennial Congress of the League held in Columbus, Ohio in October 1936. He said: "Last year in the United States approximately 3,000 co-operative oil societies supplied their members with \$48,000,000 worth of petroleum products. This was on a capital investment of \$18,000,000. The members took back into their hands \$6,000,000 in savings returns. That increased their purchasing power by \$6,000,000. The British consumers' co-operative societies last year gave back their 7,000,000 members \$12,000,000 in cash saving returns. This increased their purchasing power and was to the advantage of British business in general for it gave these people \$12,000,000 more to spend."

Soyabeans.—Twelve North Central States and the U. S. Department of Agriculture have opened a co-operative soybean industrial research laboratory at Urbana, Illinois. The objectives are: (1) Improvement of present industrial uses and development of new industrial uses for soybeans; (2) more facts concerning the effects of different processes on the quality and quantity of soybean products; and (3) facilities for testing different varieties as to adaptability for industrial use.

Soyabean acreage has more than doubled in the last few years. It rose from 2 million acres in 1924 to nearly 5 million in 1935. Production increased from 5 million bushels in 1925 to more than 40 million. Reasons for this increase—in addition to the demand for beans for food feed and industrial uses—are immunity to chinch bugs and other pests, good prices compared to other grain crops, drought resistance and high seed yield.

Soyabeans are used in making industrial and food products such as paint, enamel varnish, glue, printing ink, rubber substitutes, linoleum, insecticides, plastics, glycerin, flour, soy sauce, breakfast food, candies, roasted beans with a nutlike flavour, livestock feeds, etc.

(*Bulletin, Agricultural Commission U.S.A.*)

LIST OF SOCIETIES REGISTERED AND CANCELLED

List of Societies Registered in December 1936.

Serial No.	Name of the Society.	District.
1.	The Berhampore Co-operative Central Bank, Ltd. ...	Gaujam.
2.	The Chicacole Co-operative Central Bank, Ltd. ...	Vizagapatam.
3.	The Vizagapatam Co-operative Land Mortgage Bank, Ltd. ...	"
4.	The Chennur Agricultural Improvements Co-operative Society, Ltd. ...	Cuddapah.
5.	The Sathanapalli Co-operative Urban Bank, Ltd. ...	Guntur.
6.	The Sathanapalli Panchayat Board Menial Employees' Co-operative Credit Society. ...	"
7.	The Venkatagiri Weavers Co-operative Purchase and Sale Society, Ltd. ...	Nellore.
8.	The Yadamari Co-operative Credit Society ...	Chittoor.
9.	The Karadu Fishermen Co-operative Society ...	Nellore.
10.	The Pulletikuru Weavers Co-operative Purchase and Sale Society ...	E. Godavari.
11.	Ellore Weavers Co-operative Purchase and Sale Society ...	W. Godavari.
12.	The Commercial Employees' Co-operative Bank, Ltd. ...	Madras.
13.	The Washermanpet Weavers' Co-operative Purchase and Sale Society, Ltd. ...	"
14.	The Kalamandupet Weavers' Co-operative Purchase and Sale Society, Ltd. ...	"
15.	The Varahur Co-operative Credit Society ...	Vellore.
16.	The Polur Taluk Co-operative Land Mortgage Bank, Ltd. ...	"
17.	The Vellore Co-operative Land Mortgage Bank, Ltd. ...	"
18.	The Sorakolathur Co-operative Credit Society. ...	"
19.	The Sholinghur Weavers' Co-operative Purchase and Sale Society ...	"
20.	The Salem Muslim Co-operative Bank, Ltd. ...	Salem.
21.	The Belur-Kumarapalayam Co-operative Credit Society ...	"
22.	The Veerasingampettai Field Labourers' Co-operative Society ...	Tanjore.
23.	The Ayyampet Agricultural Demonstration Co-operative Society, Ltd. ...	"
24.	The Shiyali Taluk Co-operative Sale Society, Ltd. ...	"
25.	The Odayalur Co-operative Sale Society, Ltd. ...	"
26.	The Tenmilai South Co-operative Society, ...	Trichinopoly.
27.	The Mathanampalayam Co-operative Society ...	"
28.	The Sathamangalam Co-operative Society ...	"
29.	The Sengaraiyur Co-operative Society ...	"
30.	The Peeliwadi Co-operative Society ...	"
31.	The Periyakulam Co-operative Land Mortgage Bank ...	Madura.
32.	The Mattool Christian Co-operative Society ...	Malabar.
33.	The Ganapathipalam Co-operative Credit Society ...	Coimbatore.

List of Societies Cancelled in December 1936.

1001
NE 75 8

1. Why the Village Movement. By Mr. J. C. Kumarappa.
2. Report of the Agricultural Credit Department of the Reserve Bank of India.
3. Report of the Co-operative Enquiry Committee in Cochin.
4. Reports of the subordinate officers of the Department of Agriculture, Madras. (35-36).
5. Annual Report on Public Instruction in Burma (35-36)
6. Agriculture and Animal Husbandry in India. Parts I & II.
7. Silver Jubilee Souvenir of the Trichinopoly District Co-operative Central Bank, Ltd.

[illegible]